

A.D.(M.A. Series) Circular No.10 (April 1, 1999)

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

A.D.(M.A. Series)Circular No.10

April 1, 1999

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

**Amendments to Exchange Control Manual
(Memorandum PEM)**

It has been decided to amend/modify the Exchange Control regulations relating to project exports and service exports as stated in the following paragraphs.

1. Constitution of Working Group

In terms of paragraph A.1(i) of Memorandum on Project Exports (PEM), the Working Group for the purpose of granting package approval for project/service export proposals consists of representatives of Reserve Bank of India [Exchange Control Department (ECD) and Industrial and Export Credit Department (IECD)], Exim Bank and Export Credit Guarantee Corporation (ECGC). In the context of operational freedom given to authorised dealers in extending export credit to project exporters, it has been decided that henceforth Working Group will consist of representatives of only Reserve Bank (ECD), Exim Bank and ECGC. Accordingly, it will not be necessary hereafter for the project exporters/bankers to forward a copy of the application/approval in respect of the project/service export proposals to Industrial and Export Credit Department of Reserve Bank.

2. Clearance of proposals

In terms of paragraph B6.(i)(A)(b) of Memorandum PEM, exporters desiring to submit bids/proposals for supply contracts on deferred payment terms, turn-key projects or construction contracts where the value of bid/offer exceeds Rs.25 crores but is within Rs.100 crores, are required to submit applications to Exim Bank through their bankers (authorised dealers). It has now been decided to permit Exim Bank to receive, consider and approve such project export proposals upto the value limit of Rs.100 crores direct i.e. without the applications being routed through any authorised dealer, provided all the facilities required for execution of such contracts are being extended by the Exim Bank, subject to the following conditions:

- (a) Exim Bank shall make necessary arrangements with an authorised dealer to handle exchange control matters relating to GR etc. formalities in connection with execution of such contracts and shall advise the details of these arrangements to the concerned Regional Office of ECD;
 - (b) Exim bank shall monitor such projects till their completion and ensure compliance with the requirements as per paragraph B.10 of Memorandum PEM.
3. The following consequential amendments may be carried out in the Memorandum PEM.
- (i) The words 'and IECD' appearing in bracket in the first sentence of paragraph A.1(i) may be deleted.
 - (ii) In paragraph B.6(i)(A)(a) item (iii) may be deleted and item (iv) and (v) may be renumbered as (iii) and (iv) respectively.
 - (iii) After paragraph B.6(i)(A)(b), a new sub-paragraph (c) may be inserted as per Slip 1 and existing sub-paragraph (c) and (d) may be renumbered as (d) and (e) respectively.
4. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.
5. 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,
B. MAHESHWARAN
Chief General Manager

Slip 1
[AD/MA 10/1999]

B.6(i)(A)

(c) Exim Bank may also receive directly applications for project export proposals of the value upto Rs.100 crores, without being routed through an authorised dealer provided (i) all facilities required for execution of the project are being extended by Exim Bank, (ii) Exim Bank makes necessary arrangement with an authorised dealer to handle exchange control matters like GR formality, etc. in connection with execution of the project and the details of the arrangement made in this regard are advised to the concerned Regional Office of Exchange Control Department and (iii) Exim Bank monitors such projects cleared by them till their completion and ensures compliance with the requirements of completed projects as per paragraph B.10 of

Memorandum PEM. In approved cases, Exim Bank will forward a copy of its approval to the Regional Office of Exchange Control Department under whose jurisdiction the applicant is functioning.
