Exchange Control
August 2003

1. Evidence of Import - Liberalisation

On a review and against the background of extant “Know Your Customer” guidelines, the limit of US $ 25,000 or its equivalent, beyond which it is obligatory on the part of Authorised Dealers to ensure that the importer submits the documentary evidence of import into India, has been enhanced to US $ 100,000. The limit upto which the Authorised Dealers may accept either Exchange Control copy of Bill of Entry or a certificate from the Chief Executive Officer (CEO) or Auditor of the company, in respect of the goods for which remittance was made, have actually been imported into India, has also been raised from US $ 100,000 or its equivalent to US $ 1,000,000 (US $ one million)

2. Issue of shares to NRIs/OCBs on rights basis

The existing Non-Resident Indian share holders of Indian companies (including OCBs) have been permitted to acquire additional equity or preference shares or convertible debentures over and above their rights entitlement, on par with the resident share holders. Accordingly, the investee company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.

The OCBs have, however, since been derecognised as an eligible ‘class of investor’ under various routes/schemes available under extant Foreign Exchange Management Regulations, with immediate effect, *i.e.* from September 16, 2003.

3. Indo-Suriname Credit Agreement dated March 17, 2003 for US $ 10 million

The Government of India have extended a line of credit of an amount of US $ 10 million to the Government of Suriname under a credit agreement entered into between the two Governments on March 17, 2003. The credit will be available to the Government of Suriname, 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 project exports including services.

4. Export of Goods and Services

The facility of realisation and repatriation of full value of goods/software exported to certain specified countries within a period of one year has been extended for a further period of one year from September 1, 2003 to August 31, 2004.

5. Investment by FIIs/NRIs in Exchange Traded Derivative Contracts (ETDCs)

As part of the measures for further liberalisation, it has been decided that :

i) A registered Foreign Institutional Investor (FII) having valid approval under FERA, 1973 or under FEMA, 1999 may trade in all exchange traded derivative contracts approved by SEBI from time to time subject to the limits prescribed by SEBI.

ii) A Non-Resident Indian (NRI) may invest in exchange traded derivative contracts approved by SEBI from time to time out of INR funds held in India on non-repatriable basis subject to the limits prescribed by SEBI. Such investments will, however, not be eligible for repatriation benefits.