

Exchange Control

AUGUST 2001

1. Counter-Trade Arrangements with Romania

Prior approval of the Reserve Bank is required for any arrangement involving adjustment of value of goods imported into India against value of goods exported from India.

It has been decided to allow counter-trade arrangement between Indian and Romanian parties in which exports from India to Romania may precede imports into India and the U.S. Dollar Escrow Accounts may be opened and maintained by the Indian parties with banks in Romania, subject to the condition, among others, that the Indian exporter should utilise the funds for import of goods from Romania into India within six months from the date of credit to such Escrow Accounts. Authorised dealers have been advised to forward such proposals to the concerned Regional Office of the Reserve Bank under whose jurisdiction the exporter is situated. The concerned authorised dealer shall monitor the transactions in the U.S. Dollar Escrow Accounts with banks in Romania through a mirror account.

2. Export of Goods and Services to Latin American Countries

The Reserve Bank as a temporary measure, has allowed a period of 360 days (in place of existing six months), from the date of shipment, for realisation and repatriation of full value of goods/software exported to the 43 Latin American countries.

The relaxation in the period of realisation is available for **one year with effect from September 1, 2001**, that is, to the exports to be made on or after September 1, 2001. Accordingly, from September 1, 2002 the exporters are under obligation to realise full export proceeds within the prescribed period of six months from the date of export.