

A.D.(M.A.Series) Circular No.7 (April 28, 2000)

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI-400 001**

A.D.(M.A.Series) Circular No.7

April 28, 2000

To
All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the exchange control regulations as stated in the following paragraphs.

2. Remittance of surplus passage fare and/or freight by agents of Foreign Airline/ Shipping Companies - Ad-hoc remittance facility

In terms of paragraph 8B.1 and 8B.2 of Exchange Control Manual (ECM), authorised dealers are permitted to allow foreign airline, and shipping companies to make remittances of surplus passage fare and/or freight collection on submission of statements SPM1 and SPM2, respectively.

With a view to enabling foreign airline/shipping companies to transfer such surplus collections soon after the end of the month/sailing of the vessel, pending scrutiny of respective statements by their bankers, it has been decided to grant ad hoc remittance facility to these companies. It will, therefore, be in order for the authorised dealers to allow their constituent foreign airline companies, ad hoc remittance facility upto 75% of the estimated remittable surplus passage fare and/or freight collection during a month (subject to availability of balances in the account), after the 20th day of the month to which it relates, on the basis of the application submitted by the foreign airline company/its agent, pending submission of SPM1 statement. Remittance of the balance surplus amount may be allowed only after scrutiny of SPM1 statement. Similarly, authorised dealers may allow local agents of foreign shipping companies to make ad hoc remittances, after sailing of the vessel, upto 75% of the estimated remittable surplus, pending submission of statement SPM2 (subject to availability of balance in the account). The balance amount of remittable surplus may be allowed by the authorised dealer only after scrutiny of statement SPM2.

3. With the introduction of ad hoc remittance facility, airline/shipping companies shall not keep their surplus funds in Short Term Fixed Deposits. Authorised dealers shall ensure that foreign airline/shipping companies or their agents in India do not invest the surplus passage fare and/or freight collections in term deposits.

4. The following consequential amendments may be carried out in Exchange Control Manual.

Volume I

- i) A new sub-paragraph 8B.1(iii) may be inserted as per Slip 1.
- ii) The existing sub-paragraph 8B.1(iii) and 8B.1(iv) may be renumbered as 8B.1(iv) and 8B.1(v) respectively.
- iii) A new sub-paragraph 8B.1(vi) may be inserted as per Slip 2.
- iv) A new sub-paragraph 8B.2(v) may be inserted as per Slip 3.
- v) The existing sub-paragraph 8B.2(v) may be renumbered as 8B.2(vi).
- vi) A new sub-paragraph 8B.2(vii) may be inserted as per Slip 4.

Volume II

- vii) In form SPM2, a new item 9(f) may be inserted as 'Less : remittances made under ad-hoc facility' and existing 9(f) may be renumbered as 9(g).
- viii) In form SRM a new column No.14 may be added as 'remittances made under ad-hoc facility'.

5. Authorised dealers may bring the contents of this circular to the notice of their concerned constituents.

6. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,
B. MAHESHWARAN
Chief General Manager

Slip 1
[AD/MA/ 7 /2000]

(iii) Authorised dealers may, on request, allow remittance upto 75% of remittable surplus (subject to availability of balance in the account) on ad-hoc basis as per quick estimates made by the foreign airline company/its agent, pending submission of statement SPM1 any time after the 20th of the month to which it relates. The balance amount of net remittable surplus may be allowed after scrutiny of the SPM1 statement. No further remittance should be allowed on ad-hoc basis till the relative SPM1 statement is submitted.

Slip 2
[AD/MA/ 7 /2000]

8B.1

(vi) Authorised dealers may ensure that foreign airline companies or their agents do not keep the surplus collections of passage fare and freight in term deposits.

Slip 3
[AD/MA/ 7 /2000]

8B.2

(v) Authorised dealers may, on request, allow remittance upto 75% of remittable surplus (subject to availability of balance in the account) on ad-hoc basis as per estimates made by the agent of a foreign shipping company, pending submission of SPM2 statement, after sailing of the vessel. The balance amount of net remittable surplus may be allowed only after scrutiny of the SPM2 statement (cf. Annexure V to this Chapter). No further remittance should be allowed if the relative SPM 2 statement is not submitted within 20 days from the date of ad-hoc remittance.

Slip 4
[AD/MA/ 7 /2000]

8B.2

(vii) Authorised dealers may ensure that the foreign shipping companies or their agents do not keep the surplus collections of passage fare and freight in term deposits.
