

## **Exchange Control OCTOBER 2000**

### **1. Exchange Earners' Foreign Currency (EEFC) Account Scheme**

1.1 It has been decided that with effect from October 10, 2000, 100 per cent Export Oriented Units or a unit in (a) Export Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park may credit 70 per cent, and any other person resident in India may credit 50 per cent of the eligible inward remittances as indicated in the Schedule to the Reverse Bank Notification No. FEMA 10/2000-RB dated May 3, 2000. The change is applicable only to the eligible inward remittances received on or after October 10, 2000.

1.2 All the EEFC accounts would be held in the form of non-interest bearing Current Accounts only and no credit facility, whether funded or non-funded, would be made available against the EEFC balances. Existing credit facilities, if any, should be withdrawn on expiry of the period for which the credit was extended.

### **2. India Millennium Deposits (IMDS)**

2.1 State Bank of India has been permitted to float a scheme called 'India Millennium Deposits'. The details of the scheme have been announced by State Bank of India.

2.2 Authorised dealers have been permitted to grant loans in non-repatriable rupees, in India, to the holders of IMDs for personal purposes, and for carrying on business activities except for the purpose of relending or carrying on agricultural/plantation activities or for investment in real estate business. NRIs (and not OCBs) may also be granted loans in non-repatriable rupees for acquisition of immovable property in terms of Foreign Exchange Management (Acquisition and transfer of immovable property in India) Regulations, 2000 subject to certain conditions.

2.3 Authorised dealers have also been permitted to grant loans to the account holders for the purpose of making direct investment in India on non-repatriation basis, subject to compliance with the provisions of Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulation 2000, Foreign Exchange Management (Investment in firm or proprietary concern in India) Regulations 2000 and also subject to certain conditions stipulated. The loan amount may be disbursed directly to the investee firm/company on behalf of the IMD holder.

2.4 Authorised dealers have also been permitted to grant loans/overdrafts to individuals/firms/companies resident in India against the collateral of IMDs, subject to usual norms and on the conditions stipulated.

### **3. Foreign Travel**

3.1 Authorised dealers have been delegated powers for dealing with applications for travel abroad. Further, the requirement of endorsing release of foreign exchange for purposes other than private visit on the passport has been made **not mandatory**.

3.2 It is also clarified that Credit cards, ATM cards and debit cards etc. are only different methods of payment and all Rules, Regulations made and Directions issued under the Act are applicable to credit cards, debit cards etc. also.

### **4. Advance Remittance**

Authorised dealers are to allow advance remittance for any current account transactions for which the release of foreign exchange is admissible, provided the amount of advance remittance does not exceed US\$ 15,000 or its equivalent. This limit of US\$ 15,000 has since been enhanced to US\$ 25,000 with effect from October 30, 2000. Where the amount exceeds US\$ 25,000 or its equivalent, a guarantee from a bank of international repute situated outside India or a guarantee

from an authorised dealer in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, should be obtained from the overseas beneficiary. The authorised dealer is to ensure that the beneficiary of the advance remittance has fulfilled his obligations under the contract or agreement with the remitter in India.

**5. Barter Trade with Myanmar under Indo-Myanmar Border Trade Agreement**

It has been decided in consultation with Government of India that under the border trade arrangement between the two countries, imports from Myanmar into India should precede exports from India to Myanmar.