

Exchange Control June 1999

1. Scrutiny of Export Declaration Forms

Authorised Dealers have been advised that submission of a sale contract or any of the alternate documents along with relative duplicate copies of GR/ PP/SDF forms may not be insisted upon at the time of handling the export documents unless these are required under the terms of the letters of credit.

2. Facilities against the Security of Balances held in EEFC Accounts

Authorised Dealers have been permitted to grant credit facilities, fund based as well as non-fund based, according to their commercial judgement against the security of balances held in EEFC accounts.

3. Foreign Direct Investment (100 per cent)

3.1 Government of India, Ministry of Industry, vide their Press Note dated January 4, 1999 have expanded Part D of the existing Annexure II to include construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular tunnels, ports and harbours as eligible for foreign investment up to 100 per cent under the Automatic Route of Reserve Bank. The Reserve Bank has accordingly, vide its Notification No. F.E.R.A./191/99-RB dated January 30, 1999 extended the general permission granted for issue and export of shares to non-resident investors by Indian companies engaged in the above referred activities.

3.2 In terms of the Press Note No.18 dated December 14, 1998 issued by Government of India, any proposal falling under the Automatic Route of Reserve Bank, either for foreign investment or for technology transfer will be eligible to be entertained only if the foreign partner does not have any previous joint venture or technical collaboration or trade mark agreement in India in the same or allied field. Accordingly, it will be the responsibility of the applicant Indian companies to ensure that the above referred condition, if applicable, is complied with and the proposal seeking foreign direct investment or technology transfer is eligible under the Automatic Route of Reserve Bank.

4. Remittance of Surplus Passage/ Freight Collection by Foreign Airline Companies

Reserve Bank vide its Notification No.F.E.R.A. 202/99-RB dated April 15, 1999, has granted general permission to foreign airline companies, which did not have a branch, office or a place of business in India, to carry on their normal commercial activity in India through their local agents. Authorised dealers have also been permitted to allow local agents of such foreign airline companies to remit net surplus passage fare/freight collection subject to certain conditions.

5. NRE/FCNR/RFC Accounts -Resident Nominees

Authorised dealers have been permitted to allow remittance of funds lying in the NRE/FCNR/RFC accounts of deceased account holders to their non-resident nominees subject to certain conditions. In case of resident nominees the share of deposits due to them is to be paid in Indian rupees. Authorised dealers have now been advised that the Reserve Bank would consider requests from resident nominees for remittance of funds

abroad out of their share of repatriable deposits of deceased NRI for discharging the liabilities abroad of the deceased account holder or for similar other purposes, on merits of the case.