

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

RBI/2004/258

A.P.(DIR Series) Circular No.97

June 21, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Foreign Exchange Management Act, 1999

Attention of Authorised Dealers is invited to the list of A.P.(DIR Series) circulars Annexed.

2. It was mentioned in these circulars that necessary amendments to the Foreign Exchange Management Regulations, 2000 were being issued separately. The relevant amendments have since been issued by Reserve Bank and notified by the Government, in the Official Gazette, as indicated in the Annex. A copy each of these Notifications is enclosed.
3. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers 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).

Yours faithfully,

Grace Koshie

Chief General Manager

[A.P.(DIR Series) Circular No.97
dated June 21, 2004]

I. Reserve Bank Notifications – Amendment to Foreign Exchange Management Regulations, 2000 issued under the Foreign Exchange Management Act, 1999

Sr. No.	A.P. DIR (Series) Circular		FEMA Notification	
	No. and date	Subject	No./date/subject	G.S.R. No.
1.	2.	3.	4.	5.
1.	38/3.12.2003	Foreign Investment in India – Recent liberalisation measures relating to Foreign Direct Investment – Summary of Regulations/Provisions covering Foreign Investment in India.	FEMA.No.45/2001-RB dated 20.9.2001 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2001	574 (E) 19.8.2002
2.	47/17.5.2002	Foreign Exchange Management Act 1999 - Insurance	FEMA.No.61/2002-RB dated 2.5.2002 Foreign Exchange Management (Issuance) (Amendment) Regulations, 2002	477(E) 8.7.2002
3.	91/1.4.2003	Export of Goods and Services – Facilities to Units in Special Economic Zones (SEZs)	FEMA.No.98/2003-RB dated 27.8.2003 Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2003	772(E) 29.9.2003
4.	91/1.4.2003	Export of Goods and Services – Facilities to Units in Special Economic Zones (SEZs)	FEMA.No.99/2003-RB dated 27.8.2003 Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2003	773 (E) 29.9.2003
5.	21/16.9.2002	Disposal of Duplicate Copies of Export Declaration Forms	FEMA.No.107/2003-RB dated 29.10.2003 Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2003	900(E) 22.11.2003

1.	2.		4.	5.
6.	53/17.12.2003	Purchase/sale of share and/or Convertible Debentures by SEBI registered Foreign Institutional Investors (FIIs) under Portfolio Investment Scheme (PIS)	FEMA.No.108/2003-RB dated 22.12.2003 Foreign Exchange Management (Transfer or Issue of Security by a Person resident outside India) (Fifth Amendment) Regulations, 2003	12(E) 7.1.2004
7.	64/4.2.2004	Liberalised Remittance Scheme of USD 25,000 for Resident Individuals	FEMA.No.110/2004-RB dated 5.2.2004 Foreign Exchange Management (Permissible Capital Account Transaction) (Amendment) Regulations, 2004	207(E) 23.3.2004
8.	78/14.2.2003	Exchange Earners' Foreign Currency (EEFC) Account Scheme	FEMA.No.113/2004-RB dated 6.3.2004 Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Amendment) Regulations, 2004	209(E) 23.3.2004

[A.P.(DIR Series) Circular No.97
dated June 21, 2004]

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai-400 001**

Notification No. FEMA. 45 /2001-RB

dated September 20, 2001

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No. FEMA 20/2000-RB dated 3rd May 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, namely:-

1. (1) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2001.

(2) They shall come into force with immediate effect.
2. In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, in Schedule 2, in paragraph (1), in sub-paragraph (4), for the proviso, the following proviso shall be substituted, namely:

"Provided that the limit of 24% referred to in this paragraph may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body."

**(K. J. Udeshi)
Executive Director**

G.S.R.No.574(E) dated 19.8.2002

[A.P.(DIR Series) Circular No.97
dated June 21, 2004]

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai**

Notification No.FEMA.61 /2002-RB

dated May 02, 2002

**Foreign Exchange Management (Insurance)
(Amendment) Regulations, 2002**

In exercise of the powers conferred by sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999, (42 of 1999), and in partial modification of its Notification No.FEMA.12/2000-RB, dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Insurance) Regulations, 2000, namely :

1. (a) These Regulations may be called the Foreign Exchange Management (Insurance) (Amendment) Regulations, 2002.

(b) They shall come into force from the date of their publication in the Official Gazette.

2. In the Foreign Exchange Management (Insurance) Regulations, 2000, in Regulation 3, after the proviso, the following proviso shall be added, namely:

“Provided further that the prohibition against taking general insurance policy issued by an insurer outside India shall not apply to a unit located in Special Economic Zone.”

**K.J. Udeshi
Executive Director**

G.S.R.No.477(E) dated 8.7.2002

[A.P.(DIR Series) Circular No.97
dated June 21, 2004]

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

Notification No.FEMA.98/2003-RB

dated August 27, 2003

**Foreign Exchange Management (Manner of Receipt & Payments)
(Amendment) Regulations, 2003**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999) and in partial modification of Notification No.FEMA.14/2000-RB dated May 3, 2000, the Reserve Bank makes the following amendment in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000, as amended from time to time, namely :

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to the Regulations

In the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000, in Regulation 4, after sub-regulation (v), the following sub-regulation shall be added, namely :

"(vi) in the form of precious metals i.e. gold / silver / platinum equivalent to value of jewellery exported by Gem & Jewellery units in Special Economic Zones and Export Oriented Units on the condition that the sale contract provides for the same and the value is declared in the relevant GR / SDF/ PP forms."

**(Usha Thorat)
Executive Director**

G.S.R.No.772(E) dated 29.9.2003

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

Notification No.FEMA.99/2003-RB

dated August 27, 2003

**Foreign Exchange Management (Export of Goods & Services)
(Amendment) Regulations, 2003**

In exercise of the powers conferred by clause (a) of sub-section (1), sub-section (3) of Section 7 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.23/2000-RB dated May 3, 2000 and Notification No.FEMA.36/2001-RB dated February 27, 2001, Reserve Bank makes the following amendment in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, as amended from time to time, namely :

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to the Regulations

In the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, in Regulation 9,

- (i) in sub-regulation (1), before the existing first proviso, the proviso shall be added as under, namely :

"Provided that where the goods or software and exported by the units in Special Economic Zones, the stipulation of period of realisation and repatriation to India of full export value of goods or software shall not apply".
- (ii) In sub-regulation (2), in clause (a), the words, "by a unit situated in a Special Economic Zone or" may be deleted.
- (iii) In sub-regulation (2), in clauses (b) and (c), for the words "unit", the word, "the said exporter/s" shall be substituted.

**(Usha Thorat)
Executive Director**

G.S.R.No.773(E) dated 29.9.2003

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

Notification No.FEMA.107/2003-RB

dated October 29, 2003

**Foreign Exchange Management (Export of Goods
and Services) (Second Amendment) Regulations, 2003**

In exercise of the powers conferred by clause (a) of sub-section (1) and sub-section (3) of Section 7, sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.23/2000-RB dated 3rd May 2000, the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, namely :

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette of Government of India.

2. Amendment to the Regulations

In the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, in Regulation 6, the sub-regulation 'D' shall be substituted with the following, namely;

"D. Duplicate Declaration Forms to be retained with Authorised Dealers

On the realisation of the export proceeds, the duplicate copies of export declaration forms viz. GR, PP and SOFTEX and Exchange Control copies of the shipping bills together with related Statutory Declaration Forms shall be retained by the Authorised Dealers."

**(Usha Thorat)
Executive Director**

G.S.R.No.900(E) dated 22.11.2003

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

Notification No.FEMA. 108/2004-RB

Dated January 1, 2004

**Foreign Exchange Management
(Transfer or Issue of Security by a person Resident outside India)
(First Amendment) Regulations, 2004**

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No. FEMA 20/2000-RB dated 3rd May 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, namely:

1. Short title and Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India)(First Amendment) Regulations, 2004.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2.Amendment of the Regulations

In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, in Schedule 2.

- (i) In paragraph 1
 - (a) For sub- paragraphs 1 and 2, the following sub- paragraphs shall be substituted, namely:

"(1) A registered Foreign Institutional Investor (FII) may purchase the shares and convertible debentures of an Indian company under Portfolio Investment Scheme.

(2) The purchase of shares /convertible debentures under sub-paragraph (1) shall be made through registered broker on recognized stock exchange in India.

- (ii) For paragraph 2, the following paragraph shall be substituted, namely:

" A registered Foreign Institutional Investor may open a Foreign Currency Account and/or a Special Non-Resident Rupee Account with a designated branch of an authorized dealer for routing the receipt and payment for transaction relating to purchase and sale of shares/convertible debentures under this Scheme, subject to the following conditions:

- (i) The Account shall be funded by inward remittance through normal banking channels or by credit of sale proceeds (net of taxes) of the shares/convertible debentures sold on stock exchange.

- (ii) The funds in the account shall be utilized for purchase of shares convertible debentures in accordance with the provisions of paragraph 1 of this Scheme or for remittance outside India.
- (iii) The funds from Foreign Currency Account of the registered FII may be transferred to Special Non-Resident Rupee account of the same FII and vice-versa."

(iii) In paragraph 4,

(a) for sub-paragraph (1), the following sub-paragraph shall be substituted, namely:

"A domestic asset management company or portfolio manager, who is registered with SEBI as a foreign institutional investor for managing the fund of a sub-account may make investment under the Scheme on behalf of

- (i) a person resident outside India who is a citizen of a foreign state, or
- (ii) a body corporate registered outside India;

Provided such investment is made out of funds raised or collected or brought from outside through normal banking channel."

- (b) sub-paragraph (2) shall be deleted.
- (c) sub-paragraph (3) shall be re-numbered as sub-paragraph(2).

(Usha Thorat)
Executive Director

G.S.R.No.12(E) dated 7.1.2004

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

Notification No. FEMA. 110/2004-RB

dated February 5,2004

**Foreign Exchange Management (Permissible Capital
Account Transactions) (Amendment) Regulations, 2004**

In exercise of the powers conferred by sub-section (2) of Section 6, Sub-Section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.1/2000-RB dated May 3, 2000, the Reserve Bank of India makes, in consultation with Central Government, the following Regulations to amend the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, namely :

1. Short title and commencement :-

- (i) These Regulations may be called the Foreign Exchange Management (Permissible Capital Account Transactions) (Amendment) Regulations, 2004.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to the Regulations

In the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 (hereinafter referred to as "the said Regulations") after Regulation 4 (a), the following proviso shall be inserted ; namely :-

"Provided that –

- (a) subject to the provisions of the Act or the rules or regulations or directions or orders made or issued thereunder, a resident individual may draw from an authorized person foreign exchange not exceeding USD 25000 per calendar year for a capital account transaction specified in Schedule I ;
- (b) where the drawal of foreign exchange by a resident individual for any capital account transaction specified in Schedule I exceeds USD 25,000 per calendar year, the limit specified in the regulations relevant to the transaction shall apply with respect to the drawal.

Provided further that no part of the foreign exchange of USD 25,000 drawn under clause (a) of the first proviso shall be used for remittance directly or indirectly to countries notified as non-co-operative countries and territories by Financial Action Task Force (FATF) from time to time and communicated by the Reserve Bank of India to all concerned."

**(Shyamala Gopinath)
Executive Director**

G.S.R.No.207(E) dated 23.3.2004

[A.P.(DIR Series) Circular No.97
dated June 21, 2004]

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

Notification No.FEMA.113/ 2004-RB

Dated 6 March 2004

**Foreign Exchange Management (Foreign Currency Accounts
by a person Resident in India) (Amendment) Regulations, 2004**

In exercise of the powers conferred by clause (b) of Section 9 and clause (e) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of Notification No.FEMA 10/2000-RB dated May 3, 2000 as amended from time to time, Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Amendment) Regulations, 2004 namely:-

1. Short title and commencement :-

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Amendment) Regulations, 2004.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to the Regulations :-

In the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 in sub-para (iv) of para 3 of the Schedule, the words "not exceeding US \$ 3 million" shall be deleted.

**(Shyamala Gopinath)
Executive Director**

G.S.R.No.209(E) dated 23.3.2004