

Amendments to Exchange Control Manual (ECM)

February 25, 1999

A.D.(M.A.Series) Circular No.5

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the Exchange Control regulations as stated in the following paragraphs.

1. Release of foreign currency travellers cheques and notes to Master/Captain of the ship against inward remittance - Delegation of powers to authorised dealers

At present, permission of Reserve Bank is necessary to provide foreign currency notes/travellers cheques to the Master/Captain of foreign ship for making payment to the members of the crew on board against the remittance received in the name of the Master/Captain. It has now been decided to delegate these powers to authorised dealers. Accordingly, the authorised dealer **through whom** the remittance has been received may, on proper identification with reference to the passport of the Master/Captain, provide foreign currency travellers cheques in the name of the Master/Captain of the ship and/or foreign currency notes for meeting the local expenses and/or making payment to members of the crew on board. Foreign currency travellers cheques/notes should, however, not be made available to the Master/Captain of foreign ship where the remittance has been received in favour of the **local agent** of the shipping company.

2. Remittance of magazine subscription by recognised agents

In terms of item 3 of A.D.(M.A. Series) Circular No.48 dated 14th December 1998, authorised dealers were permitted to allow remittance of subscription to foreign magazines by Indian agents subject to, inter alia, condition that a certificate from Chartered Accountant as to how the remittable amount has been arrived at net of commission, handling charges, etc. should be submitted. On a review, it has been decided to dispense with the requirement of submission of Chartered Accountant's Certificate. Authorised dealers should, however, ensure with reference to invoices/price lists, agreements, etc., between the publisher and Indian agent that the amount of remittance applied for represents the net amount of subscription after deduction of agent's commission, handling charges, etc. All other conditions mentioned in item 3 of the Circular referred to above remain unchanged.

3. Submission of STAT1 and A4

It has been decided to discontinue submission of monthly statement in form STAT1 relating to operations in Non-resident (External) Rupee accounts. Accordingly, forms A4 required to be submitted alongwith the concerned STAT1 statements need not henceforth be forwarded to Reserve Bank. However, the duly completed forms A4 should be retained with the authorised dealers for scrutiny at the time of audit/inspection.

4. Simplification of forms

With a view to simplifying the procedure, it has been decided to revise application forms for (a) remittances towards maintenance of close relatives abroad (REM), (b) release of exchange for medical treatment abroad (TRM1) and (c) release of exchange for medical treatment abroad for those who had already proceeded abroad for business, etc. visits, (TRM2). Further, henceforth, it will not be necessary for authorised dealers to obtain application in form REM while allowing remittance towards gift to close relative/friend residing abroad, in terms of item IIA of Part B of Annexure I to Chapter 8 of ECM. Such remittances may be allowed on the basis of a declaration in the specified format.

5. The following consequential amendments may be carried out in the Exchange Control Manual.

Volume I

- (i) A new paragraph 3E.9A may be added as per Slip 1.
- (ii) Condition C of paragraph 8C.2A may be replaced by Slip 2.
- (iii) In item IIA of Part B of Annexure I to Chapter 8 'Documentation' may be replaced by Slip 3.
- (iv) In item IIB of Part B of Annexure I to Chapter 8 under head 'Documentation' the last sentence "Also documentary . in the past" may be deleted.
- (v) Paragraph 13B.21 may be replaced by Slip 4.
- (vi) Item (d) of Paragraph 13B.22 may be amended to read as "Transfers from other NRE accounts of same/other persons (See Paragraph 13B.19)".
- (vii) Paragraph 13B.25 may be replaced by Slip 5.

Volume II

- (i) Existing form REM may be substituted by new form REM as per Slip 6.
- (ii) Existing form STAT 1 may be deleted.

(iii) Existing form TRM1 may be substituted by new form TRM1 as per Slip 7.

(iv) Existing form TRM2 may be substituted by new form TRM2 as per Slip 8.

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

7. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,

C.R. GOPALASUNDARAM
Additional Chief General Manager

Slip 1
[AD/MA/ 5 /1999]

Providing foreign currency travellers cheques and notes to the Master/Captain of foreign vessels against inward remittance

3E.9A The authorised dealer **through whom** remittance in the name of the Master/Captain of a foreign vessel calling at an Indian port has been received may, on proper identification with reference to passport of the Master/Captain in whose name the remittance has been received, provide foreign currency travellers cheques in the name of the Master/Captain of the ship and/or foreign currency notes for meeting the local expenses and/or making payment to members of the crew on board. Foreign currency travellers cheques/notes should, however, not be made available to the Master/Captain of foreign ship where the remittance has been received in favour of the **local agent** of the shipping company.

Slip 2
[AD/MA/ 5 /1999]

8C.2A (c) A statement showing how the remittable amount has been arrived at net of commission, handling charges, etc. togetherwith documentary evidence (viz. invoices from overseas publishers/price lists, agreements between the publishers and Indian agents, etc.)

Slip 3
[AD/MA/ 5 /1999]

II.A.

Documentation:

Form A 2 and a declaration as under:

“I hereby declare that including the remittance of (currency and amount) now applied for, I have not remitted to (Name of the beneficiary)aggregate amount exceeding the prescribed limit of US \$ 1,000 in the calendar year

Signature.....

Name of the applicant.....

Address:

Place

Date

Slip 4
[AD/MA/ 5 /1999]

Form A4

13B.21 Form A4 should be completed in respect of operations on NRE accounts which call for either a report to or approval of Reserve Bank. Forms requiring approval should be completed in duplicate and submitted to Reserve Bank. If the transaction is approved, one copy of the form will be returned to authorised dealer with the approval of Reserve Bank marked thereon. The debit or credit entry in the relative account may be made only after receipt of the approval. However, in all cases where form A4 is required to be filled in/approved, the duly filled in/approved forms should be retained with authorised dealers for scrutiny at the time of audit/inspection.

Slip 5
[AD/MA/ 5 /1999]

Statement of Operations on NRE Accounts

13B.25 A monthly statement in form STAT 8 for the bank as a whole may be forwarded to the Chief General Manager, Exchange Control Department (Central Statistical Division), Reserve Bank of India, Central Office, Mumbai-400 001 so as to reach him by 10th of the month following the month to which it relates.