

**A.P. (DIR Series) Circular No.11 (September 5, 2000)**

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

A.P.(DIR Series) Circular No.11

September 5, 2000

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

**Foreign Exchange Management Act 1999- Commodity Hedging**

Attention of authorised dealers is invited to the Notification No. FEMA 25/RB- 2000 dated 3<sup>rd</sup> May, 2000 issued by Reserve Bank under the Foreign Exchange Management Act, 1999, making "Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000". In terms of the Regulation 6 of the Notification, Reserve Bank considers applications, from persons resident in India, for granting permission to enter into contracts for hedging the price risk in a commodity excluding oil and petroleum products. It has now been decided that importers/exporters of crude oil and petroleum products may also be permitted to hedge their exposure to price risk.

2. Procedure for making application to Reserve Bank seeking its approval for entering into contracts for hedging of commodity price risk as specified in Schedule III to the Notification, referred to above, shall apply mutatis-mutandis to crude oil and petroleum products.
3. Necessary amendment to the Notification is being issued separately.
4. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999). Any contravention or non-observance of these directions is subject to the penalties prescribed under the Act.

Yours faithfully,  
**B. MAHESHWARAN**  
Chief General Manager