

EXCHANGE CONTROL JUNE 1998

Remittance of profits by foreign banks operating in India

Foreign banks have been permitted to remit without prior permission from Reserve Bank, net profit/surplus (net of tax) earned in the normal course of business arising out of their Indian operations, to their Head Offices subject to compliance with the provisions of Banking Regulation Act, 1949 and directions issued by Reserve Bank in this regard.

Remittance of profits by foreign companies

Authorised dealers have been permitted to allow remittance of profits of branches of foreign companies subject to scrutiny of prescribed documents particularly with reference to the source of income which should be out of activities approved by Reserve Bank and the calculations of the amount sought to be remitted.

Interest on imports

Authorised dealers have been advised that they need not insist on importers declaring the interest amount, where it does not form part of the invoice value, to Customs authorities and their submitting revised or supplementary Bill of Entry.

Import through courier-submission of evidence of imports

Authorised dealers have been advised that in respect of imports made through courier services where the C.I.F value of the consignment is Rupees one lakh or more, they should insist on submission of Exchange Control copy of the Bill of Entry for home consumption by the importer as in the case of other imports. Where, however, the value of the import is less than Rupees one lakh, authorised may obtain from the importer a copy of Bill of Entry in the prescribed form issued by the Customs in the name of the registered courier company, duly certified by the authorised dealer of the courier company indicating the particulars of the consignment for which the remittance is sought to be made.

Remittance facilities for holding international Conferences/Seminars/ Training Programmes in India

Authorised dealers have been granted powers to allow remittance of honoraria to overseas invitees visiting India as guest speakers, etc., as also towards fees payable to the international organisations concerned in connection with such conference/seminar/training programme of scientific/technical/educational nature organised in India on the basis of the permission from the concerned

administrative ministry of the Government of India and after verifying the documentary evidence relating to the payments involved, name of the conference/seminar/programme, etc.

Forward exchange cover for Foreign Institutional Investors (FIIs)

Authorised dealers have been permitted to provide forward cover to Foreign Institutional Investors in respect of their investments in equity. The amount eligible for forward cover would be the difference between the market value of investments as at the close of business on June 11, 1998 converted at RBI reference rate of Rs. 42.38 for one U.S.dollar and the market value of investments at the time of providing cover converted at the current rate or fresh inflows since June 11, 1998, whichever is higher. For the purpose of offering forward cover facility authorised dealers have to compute the values of investments including the pipeline transactions. The fresh inflows would include the reinvestments of cash balances lying in the accounts of FIIs as at the close of business on June 11, 1998. For the subsequent repatriation of funds, FIIs could either use the forward contract or access the spot market. In case any FII wishes to continue with the forward contract, it should be ensured that the dollar value of total investments in India exceeds the value of the forward contract. Authorised dealers could extend forward cover Fund-wise or FII-wise whichever is operationally convenient. This facility has been extended, mutatis mutandis, to NRIs/OCBs also to cover their portfolio equity investments.

Deferred Payments Protocol between Governments of India and erstwhile USSR

The rupee value of special currency basket which was fixed at Rs. 48.5596 effective 28th May 1998 has been revised further to Rs. 50.2750 with effect from 25th June 1998.

Import of gold, silver and platinum by Nominated Banks/Agencies

Authorised dealers have been advised that the procedure prescribed for import of gold by nominated banks/agencies would also be applicable to import of silver and platinum.

Export of goods and services against repayment of State Credits granted by erstwhile Soviet Union

Authorised dealers have been advised that in view of the addendum to the Banking Arrangement between the Reserve Bank of India and the Bank of Foreign Economic Affairs of the USSR (BFEA), the reimbursement claims for exports against repayment of State Credits should be lodged through the designated banks so as to reach the Chief General Manager, Deposit Accounts Department, Reserve Bank of India, Mumbai not later than the 37th working day from the expiry of Letter of Credit.

Exim Bank's Line of Credit for U.S.\$ 5 mn. to Industrial Development Bank Ltd., Kenya (IDBK)

The Exim Bank have extended a line of

credit upto an aggregate amount of U.S.\$ 5 mn. to the IDBK, which has become effective from 18th March 1998 and is available for financing export of certain eligible goods and services from India to Kenya. The eligible goods would include initial spares, drawings and designs together with related services. The export of goods from India and their import into Kenya shall be subject to the laws and regulations in force in both the countries.

Indo-Myanmar Credit Agreement

The Government of India have extended a line of credit of U.S.\$ 10 million to the Government of the Union of Myanmar under a credit agreement entered into between the two Governments on 29th March 1998. The credit will be available to the Government of the Union of Myanmar for import from India of capital goods of Indian manufacture, consultancy services and consumer durables.