

Exchange Control February 2003

1. Sponsored ADR/GDR - Receipt of Disinvestment Proceeds

As a measure of further liberalisation and in order to encourage Indian companies to list ADRs/GDRs on the overseas exchanges, through the scheme of sponsored ADRs/GDRs, resident shareholders of Indian companies, who offer their shares for conversion to ADRs/GDRs, are allowed to receive the sale proceeds in foreign currency subject to condition that the conversion to such ADRs/GDRs should have the approval of Foreign Investment Promotion Board (FIPB). Further, the sale proceeds, so received by residents, are also permitted to be credited to their Exchange Earners' Foreign Currency/ Resident Foreign Currency (Domestic) [EEFC/ RFC(D)] accounts or to their Rupee accounts in India at their option. Disinvestment proceeds under the scheme, receivable by residents, who have since become non-residents, would also be eligible for credit to their foreign currency accounts abroad or any of their accounts in India at their option.

2. Current Account Transactions -Remittance for Advertisement on Foreign Television

With a view to simplifying the procedure for remittances for advertisement on foreign television, authorised dealers have been advised to do away with the insistence on furnishing of Chartered Accountant's certificate by the exporters if the stipulated export earning during the preceding 2 years have been realised through them only. The Chartered Accountant's certificate certifying that the advertisement charges incurred by the corporate are for telecast in foreign countries and not in India alone, has, however, to be obtained for each such remittance.

3. Exchange Earners' Foreign Currency (EEFC) Account Scheme

As a measure of relaxation of the EEFC Account Scheme, authorised dealers have been empowered to permit their exporter constituents to extend trade related loans/advances to overseas importers out of their EEFC balances without any monetary ceiling. This relaxation shall be effective upto June 30, 2003, subject to review.

4. Exim Bank's Line of Credit of US \$ 25 Million to Vneshtorgbank, Russia

Export-Import Bank of India (Exim Bank) has concluded an agreement with Vneshtorgbank, Russia (Bank for Foreign Trade, Russia) on July 3, 2002 making available to the latter, a Line of Credit up to an aggregate sum of US \$ 25 million (US dollar Twenty five Million only). The credit has become effective from November 14, 2002 and is available for financing exports from India of eligible goods and related services to buyers in the borrower's country i.e. Russian Federation. The eligible goods will include initial spares, drawings and designs, together with services related thereto.

5. Indo-Lao Credit Agreement dated November 6, 2002, for US \$ 10 Million

The Government of India have extended a line of credit of an amount of US \$ 10 million (US \$ Ten Million only) to the Government of the Lao People's Democratic Republic under a credit

agreement entered into between the two Governments on November 6, 2002. The credit will be available to the Government of the Lao People's Democratic Republic, (Lao PDR), for importing from India capital goods of Indian manufacture including original spare parts and accessories purchased along with the capital goods and included in the original contract as also consultancy services and consumer durables. The credit will not cover third country imports. The export of goods and services from India and their import into Laos under the line of credit shall take place through normal commercial channels and will be subject to the laws and regulations in force in both the countries.