

EXCHANGE CONTROL

OCTOBER 1998

- 1. Exchange Earners Foreign Currency (EEFC) Account**
It has been decided to permit the EEFC account holders to make payments in foreign exchange in India to other residents out of funds held in their EEFC accounts in consideration of supply of goods and services. Further, funds held in EEFC accounts can also be utilised for payment of air fare and hotel expenditure abroad in connection with visits abroad of employees/ directors, etc. of the account holder.
- 2. Advance Payment for Imports - Bank Guarantee**
Authorised dealers were permitted to allow advance remittance towards cost of imports against a guarantee from an international bank of repute situated outside India where the amount of advance remittance exceeded US \$ 15000. It has been decided that such advance remittances may also be allowed by authorised dealers against a guarantee issued by an authorised dealer in India on behalf of the overseas supplier provided such a guarantee was issued against a counter guarantee of an international bank of repute situated outside India.
- 3. External Commercial Borrowings**
The limit of US \$ 3 mn. for raising External Commercial Borrowings by corporates and institutions has been raised to US \$ 5 mn. All other conditions for raising such loans remain unchanged.
- 4. International Credit Cards (ICCs)**
Residents in India have been permitted to hold International Credit Cards which can be used by them either in India or abroad subject to certain conditions.
- 5. NRI/OCB Investment in India**
Indian companies seeking NRI/OCB investment under 24 per cent / 40 per cent scheme will, henceforth, not require prior approval from Reserve Bank. Indian companies satisfying the conditions laid down in the Reserve Bank's Notification No. FERA 187/98-RB dated October 3, 1998 are permitted to issue shares/ convertible debentures to NRIs/ OCBs and file a declaration in form ISD together with the required documents with the concerned Regional Office of the Department within 30 days from the date of issue of shares/debentures.