

A.D.(M.A. Series) Circular No.11

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

A.D.(M.A. Series) Circular No.11

April 7, 1999

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. Authorised dealers in foreign exchange

The Commercial Bank of Korea Ltd. and Hanil Bank have ceased to be authorised dealers in foreign exchange. Accordingly, their names have been deleted from the list of authorised dealers in foreign exchange.

2. Release of exchange for sports activities held in India/abroad

In terms of item XIII of Part B of Annexure I to Chapter 8 of ECM authorised dealers have been permitted to allow remittance upto U.S.\$ 25,000, in each case, towards prize, sponsorship money for sports events subject to certain conditions mentioned therein. It has now been decided that authorised dealers may allow such remittances upto U.S.\$ 100,000 or its equivalent by recognised International/National/State level sports organisations for sports activities **without** prior approval/concurrence of the Government of India, Ministry of Human Resource Development, Department of Youth Affairs & Sports.

3. Subscription to shares of overseas joint ventures/ wholly owned subsidiaries by employees of Indian promoter company in the field of software

In terms of paragraph 12.7A of ECM, Reserve Bank considers applications for remittances towards acquisition of shares of the overseas joint ventures/wholly owned subsidiaries by employees of Indian promoter software companies, subject, inter alia, to the condition that as a result of allotment of shares of the overseas concern to the employees of the Indian company, the shareholding of the Indian promoter company does not fall below the existing percentage of its

shareholding in the overseas joint venture/wholly owned subsidiary. It has now been decided to consider applications if after allotment of shares of the overseas concern to the employees of the Indian promoter company, the percentage of shares held by the Indian promoter company together with aggregate number of shares allotted to its employees is **not** less than the percentage of shares held by the Indian promoter company prior to such allotment of shares under the Employees Stock Option Scheme. The other conditions remain unchanged.

4. Domestic Credit Cards to Non-Resident Indians and persons of Indian origin

It has been decided that rupee credit cards valid in India, Nepal and Bhutan, may be issued to non-resident Indians/persons of Indian origin also. Accordingly, it will be in order for authorised dealers and/or their subsidiaries to issue rupee credit cards valid in India, Nepal and Bhutan to NRIs/PIOs and allow settlement of bills in rupees arising out of use of such cards by debit to their NRSR/NRO/NRE account. Remittance from India will, however, not be allowed in settlement of bills in the event of use of such cards in other countries.

5. International Credit Cards to Residents provided by overseas organisations

It has been decided to permit residents in India to hold International Credit Cards provided by overseas organisations subject to the condition that the liabilities arising from the use of such cards, in India as well as outside India, are met by the organisation arranging issuance of the card. Under no circumstances any remittance will be allowed from India to meet the liabilities arising out of use of such cards.

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

Volume I

- i) Names of ‘The Commercial Bank of Korea Ltd.’ and ‘Hanil Bank ’ may be deleted from Part ‘A’ of Annexure to Chapter 1.
- ii) Item XIII of Part B of Annexure 1 to Chapter 8 may be replaced by Slip 1.
- iii) In paragraph 8A.2 after item (iv) new item (v) may be inserted as per Slip 2.
- iv) Condition ‘C’ of paragraph 12.7A may be replaced by Slip 3.
- v) A new paragraph 13.3 may be added as per Slip 4.

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

8. 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

XIII. Remittance of Prize, Sponsorship Money for Sports

Documentation

- 1) Form A2
- 2) Letter (in duplicate) from the applicant giving particulars of nature of sport activity, name and address of the overseas party/Indian sponsorer, amount of foreign exchange required.
- 3) Letter of offer or Memorandum of Understanding or Agreement entered into for the relevant sport activity and foreign exchange required.

Quantum of Exchange

- a) Upto U.S.\$ 100,000 (U.S. dollars one lakh) or its equivalent if the applicant is a recognised International/National/State level sports body.
- b) Upto U.S.\$ 25,000, in each case, in respect of cases not covered by (a) above.

Special conditions

Certified copies of the documentary evidence submitted in support of the remittance should be retained by authorised dealers for audit/inspection.

NOTE: *Requests for release of foreign exchange in excess of U.S.\$ 100,000 or U.S.\$ 25,000, as the case may be, may be referred to Reserve Bank.*

8A.2

(v) Residents in India are permitted to hold International Credit Cards arranged by overseas organisations provided liabilities arising out of use of such cards, in India and/or outside India, are met by the organisation arranging the card. Under any circumstances **no remittance from India** will be allowed to meet the liabilities arising out of use of such cards.

12.7A

(c) after allotment of shares of the overseas concern to the employees of the Indian promotor company, the shares held by the Indian promotor company, together with the aggregate

number of shares so allotted to such employees, is not less than the percentage of shares held by Indian promoter company prior to such allotment of shares under the Employees Stock Option Scheme.

Slip 4
[AD/MA 11/1999]

Domestic Credit Cards

13.3 Banks and their subsidiaries in India may freely issue credit cards valid in India, Nepal and Bhutan to non-residents of Indian nationality/origin. Claims arising from use of such cards may be settled in rupees by debit to accounts maintained with authorised dealers in India by the account holder or by inward remittance from abroad. Under no circumstances remittance from India will be allowed in settlement of bills in the event of these cards being used in other countries.
