



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

RBI/2004-05/154

A.P.(DIR Series) Circular No.9

September 1, 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

## Annex

[A.P.(DIR Series) Circular No.9  
dated September 1, 2004]

### 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.	67/2.4.2004	Clarification regarding Automatic Route for Residual Activities under FDI.	FEMA.No.111/2004-RB dated 6.3.2004  Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2004	278 (E) 23.4.2004
2.	68/11.2.2004	Export of Goods and Services – Liberalisation.	FEMA.No.114/2004-RB dated 13.3.2004  Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2004	279(E) 23.4.2004
3.	69/12.2.2004	FEMA 1999 – Grant of Rupee Loan to NRIs – Liberalisation.	FEMA.No.115/2004-RB dated 25.3.2004  Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2004	351(E) 8.6.2004
4.	73/20.2.2004	Export of Goods by way of Gifts – Liberalisation.	FEMA.No.116/2004-RB dated 25.3.2004  Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2004	352 (E) 8.6.2004

**Reserve Bank of India  
(Foreign Exchange Department)  
(Central Office)**

**G.S.R.278(E) dated April 23, 2004 - Part II - Section 3 - Sub-section (i)**

Notification No.FEMA.111/2004-RB

March 6, 2004

Foreign Exchange Management (Transfer or Issue of Security  
by a Person Resident outside India)  
(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 3<sup>rd</sup> May 2000 read with Notification No.FEMA 94/2003-RB dated 18<sup>th</sup> June 2003, 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. Short Title & Commencement :-**

1. (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India)(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 1, under Annexure B, after item 20, the following item shall be inserted, namely :

"21. Any other Sector/Activity – 100 % “  
(if not included in Annexure A)

**Shyamala Gopinath  
Executive Director**

**Foot Note :** The Principal Regulations were published in the Official Gazette vide G.S.R.No.406(E) dated May 3, 2000 in Part II, Section 3,Sub-section (i) and subsequently amended vide :

(a) G.S.R.No.175(E) dated December 26, 2000

(b) G.S.R.No.182(E) dated February 16, 2001

(c) G.S.R.No.158(E) dated March 2, 2001

(d) G.S.R.No.574(E) dated September 20, 2001

(e) G.S.R.No.4(E) dated November 29, 2001

(f) G.S.R.No.223(E) dated November 12, 2002

(g) G.S.R.No.225(E) dated January 17, 2003

(h) G.S.R.No.558(E) dated June 18, 2003

(i) G.S.R.No.835(E) dated October 3, 2003 and

(j) G.S.R.No.899(E) dated October 27, 2003

**RESERVE BANK OF INDIA  
(FOREIGN EXCHANGE DEPARTMENT)  
(CENTRAL OFFICE)**

**G.S.R.279(E) dated April 23, 2004 - Part II - Section 3 - Sub-section (i)**

**Notification No.FEMA.114/2004-RB**

**dated 13 March , 2004**

Foreign Exchange Management (Export of Goods  
and Services) (Amendment) Regulations, 2004

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 3<sup>rd</sup> May 2000, as amended from time to time, 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**

- (a) The regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2004.
- (b) 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 17, the following amendments shall be made, namely :-

- (i) in sub-regulation (1), for clause (b) the following shall be substituted, namely : "(b) that any declaration to be furnished to the specified authority shall be submitted to the authorised dealer for its prior approval, which may, having regard to the circumstances, be given or withheld or may be given subject to such conditions as may be specified by the Reserve Bank by directions issued from time to time."
- (ii) for sub-regulation (2), the following shall be substituted, namely :

"(2) No direction under sub-regulation (1) shall be given by the Reserve Bank and no approval under clause (b) of that sub-regulation shall be withheld by the Authorised Dealer, unless the exporter has been given a reasonable opportunity to make a representation in the matter."

**Shyamala Gopinath  
Executive Director**

**Foot Note** :The Principal Regulations were published in the Official Gazette vide G.S.R.No.409(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide

- a) G.S.R.No.199(E) dated February 27, 2001,
- b) 473(E) dated April 1, 2002,
- c) 773(E) dated August 27, 2003, and
- d) 900(E) dated October 29, 2003.

**RESERVE BANK OF INDIA  
(FOREIGN EXCHANGE DEPARTMENT)  
(CENTRAL OFFICE)**

**G.S.R.351(E) dated June 8, 2004 - Part II - Section 3 - Sub-section (i)**

Notification No.FEMA.115/2004-RB

March 25, 2004

Foreign Exchange Management (Borrowing and  
Lending in Rupees)(Amendment) Regulations, 2004

In exercise of the powers conferred by clause (e) of sub-section (3) of Section 6 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 4/2000-RB dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, namely:

**1. Short title and commencement**

- (i) These Regulations may be called the Foreign Exchange Management (Borrowing and Lending in Rupees) (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 (Borrowing and Lending in Rupees) Regulations 2000, in Regulation 7, the following amendments shall be made, namely:-

- (i) the title shall be substituted as "Loans in Rupees to non-residents"
- (ii) after sub-regulation (B) the following sub-regulation shall be inserted, namely:

“(C) for any purpose as per the loan policy laid down by the Board of Directors of the Authorised Dealer.

Provided that

- (a) the loan shall not be utilised either singly or in association with other person for
  - (i) the business of chit fund, or
  - (ii) Nidhi Company, or

- (iii) agricultural or plantation activities or in real estate business or construction of farm houses, or
  - (iv) trading in Transferable Development Rights (TDRs), or
  - (v) investment in capital market including margin trading and derivatives.
- (b) the Reserve Bank's directives on such advances shall be duly complied with;
- (c) the loan amount shall not be credited to NRE/FCNR(B) accounts;
- (d) the loan amount shall not be remitted outside India;
- (e) repayment of loan shall be made from out of remittances from outside India through normal banking channels or by debit to NRE/FCNR(B)/NRO accounts."

**Shyamala Gopinath**  
**Executive Director**

**Foot Note :** The Principal Regulations were published in the Official Gazette vide G.S.R.No.387(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide G.S.R.Nos.90(E) dated November 27, 2000 and 754(E) dated August 20, 2002.



**RESERVE BANK OF INDIA  
(FOREIGN EXCHANGE DEPARTMENT)  
(CENTRAL OFFICE)**

**G.S.R.352(E) dated June 8, 2004 - Part II - Section 3 - Sub-section (i)**

Notification No.FEMA.116/2004-RB

dated March 25, 2004

Foreign Exchange Management (Export of Goods  
and Services) (Second Amendment) Regulations, 2004

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 3<sup>rd</sup> May 2000, the Reserve Bank of India 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) (Second Amendment) Regulations, 2004.
- (ii) They shall come into force on 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 4, the following amendments shall be made, namely :-

- (i) in clause (d), for the words "twenty five thousand rupees in value" the words "twenty five thousand USD in value" shall be substituted,
- (ii) in clause (e), for the words "one lakh rupees in value" the words "five lakh rupees in value" shall be substituted.

**Shyamala Gopinath  
Executive Director**

**Foot Note :** The Principal Regulations were published in the Official Gazette vide No.G.S.R.409(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide Nos.G.S.R.199(E) dated February 27, 2001 and 473(E) dated April 1, 2002, 773(E) dated August 27, 2003 and 900(E) dated October 29, 2002.