

Exchange Control - January 1999

1. Foreign Direct Investment -Inflow Details - Further Liberalisation

With a view to monitoring and compiling data on inflow of funds for investment in India, Reserve Bank has issued Notification Nos. FERA188 and 189/98-RB dated November 11, 1998 amending its earlier Notifications dated January 13, and February 10, 1998, in terms of which Indian companies receiving funds from foreign investors in accordance with the general permission granted by Reserve Bank are required to furnish to the Regional Office of Reserve Bank particulars of the remittances received from foreign investors within 30 days from the date of remittances. This requirement is in addition to the submission of the prescribed declaration in form FC (RBI)/ ISD(R)/ISD as the case may be, along with the prescribed documents, within 30 days from the date of issue of shares.

2. Export of Software in Non-Physical Form

Keeping in view the developments in the field of software and information technology it has been decided that besides computer software, export of video, TV software and all other types of software products/packages should also be declared on the SOFTEX form which has been revised in consultation with the Department of Electronics (DOE), Government of India.

3. Release of Exchange for Higher Studies Abroad

Regulations relating to release of exchange to students going abroad for studies, have been liberalised further as under :

- (a) In case the letter of confirmed admission from overseas educational institution does not indicate the exchange requirements, authorised dealers can release exchange up to US \$ 15,000 for first six months subject to adjustment, if necessary, while releasing exchange for subsequent period on the basis of documentary evidence produced by the student regarding exchange requirements.
- (b) Students going on full sponsorship from a close relative abroad will be eligible for full exchange if he desires not to avail of the relative's hospitality.
- (c) The amount of scholarship received by the student from the overseas institution may be adjusted against the exchange admissible to him only to the extent desired by the applicant.
- (d) The entire amount of exchange admissible can be released in favour of the student. So far, exchange towards tuition fees was required to be remitted by means of a draft in the name of the overseas educational institution.

The application form "TRS" for release of exchange for studies abroad has also been simplified.

4. Encashment of Travellers Cheques

Following instructions have been issued to authorised dealers for encashment of travellers cheques.

- (i) There should not be any limit on tenders for foreign currency/travellers cheques where the proceeds are to be credited to the bank account of the tenderer.
- (ii) Payment can be made in Indian rupees in cash against surrender of foreign currency notes/travellers cheques up to US \$ 1,000 or its equivalent, in value, per transaction.
- (iii) It should be ensured that the latest exchange rates are available at the branches.
- (iv) The rates and other charges along with the rules for encashment and brand name of travellers cheques accepted for encashment should be displayed at the branches.