

April 28, 2008

To

All Authorised Dealer Category-I banks

Madam / Sirs,

Bids in foreign currency for projects to be executed in India

Attention of all Authorised Dealer Category – I (AD Category – I) banks is invited to item No.5 of Annexure to our A.P. (DIR Series) Circular No.54 dated November 25, 2002, relating to bids in foreign currency for projects to be executed in India. In terms of these instructions, person resident in India has been permitted to incur liability in foreign exchange and to make or receive payments in foreign exchange in respect of global bids where the Central Government has authorized such projects to be executed in India and the approval of the concerned Administrative Ministry has been obtained. In such cases, authorized dealers are permitted to sell foreign exchange to the resident Indian company which has been awarded the contract.

2. On a review, and as a measure for procedural simplification, it has been decided, in consultation with Government of India, that the prior permission of Administrative Ministry / Authorization from Central Government may not be necessary for International Competitive Bidding (ICB). Accordingly, persons resident in India are now permitted to incur liability in foreign exchange and to make or receive payments in foreign exchange in respect of global bids for projects to be executed in India without insisting on prior approval of the concerned Administrative Ministry for the International Competitive Bidding.

3. AD Category – I banks 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 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-in-Charge