

Exchange Control June 2003

1. Master Circulars on Exchange Management

Master Circulars on the following topics of exchange regulations have been updated as on July 1, 2003 and placed on the Bank's website:

1. Risk Management and Inter-bank dealings
2. Direct Investment and JVs/WOs abroad.
3. Export of Goods and Services.
4. Import of Goods and Services into India.
5. Miscellaneous Remittances from India.

2. Supply of Goods by Special Economic Zones (SEZs) to units in Domestic Tariff Area (DTA) against payment in foreign exchange

Units in Domestic Tariff Areas (DTAs) have been permitted to purchase foreign exchange from authorised dealers to pay for the goods supplied to them by 100% EOUs, EPZs, EHTPs and STPs. This facility has now been extended to the units in DTAs for making payment towards goods supplied to them by Units in Special Economic Zones (SEZs) also.

3. Foreign Exchange Management Act, 1999-Import of Goods into India

With a view to liberalising and simplifying the procedure for import into India, the existing guidelines on the subject have been reviewed and revised directions have been issued to all authorised dealers.

4. Overseas Direct Investment - Amendments to Forms

In order to reflect the procedural modifications effected and liberalisation measures initiated in the sphere of overseas direct investment in the recent past, amendments have been made to the Form ODA, the declaration to be furnished by applicant party and detailed instructions have been issued to authorised dealers for filling up forms ODA, ODI, ODB & ODG.

5. Foreign currency - Rupee Options

As a part of developing the derivative market in India and adding to the spectrum of hedge products available to residents and non-residents for hedging currency exposures, a decision has been taken to permit the authorised dealers to offer to their customers the foreign currency - rupee options with effect from July 7, 2003. Accordingly, authorised dealers fulfilling the stipulated criteria are permitted to offer the product to their customers under the terms and conditions prescribed by the Bank.