

## *Foreign Exchange Developments*

June 2010

### **i) Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR**

In terms of A.P. (DIR Series) Circular No.48 dated April 26, 2010 the Rupee value of the special currency basket was indicated as Rs.60.8974 effective from April 09, 2010.

A further revision has taken place on May 26, 2010 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.63.0402 with effect from May 31, 2010.

[A.P. (DIR Series) Circular No.55 dated June 15, 2010]

### **ii) Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange (Compounding Proceedings) Rules, 2000 (the Rules) - Compounding of Contraventions under FEMA, 1999**

The provisions of section 15 of FEMA, 1999 permit compounding of contraventions and, as such it empowers the Reserve Bank to compound any contravention as defined under section 13 of the FEMA, except the contraventions under section 3 (a) of FEMA, on an application made by the person committing such contravention.

The compounding of the contravention under the FEMA, 1999 was implemented by the Reserve Bank by

putting in place the simplified procedures for compounding with effect from February 1, 2005 with a view to providing comfort to the citizens and corporate community by minimising transaction costs, while taking a serious view of the wilful, *malafide* and fraudulent transactions. It was decided to put in place an updated procedure for compounding of contravention/s under FEMA on the basis of observations made over the last few years on the compounding process on a continuous basis and the experience gained in dealing with compounding applications. The objective was rationalisation and streamlining of the process and the procedure for compounding and to enhance transparency and effect smooth implementation of the compounding process. The directions contained in the compounding of contravention/s issued *vide* A.P. (DIR Series) Circular No.31 dated February 1, 2005 are superseded by this circular.

[A.P. (DIR Series) Circular No.56  
dated June 28, 2010]

### **iii) Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation**

In terms of A.P.(DIR Series) Circular No.70 dated June 30, 2009 the period of realisation and repatriation to India of the amount representing the full export value of goods or software exported was increased from six months to twelve months from the date of export, subject to review after one year.

The issue was reviewed and it was decided, in consultation with the Government of India, to extend the above relaxation up to March 31, 2011.

The provisions in regard to period of realisation and repatriation to India of the full export value of goods or software exported by a unit situated in a Special Economic Zone (SEZ) as well as exports made to warehouses established outside India remains unchanged.

[A.P. (DIR Series) Circular No.57  
dated June 29, 2010]