

EXCHANGE CONTROL FEBRUARY 1998

Remittance of Pension

With a view to simplifying the procedure for repatriation of pension in cases where the NRI concerned does not have any other income in India, authorised dealers have been allowed to effect remittance of pension without insisting on Chartered Accountant's Certificate and Tax clearance/No objection Certificate from Income Tax authorities. The applicant should, however, submit a 'one time certificate' from the pension disbursing office that the applicable income tax is being deducted by them.

Import of goods from a member country of Asian Clearing Union (ACU) through a supplier in a third country

Authorised dealers have been permitted to make payment for imports in any permitted currency or in rupees in cases where the supplier of the goods is resident of a country other than member countries of ACU but goods are shipped from ACU member country (other than Nepal).

Advance payments against Exports

Authorised dealers have been delegated powers to allow Indian exporters to receive interest bearing advance payments from their overseas buyers provided (i) the rate of interest on such advance does not exceed Libor +100 basis points, (ii) the shipments to be made against the advance payments so received are monitored by the bank in India through which the advance payment has been received and (iii)

the shipments are made within one year from the date of receipt of advance payment. In cases where exporters are unable to make shipments against advance payments received by them for exports, authorised dealers may allow remittances towards refund of advance payments (partly or fully) provided the unutilised portion of the advance is refunded within a period of one year of its receipt on production of (i) a Chartered Accountant's certificate that the amount is still outstanding in the books of the exporter and has not been adjusted in any manner, and (ii) a declaration that the advance was not against exports to be made in pursuance of any undertaking given to Import Trade Control authorities in regard to fulfilment of export obligation. If, however, the advance was received in fulfilment of export obligation, the exporter should be advised to submit a No Objection Certificate from Import Trade Control authorities for refund of the amount. The inward remittance certificate issued at the time of receipt of foreign exchange should be called for and cancelled/suitably endorsed.

Refund of Export Proceeds

Refund of proceeds of goods exported from India may be allowed by the authorised dealer through whom the proceeds were received if such goods are re-imported into India on account of poor quality, etc., and provided satisfactory documentary evidence regarding re-import of goods into India and reasons for re-export of the goods by the foreign buyer is produced. Authorised dealers should also advise the

exporter to surrender the proportionate incentives availed of, if any.

Merchanting Trade

Authorised dealers have been permitted to allow advance remittances by Indian merchant traders who are their customers only against confirmed orders received by the latter provided the authorised dealer is satisfied about the capabilities of the merchant trader to perform the obligations under the order received from the buyer and that the transaction would result in adequate profit to the merchant trader. If the amount of advance remittance exceeds U.S.\$ 15000, a guarantee from an international bank of repute outside India should be obtained from the foreign seller of goods. In such cases the authorised dealer should monitor the transaction to ensure that it is completed and proceeds representing cost of goods supplied to the foreign buyer repatriated by the merchant trader within a period of six months from the date of advance payment.

Release of exchange for medical treatment/check up abroad

i) Authorised dealers have been permitted to release additional exchange to persons who had fallen sick during their visits abroad for business, etc., purposes on the basis of a certificate from the attending doctor/hospital abroad subject to submission of bills/vouchers in support of expenditure incurred on medical treatment on return of the persons concerned to India.

ii) The indicative limit prescribed for release of exchange for medical check up abroad has

been raised from U.S.\$ 500 to U.S.\$ 1000.

iii) It is clarified that authorised dealers may release U.S.\$ 150 per day upto seven days to persons going abroad for medical check up. In such cases, exchange of U.S.\$ 150 per day upto seven days may also be released to the attendant if it is necessary for the attendant to accompany the person going abroad for medical check up and a certificate from the attending doctor to this effect is produced.

Claims against Indian Tour Operator/Travel Agent

Authorised dealers have been permitted to allow remittance by Indian tour operators/travel agents upto 10% of the tour cost without any monetary ceiling subject to fulfilment of certain conditions.

Advance Remittances for transactions other than imports

Authorised dealers have been permitted to allow advance payments in respect of engagement of foreign nationals, consultancy services, advertisement space in overseas newspapers/periodicals, specialised training to be provided abroad/in India, etc., subject to the condition that the overseas beneficiary of the remittance furnishes a guarantee from an overseas bank of international repute where the amount of advance payment exceeds U.S.\$ 15000 or its equivalent. In all such cases authorised dealers through whom the advance remittance is made should follow up to ensure that the beneficiary of the advance remittance has fulfilled his obligations under the contract/agreement with the remitter in India.

Arrangements with overseas news services

Hitherto Indian newspapers/news agencies were required to approach Government of India (Ministry of Information and Broadcasting) for their arrangements with overseas news/feature agencies for obtaining news features, photographs, cartoons, etc., and then obtain prior approval of Reserve Bank for remittance of cost of material so obtained from overseas agencies. Authorised dealers have now been empowered to allow such remittances by Indian newspapers/periodicals/news agencies to overseas news/feature agencies strictly in accordance with the approvals issued by Government of India (Ministry of Information and Broadcasting).

Sundry Remittances

Authorised dealers have been allowed to effect the following types of remittances, without the approval of Reserve Bank on production of appropriate documentary evidence as indicated against each item.

Type of remittance	Documentary evidence
i) Remittance by Indian Courts in connection with execution of commission/ letters of request.	Court order indicating amount of remittance.
ii) Remittance of alimony.	Court order indicating the amount of alimony.
iii) Remittance of lease/rental charges for hiring	a) Invoice from the overseas beneficiary.

web-space from foreign web servers and E Mail service providers.

b) Undertaking/ Accountant's Certificate regarding Income-tax.

iv) Remittance of sale proceeds of imported cars sold by foreign diplomats/ missions to State Trading Corporation of India (STC).

Letter from STC in support of the sale price of the car.

v) Remittance of sale proceeds of imported cars sold by diplomats/ missions in India to another diplomat.

a) Documentary evidence in support of the sale price of the car.

b) Documentary evidence to show that the payment by the purchaser was made out of funds brought from abroad in free foreign exchange or out of remittable funds.

Remittance of charges for conducting feasibility study for projects to be set up abroad

Authorised dealers have been delegated powers to allow remittance up to U.S.\$ 1,00,000 by Indian companies to overseas consultancy organisations for conducting feasibility studies

for projects to be set up abroad by the proposed joint ventures/wholly-owned subsidiaries of the Indian companies on production of (a) invoice from the overseas consultancy organisation indicating the charges for feasibility study, (b) a declaration from the remitter to the effect that the assignment has been completed and (c) undertaking/certificate regarding payment of Income-tax.

Remittance of bonus to Indian nationals posted abroad

Authorised dealers have been empowered to allow remittance of net amount of bonus by Indian firms/companies to their employees who are Indian nationals posted abroad on production of documentary evidence in support of the remittable amount and certificate/undertaking regarding payment of income tax.

Hospitality to Non-resident visitors

Authorised dealers have been permitted to allow remittances in reimbursement of expenses incurred by foreign nationals engaged by Indian firms/companies in connection with travel to India and back as also expenses incurred for internal travel, lodging, boarding, etc., on production of appropriate documentary evidence in support of the amount sought to be remitted, provided such expenses are to be met by the applicant in terms of the provisions of contract.

Issue of foreign currency notes to foreign tourists/students against inward remittances

Authorised dealers have been permitted to issue foreign currency notes not exceeding U.S.\$ 500 or its equivalent to foreign tourists/students

against inward remittances received in their favour. While foreign currency notes may be issued to foreign tourists freely, in the case of foreign students studying in India these may be issued when they are going abroad during vacation or after completing their studies in India, after verification of their journey tickets.

Remittance of provident/pension fund contributions to expatriate staff

Authorised dealers have been empowered to allow remittances in respect of provident/pension/superannuation contributions of foreign employees of Indian firms/companies who are not permanently resident in India in accordance with the service conditions of the foreign national concerned.

Remittance of Commission/remuneration to non-resident Directors

Powers have been delegated to authorised dealers to allow remittances of commission/remuneration to non-resident directors of Indian companies on production of a certified copy of audited balance sheet of the company together with a work sheet duly certified by a Chartered Accountant indicating how the remittable amount has been arrived at and a certificate/undertaking regarding payment of income tax.

Remittance of claims against marine insurance policies covering exports

Authorised dealers have been delegated powers to allow remittance of insurance claims to overseas buyers against the policies issued by GIC and its subsidiaries covering exports from India where such claims are settled in favour of Indian exporters, on production of

documentary evidence in support of the claim provided the export proceeds in full have been received by the exporter. Before allowing the remittance authorised dealers should obtain a declaration from the Indian exporter that the

overseas buyer has not been compensated in any other manner for the loss of/damage to goods exported from India in respect of which the claim has been settled by GIC or its subsidiary.