

May 25, 2007

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Import of Equipments by BPO Companies in India
for International Call Centre**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to paragraph A.10.1 of the Annexure to A.P. (DIR Series) Circular No.106 dated June 19, 2003, in terms of which, it is obligatory on the part of the AD Category - I banks through whom the remittance for imports has been made, to ensure that the importer submits the Exchange Control copy of the Bill of Entry for home consumption as evidence of import.

2. Reserve Bank has been receiving requests from Business Process Outsourcing (BPO) companies in India for permission to make remittances towards import and installation of equipments at overseas sites in connection with setting up of their International Call Centres (ICCs). In such cases, the equipments are installed at overseas sites without physical import taking place in India. As a result, the importers are unable to produce evidence of import, requiring specific permission from the Reserve Bank.

3. As announced in the Annual Policy Statement for the year 2007-08 [para 146 (i) (v)], with the objective of rationalising and simplifying the Foreign Exchange Regulations and providing greater flexibility to such transactions, it has been decided that AD Category – I banks may, henceforth, allow BPO companies in India to make remittances towards the cost of equipment to be imported and installed at their overseas sites.

4. The remittances are subject to the following conditions:
- (i) The BPO company should have obtained necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned for setting up of the ICC.
 - (ii) The remittance should be allowed based on the AD Category – I banks' commercial judgment, the bonafides of the transactions and strictly in terms of the contract.
 - (iii) The remittance is made directly to the account of the overseas supplier.
5. The AD Category – I banks should also obtain a certificate as evidence of import from the Chief Executive Officer (CEO) or auditor of the importer company that the goods for which remittance was made have actually been imported and installed at overseas sites.
6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager