

Foreign Exchange Developments

February 2010

i) Export and Import of Currency

In terms of clauses (a) and (c) of sub-regulation (1) of Regulation 3 of Foreign Exchange Management (Export and Import of Currency) Regulations, 2000, notified *vide* Notification No. FEMA 6 /RB-2000 dated May 3, 2000, any person resident in India may take outside India or having gone out of India on a temporary visit, may bring into India (other than to and from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.5,000 per person. As part of providing greater flexibility to the resident individuals travelling abroad, the existing limits, were enhanced to Rs. 7,500 per person. Accordingly, any person resident in India may take outside India or having gone out of India on a temporary visit, may bring into India (other than to and from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.7500 per person.

[A.P. (DIR Series) Circular No.30
dated February 1, 2010]

ii) Exim Bank's Line of Credit (LoC) of USD 36 million to the Government of the Republic of Mali

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 12, 2009 with the Government of the Republic of Mali making available to the latter, a Line of Credit (LoC) of USD 36

million (USD thirty six million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of completion of Mali-Ivory Coast Interconnection Link for integrating the national power grids between Ivory Coast and the Republic of Mali.

The Credit Agreement under the LoC is effective from January 18, 2010 and date of execution of Agreement is October 12, 2009. Under the LoC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months (October 11, 2015) from the execution date of the Credit Agreement in case of supply contracts.

[A. P. (DIR Series) Circular No. 31
dated February 5, 2010]

iii) Exim Bank's Line of Credit of USD 100 million to Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia

Export-Import Bank of India (Exim Bank) has concluded an agreement dated December 7, 2009 with the Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia, making available to the latter, a Line of Credit (LoC) of USD 100 million (USD one hundred million) for financing exports of equipment, technology or any goods and services from India.

The Credit Agreement under the LoC is effective from January 18, 2010. Under the LoC, the terminal date for opening Letters of Credit is January 17, 2013 (36 months from the effective date of the Agreement) and terminal date of disbursements is July 17, 2014 (42 months from the effective date of the Agreement).

[A. P. (DIR Series) Circular No. 32
dated February 9, 2010]

iv) External Commercial Borrowings (ECB) Policy – Liberalisation

As per the extant ECB procedures, any changes in the terms and conditions of the ECB after obtaining the Loan Registration Number (LRN) from the Department of Statistics and Information Management (DSIM), Reserve Bank, require the prior approval of the Reserve Bank. As a measure of simplification of the existing procedures, it was decided to delegate powers to the designated AD category-I banks to approve the following requests from the ECB borrowers, subject to specified conditions:

- a) Changes / modifications in the drawdown / repayment schedule - subject to the conditions that the average maturity period, as declared while obtaining the LRN, is maintained and subject to fulfilment of the reporting requirement.
- b) Changes in the currency of borrowing – the proposed currency of borrowing is freely convertible.
- c) Change of the AD bank - subject to No-Objection Certificate (NOC) from the

existing designated AD bank and after due diligence.

- d) Changes in the name of the Borrower Company - subject to production of supporting documents evidencing the change in the name from the Registrar of Companies.

[A. P. (DIR Series) Circular No. 33
dated February 9, 2010]

v) Exim Bank's Line of Credit of USD 15 million to the Government of the Republic of Mali

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 14, 2009 with the Government of the Republic of Mali making available to the latter, a Line of Credit (LoC) of USD 15 million (USD Fifteen million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of financing Agriculture and Food processing projects in Mali.

The Credit Agreement under the LoC is effective from January 18, 2010 and date of execution of Agreement is October 14, 2009. Under the LoC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months (October 13, 2015) from the execution date of the Credit Agreement in case of supply contracts.

[A. P. (DIR Series) Circular No. 34
dated February 11, 2010]

vi) Memorandum of Procedure for channeling transactions through Asian Clearing Union (ACU)

The Memorandum containing detailed procedural instructions for channeling transactions through Asian Clearing Union (ACU) (Memorandum ACM) was issued in April, 2003.

In view of the changes effected in the settlement system in ACU mechanism, as decided in the 37th ACU Board Meeting held in June, 2008, the Memorandum ACM containing Memorandum of Procedure for channeling transactions through Asian Clearing Union (ACU) has been updated.

[A. P. (DIR Series) Circular No. 35
dated February 17, 2010]

vii) Overseas Investment Application - Online Reporting of Overseas Direct Investment in Form ODI

The on-line reporting system for receiving the ODI forms on-line would be operationalised in a phased manner, with effect from March 2, 2010, to simplify the existing reporting framework. The new system would enable on-line generation of the Unique Identification Number (UIN), acknowledgment of remittance/s and filing of the Annual Performance Reports (APRs) and easy accessibility to data at the AD level for reference purposes.

2. As per the plan, initially, Part I (Sections A to D), II and III of form ODI would be filed on-line in the Overseas Investment

Application for allotment of UIN, reporting of subsequent remittances, filing of APRs, etc. AD Category –I banks would continue to receive the ODI forms in physical form, as stipulated in the A. P. (DIR Series) Circular No. 68 dated June 1, 2007, which should be preserved, UIN wise, for onward submission to the Reserve Bank, if specifically required. Transactions in respect of Mutual Funds, Portfolio Investment Scheme (PIS) and Employees Stock Options Scheme (ESOPS) are also required to be reported on-line in the Overseas Investment Application.

3. The on-line reporting would be required to be made by the Centralised Unit/Nodal Office of AD Category - I banks. The Overseas Investment Application would be hosted on the Reserve Bank's Secured Internet Website (SIW) <https://secweb.rbi.org.in> and a link would be made available for accessing the Application on the main page of the website. AD Category – I banks would be responsible for the validity of the information reported on-line. The detailed operational guidelines for accessing the Overseas Investment Application would be communicated to the AD Category - I banks separately.

4. The application for overseas investment under the approval route would continue to be submitted to the Reserve Bank in physical form as hitherto, in addition to the on-line reporting of Part I as contemplated above, for approval purposes. Further, the transactions relating to closure / disinvestment/ winding up/ voluntary liquidation of the overseas Joint Ventures/

Wholly Owned Subsidiaries (JVs / WOSs) under the automatic and approval routes (Part IV of form ODI) would continue to be submitted to the Reserve Bank in physical form as is being done at present.

5. As per the new reporting system, AD Category – I banks would be able to generate the UIN, on-line under the automatic route. However, subsequent remittances under the automatic route and remittances under the approval route should be made and reported on-line in Part II, only after receipt of the letter, confirming the UIN from the Reserve Bank.

[A. P. (DIR Series) Circular No. 36
dated February 24, 2010]

vii) Exim Bank's Line of Credit of USD 25 million to the Government of the Democratic Republic of Congo

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 27, 2009 with the Government of the Democratic Republic of Congo making available to the latter, a Line of Credit (LoC) of USD 25 million (USD twenty five million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of installation of hand pumps and submersible pumps in the Democratic Republic of Congo.

The Credit Agreement under the LoC is effective from January 20, 2010 and date of execution of the Agreement is August 27,

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2009. Under the LoC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months

(August 26, 2015) from the execution date of the Credit Agreement in case of supply contracts.

[A. P. (DIR Series) Circular No. 37
dated February 25, 2010]