

Notification No.FEMA.66/2002-RB dated 27 July 2002

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

Notification No.FEMA.66/2002-RB

dated 27 July 2002

In exercise of the powers conferred by clause (h) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999) and in partial modification of its Notification No.FEMA.25/RB-2000, dated May 3, 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, as amended from time to time, namely :

1. (i) These Regulations shall be called the Foreign Exchange Management (Foreign exchange derivative contracts) (Second Amendment) Regulations, 2002.

(ii) They shall come into force from with effect from their publication in the Official Gazette.
2. In the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, in paragraph 6, the following proviso shall be added, namely :

'Provided that a unit in the Special Economic Zone (SEZ) may, without prior approval of the Reserve Bank, enter into a contract in a commodity exchange or market outside India to hedge the price risk in the commodity on export/import, subject to the condition that such contract is entered into on a "stand-alone" basis.

Explanation : - The term "stand-alone" means that the unit in the SEZ is completely isolated from financial contracts with its parent or subsidiary in the mainland or within the SEZ(s) as far as its import/export transactions are concerned.'

**K.J. Udeshi
Executive Director**

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