

Exchange Control

May 2002

1. Current Account Transactions -

Remittance for Advertisement on Foreign Television

In terms of item NO. 13 of Schedule III of Government of India Notification No.GSR.No.381(E) dated May 9, 2000, prior approval of the Reserve Bank is required for remittance of foreign exchange for advertisement on foreign television by a person where export earnings are less than Rs.10 lakhs during each of the preceding two years, unless the payment is made from the EEFC Account.

It has also been clarified that before making any remittances for advertisement on foreign television on behalf of residents who do not require any prior permission from the Reserve Bank, authorised dealers should obtain a certificate from a Chartered Accountant certifying that,

- a) applicant exporter satisfies the criteria of having export earning of more than Rs.10 lakhs during each of the preceding two years and
- b) the advertisement for which foreign exchange is being remitted will be broadcast by foreign television company in foreign countries and not in India alone.

2. Remittance of current income by NRIs

Authorised Dealers have been permitted to allow repatriation of current income like rent, dividend, pension, interest etc. of NRIs who do not maintain an NRO account in India based on an appropriate certification by a Chartered Accountant, certifying that the amount proposed to be remitted is eligible for remittance and that applicable taxes have been paid/provided for.

3. Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between the Government of India and erstwhile USSR

The rupee value of the special currency basket effective from May 9, 2002 has been fixed at Rs. 54.1262.

4. Foreign Exchange Management Act, 1999- Insurance

In terms of the Reserve Bank Notification No.FEMA.12/2000-RB dated May 3, 2000 a person resident in India has been prohibited from taking any general or life insurance policy issued by an insurer outside India. It has now been decided in consultation with Government of India to exempt units located in Special Economic Zones (SEZs) from the purview of the above Notification for the purpose of taking out general insurance policies. Accordingly, authorised dealers are free to allow remittances towards premium for general insurance policies taken by units located in SEZs from insurers outside India provided the premium is paid by the units out of their foreign exchange balances.