

Foreign Exchange Developments

March 2011

i) Exim Bank's Line of Credit to the Government of the Republic of Malawi

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 1, 2011 with the Government of the Republic of Malawi making available to the latter, a Line of Credit (LOC) of USD 50 million (USD fifty million) for financing eligible goods and services, machinery and equipment including consultancy services for financing (i) Cotton Processing Facilities (USD 20 million), (ii) Green Belt Initiative (USD 15 million), and (iii) One Village One Product Project (USD 15 million) in Malawi.

The Credit Agreement under the LOC is effective from February 23, 2011 and the date of execution of Agreement is February 1, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (January 31, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 44
dated March 15, 2011]

ii) Introduction of Annual return on Foreign Liabilities and Assets reporting and discontinuation of Part B of form FC-GPR

In terms of the A. P. (DIR Series) Circular No.40 dated April 20, 2007 it was, *inter alia*, stipulated that Part B, which is an annual return of all investments made in the company during a financial year, is required to be submitted directly by the Company to the Director, Balance of Payment Statistics Division, Department of Statistics and Information Management, Reserve Bank of India, C-9, 8th floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, by June 30th of every year.

In order to capture the statistics relating to Foreign Direct Investment (FDI), both inward and outward in

a more comprehensive manner as also to align it with international best practices, it was decided to replace Part B of the Form FC-GPR by a separate 'Annual Return on Foreign Liabilities and Assets' given as Annex-I to the Circular. The return should be submitted by July 15 of every year to the Director, External Liabilities and Assets Statistics Division, Department of Statistics and Information Management (DSIM), Reserve Bank of India, C-8, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. Further, the return should be submitted by all the Indian companies which have received FDI and/or made FDI abroad (*i.e.* overseas investment) in the previous year(s) including the current year. The Annex -II to the Circular gives the concepts and definitions useful in filling the Annual Return on Foreign Liabilities and Assets.

[A.P. (DIR Series) Circular No. 45
dated March 15, 2011]

iii) Exim Bank's Line of Credit to the Ecowas Bank for Investment and Development (EBID)

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated November 09, 2010 with the Ecowas Bank for Investment and Development (EBID), making available to the latter, a Line of Credit (LOC) of USD 100 million (USD one hundred million) for financing export of eligible goods, services and equipment including consultancy services to 15 member countries of EBID in the West African region, *viz.*, Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

The Credit Agreement under the LOC is effective from February 23, 2011 and the date of execution of Agreement is November 9, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (November 8, 2016) from the

execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 46
dated March 18, 2011]

**iv) Export of Goods and Software –
Realisation and Repatriation of export
proceeds – Liberalisation**

In terms of the A.P. (DIR Series) Circular No. 57 dated June 29, 2010 the period of realization and repatriation to India of the amount representing the full export value of goods or software exported was enhanced from six months to twelve months from the date of export. This relaxation was up to March 31, 2011.

The issue was reviewed and it was decided, in consultation with the Government of India, to extend the above relaxation up to September 30, 2011, subject to review.

The provisions in regard to period of realisation and repatriation to India of the full export value of goods or software exported by a unit situated in a Special Economic Zone (SEZ) as well as exports made to warehouses established outside India remains unchanged.

[A.P. (DIR Series) Circular No. 47
dated March 31, 2011]