

Counter-Trade Arrangements with Romania
A.P.(DIR.Series) Circular No. 4 (August 27, 2001)

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

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August 27, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Counter-Trade Arrangements with Romania

Attention of authorised dealers is invited to item C of Regulation 14 of the Reserve Bank Notification No. FEMA. 23/2000-RB dated May 3, 2000, stipulating that prior approval of the Reserve Bank is required for any arrangement involving adjustment of value of goods imported into India against value of goods exported from India.

2. It has now been decided to allow counter-trade arrangements between Indian and Romanian parties in which exports from India to Romania may precede imports into India and the U.S. Dollar Escrow Accounts may be opened and maintained by the Indian parties with banks in Romania, subject to the condition, among others, that the Indian exporter should utilise the funds for import of goods from Romania into India within six months from the date of credit to such Escrow Accounts. Authorised dealers may forward such proposals to the concerned Regional Office of Reserve Bank under whose jurisdiction the exporter is situated. The concerned authorised dealer shall monitor the transactions in the U.S. Dollar Escrow accounts with banks in Romania through a mirror account.

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

4. 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,
K. RAMASUBRAMANIAN
Officer-in-Charge