

Exchange Control

DECEMBER 2000

1. Remittance towards Schemes Involving Money Circulation

References were received in the Reserve Bank in the recent past from Individual/authorised dealers seeking approvals/clarifications for effecting remittances in foreign currency towards purchase of websites. Such schemes offer earnings in US Dollars and/or in other foreign currency, on incremental basis, depending on the number of new clients/customers added to the chain, thereby making the operation of such schemes akin to money circulation. It is clarified that authorised dealers should not allow remittances to operators of such schemes and/or to any other overseas company carrying on such types of activities.

Authorised dealers may, however, allow remittance if they are satisfied that the website is being sold unconditionally and the remitter is purchasing it for developing it for his present/future business and not for the purpose of adding further members to the chain. For this purpose, authorised dealers should satisfy themselves about the bonafides of the overseas company and/or the operators and the scheme, through proper documents.

2. **Non-Export Receipts - Reporting in R-returns**

A supplementary statement of receipts, for purposes other than exports, involving amounts equivalent to Rs. 1,00,000 and above at present is required to be submitted with the R-Return. The cutoff limit of Rs.1,00,000 has since been raised to US\$ 10,000 for reporting in the R-return for the fortnight ending January 15, 2001 onwards. It has also been decided that authorised dealers should ensure that credits to the customers a/c on account of the inward remittances received from NRIs **are not delayed** for the sake of indicating the purpose of remittance in the supplementary statement. The "purpose" may be ascertained after affording credit and reported to the Reserve Bank of India.

3. **Line of Credit by EXIM Bank**

Export Import Bank of India has extended a line of credit of US\$ 20 million for financing 100 per cent value of exports of eligible goods to South Korea by Indian Exporters.

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