

## EXCHANGE CONTROL DECEMBER 1997

### **Release of Exchange for Studies Abroad**

Authorised dealers have been delegated powers to release exchange for studies abroad to :

a) students who hold foreign passport by virtue of their birth abroad but have subsequently returned to India with their parents for permanent residence, provided the student is fully dependent on his parents, and

b) children in India of foreign nationals permanently resident in India and holding foreign passport provided the student is fully dependent on his parents and the parents do not have any foreign currency balances abroad.

### **Recurring Remittances by Foreign Nationals who are in regular employment of Indian Firms/Companies**

Authorised dealers were permitted to allow foreign nationals who are not permanently resident in India but are in regular employment with Indian Firms/Companies to make recurring remittances for family maintenance, etc., upto 75 per cent of their **net** salary. They have since been permitted to make such remittances in excess of 75 per cent of the net salary provided the foreign national concerned is in receipt of perquisites in India and his family is resident outside India. It has also been decided to permit payment of salaries abroad to the employees deputed by foreign companies to their Indian offices/branches/subsidiaries/ joint ventures to

the extent of 75 per cent of the **net** salary (tax to be paid in India for full amount). The balance amount of salary may be paid in India.

### **Import of Software through Datacom. Channels/Internet**

Authorised dealers have been delegated powers to allow remittances towards import of software through Datacom. Channels or Internet on production of documentary evidence in support of such import.

### **Booking of Forward Contracts**

Authorised dealers were permitted to book forward contracts with exporters/importers on the basis of declaration of exposure. They have been advised that for the time being they should not enter into forward contracts on the basis of a declaration of exposure and that such contracts should be booked only on production of documents evidencing exposure. It has also been decided that in the case of non-trade transactions, forward contracts once cancelled cannot be re-booked. It is, however, open for corporates to roll over such contracts on maturity at ongoing rates.

### **Acquisition of Foreign Currency Shares by Employees of Indian Offices/Branches of Foreign Companies**

Reserve Bank was considering applications from employees of Indian offices/branches of foreign companies for remittance towards

acquisition of foreign currency equity shares of foreign companies offered at concessive rates (*i.e. below the market price*) upto U.S.\$ 750 or its equivalent per employee once in a period of five years. This facility has been extended to the employees of Indian companies with majority share holding by foreign companies. The ceiling amount has been enhanced to U.S.\$ 10,000 in a block of five years.

#### **Issue of Shares in Lieu of Bonus**

The ceiling of U.S \$ 750 per employee for acquisition of shares of foreign parent company by employees of their Indian branches/offices/ wholly-owned subsidiaries in lieu of bonus entitlement has been dispensed with. However, the applicant is required to approach Reserve Bank for permission for this purpose.

#### **Subscription to Rights Issues**

Remittance by residents for acquisition of rights shares of companies incorporated outside India was restricted to the aggregate amount of dividend repatriated to India on original holding of shares. It has been decided that resident shareholders will be allowed by the Reserve

Bank to remit upto U.S.\$ 10,000 in a block of five years for acquisition of rights shares of the foreign company.

#### **International Credit Cards (ICC)**

Resident ICC holders have been permitted to use ICCs during their visits to foreign countries for any purposes (except for employment/emigration) for all bona fide personal purposes including purchase of articles/goods for personal use subject to the condition that the aggregate exchange drawn from authorised dealers and drawals against credit card is within the foreign exchange entitlement. Import of such goods in India would be governed by baggage rules and/or Exim policy in force. ICCs can also be used by persons going abroad by availing of Basic Travel Quota.

Deferred Payments Protocol dated 30th April 1981 and 23rd December 1985 between the Government of India and erstwhile **USSR**

The rupee value of the special currency basket has been fixed at Rs. 47.4048 effective 5th December 1997.

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(K.U.B. Rao)  
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