

EXCHANGE CONTROL SEPTEMBER 1998

1. Loans/Overdrafts to Residents against the Security of NRE (Fixed Deposit) Accounts

Authorised dealers have been allowed to grant any type of fund based and/or non-fund based facilities to residents against the collateral of fixed deposits in NRE Accounts subject to compliance with the provisions of paragraph 13B.10 of Exchange Control Manual.

II. Hedging of Commodity Price Exposure on International Commodity Exchange

In pursuance of the recommendations of the Committee on Hedging through International Commodity Exchanges, it has been decided to allow Indian entities having genuine underlying exposures to access International Commodity Exchanges for Exchange Traded futures contracts/options (purchase only) for hedging commodity price exposures. The facility of hedging will not be available for oil and petroleum products.

III. Euro Issues by Indian Companies - Sale/Transfer of Underlying Shares

Authorised dealers have been allowed to (i) hold shares issued against surrender of ADR/GDR of the non-resident transferrors in their custody till the sale is effected, (ii) to open a non-resident non-interest bearing account to collect the sale proceeds of these shares and (iii) to permit remittance of sale proceeds of the underlying shares, subject to certain conditions. Notification No. F.E.A.R. 185/98-RB dated August 19, 1998 has been issued in this regard.

IV. Methods of Payment

Keeping in view the increasing use of International Credit Cards (ICCs) in business and trade, it has been decided to treat the payment received by exporters from their overseas buyers against ICCs as an approved method for receipt of export proceeds. Accordingly, authorised dealers have been permitted to handle the documents in respect of exports against the receipt of proceeds through ICCs.