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Introduction:

The foreign exchange market in India is growing in both volume and depth. Various kinds of transactions are facilitated by the banks both on a spot and on a forward basis. These include hedging transactions such as currency swaps and interest rate swaps.

Foreign and Indian banks also assist in offshore loan syndication. Other services provided include, financing of foreign trade, arranging the most economical source of supplier credit, etc. Banks also assist in foreign exchange management such as currency management strategies and designing, assessing of liability structures vis-a-vis swaps, interest rates, income, etc.

The Reserve Bank prohibits any international speculative access to the Rupee. However, there is practically complete freedom to hedge any existing exposure arising out of commercial activity.

In the current chapter an attempt is made to convey about the origin of the coins, currency in India and their gradual development. Moreover, the chapter is also dealing with present condition of foreign exchange markets in India and possibilities of developments.
10.1 Indian Rupee

Indian Rupee

(source: Website of RBI)

Following represents the status of Indian rupee

ISO 4217

INR

Code

User(s)
http://en.wikipedia.org/wiki/Image:Flag_of_India.svg India

Inflation 5.9%

Source The World Factbook, 2007 est.

INR = Bhutanese ngultrum

Pegged by

INR = 1.6 Nepalese rupee

Subunit

1/100 paisa


Coins

Freq. used 1, 2, 5 rupees

Rarely used 5, 10, 20, 25, 50 paisa

Banknotes

Freq. used 10, 20, 50, 100, 500, 1000 rupees

Rarely used 1, 2, 5 rupees

Central bank Reserve Bank of India
10.1.1 Historic background of rupee

India was one of the earliest issuers of coins (circa 6th century BC). The first "rupee" is believed to have been introduced by Sher Shah Suri (1486-1545), based on a ratio of 40 copper pieces (paisa) per rupee. Among the earliest issues of paper rupees were those by the Bank of Hindustan (1770-1832), the General Bank of Bengal and Bihar (1773-75, established by Warren Hastings) and the Bengal Bank (1784-91), amongst others.

During British rule, and the first decade of independence, it was subdivided into 16 annas. Each anna was subdivided into 4 paise (also written pice) or 12 pies. Until 1815, the Madras Presidency also issued a currency based on the fanam, with 12 fanams equal to the rupee.

Historically, the rupee, derived from the Sanskrit word raupya, which means silver, was a silver coin. This had severe consequences in the nineteenth century, when the strongest economies in the world were on the gold standard. The discovery of vast quantities of silver in the U.S. and various European colonies resulted in a decline in the relative value of silver to gold. Suddenly the standard currency of India could not buy as much from the outside world. This event was known as "the fall of the rupee."

In 1898, the rupee was tied to the gold standard through the British pound by pegging the rupee at a value of 1 shilling 4 pence (i.e., 15 rupees = 1 pound). In 1920, the rupee was increased in value to 2 shillings (10 rupees = 1 pound). However, in 1927, the peg was once more reduced, this time to 1 shilling 6 pence (13½ rupees = 1 pound). This peg was maintained until 1966, when the rupee was devalued and pegged to the U.S. dollar at a rate of 7.5 rupees = 1 dollar (at the time, the rupee became equal to 11.4 British pence). This peg lasted until the U.S. dollar devalued in 1971.

The Indian rupee replaced the Danish Indian rupee in 1845, the French Indian rupee in 1954 and the Portuguese Indian escudo in 1961. Following independence in 1947, the
Indian rupee replaced all the currencies of the previously autonomous states. Some of these states had issued rupees equal to those issued by the British (such as the Travancore rupee). Other currencies included the Hyderabad rupee and the Kutch kori.

In 1957, decimalisation occurred and the rupee was divided into 100 naye paise (Hindi for "new paise"). In 1964, the initial "naye" was dropped. Many still refer to 25, 50 and 75 paise as 4, 8 and 12 annas respectively, not unlike the usage of "bit" in American English for ½ dollar.

10.1.2 International use of rupee

With Partition, the Pakistani rupee came into existence, initially using Indian coins, and Indian currency notes simply overstamped with Pakistan. In previous times, the Indian rupee was regarded as an official currency of other countries, including Kuwait, Bahrain, Qatar, the Trucial States (now the UAE), and Malaysia. The Gulf rupee, also known as the Persian Gulf rupee (XPGR), was introduced by the Indian government as a replacement for the Indian rupee for circulation exclusively outside the country with the Reserve Bank of India [Amendment] Act, May 1, 1959. This creation of a separate currency was an attempt to reduce the strain put on India's foreign reserves by gold smuggling. After India devalued the rupee on June 6, 1966, those countries still using it - Oman, Qatar and what is now the United Arab Emirates (known as the Trucial States until 1971) - replaced the Gulf rupee with their own currencies. Kuwait and Bahrain had already done so in 1961 and 1965 respectively.

The Indian rupee is also linked with the Bhutanese Ngultrum. The Indian rupee is also accepted in towns of Nepalese side of Nepal-India border and some Indian shops in the United Kingdom.

10.1.3 Coins

The three Presidencies established by the British East India Company (Bengal, Bombay and Madras) each issued their own coinages up to 1835. All three issued rupees together with fractions down to ¼ and ⅛ rupee in silver. Madras also issued 2 rupees coins.
Copper denominations were more varied. Bengal issued 1 pie, ½, 1 and 2 paise. Bombay issued 1 pie, ¼, ½, 1, 1½, 2 and 4 paise. In Madras, there were copper coins for 2, 4 pies, 1, 2 and 4 paisa, with the first two denominated as ½ and 1 dub or 1⁄6 and 1⁄48 rupee. Note that Madras also issued the Madras fanam until 1815.

All three Presidencies issued gold mohurs and fractions of mohurs, including ⅛, ⅜, ⅝ and ½ in Bengal, ⅛ (a gold rupee) and ½ (pancia) in Bombay and ⅛, ⅜ and ⅝ in Madras.

In 1835, a single coinage for the EIC was introduced. It consisted of copper ⅛, ⅜ and ½ anna, silver ¼, ½ and 1 rupee and gold 1 and 2 mohurs. In 1841, silver 2 annas were added, followed by copper ½ pice in 1853. The coinage of the EIC continued to be issued until 1862, even after the Company had been taken over by the Crown.

10.2 Banknotes

10.2.1 British India

In 1861, the Government of India introduced its first paper money, 10 rupee notes. These were followed by 20 rupee notes in 1864, 5 rupees in 1872, 10,000 rupees in 1899, 100 rupees in 1900, 50 rupees in 1905, 500 rupees in 1907 and 1000 rupees in 1909. In 1917, 1 and 2½ rupees notes were introduced.

The Reserve Bank of India began note production in 1938, issuing 2, 5, 10, 100 and 1000 rupee notes, while the Government continued to issue 1 rupee notes.

10.2.2 Independent Issues, 1949

After independence, new designs were introduced to remove the portrait of the King. The government continued to issue the 1 rupee note, while the Reserve Bank issued other denominations, including the 5000 and 10,000 rupee notes introduced in 1949. In the 1970s, 20 and 50 rupee notes were introduced but denominations higher than 100 rupees...
were demonetized in 1978. In 1987, the 500 rupee note was reintroduced, followed by the 1000 rupees in 2000.

10.2.3 Currently Circulating Notes

The current series, which began in 1996, is called the Mahatma Gandhi series. Currency notes are printed at the Currency Note Press, Nashik, Bank Note Press, Dewas, Bharatiya Note Mudra Nigam (P) Limited presses at Salboni and Mysore and at the Watermark Paper Manufacturing Mill, Hoshangabad.

Each banknote has its amount written in 17 languages (English & Hindi on the front, and 15 others on the back) illustrating the diversity of the country. ATMs usually give Rs. 100 and Rs. 500 notes and Rs. 1000 notes. Rs. 1000 notes are analogous to the higher valued notes of the United States dollar and the euro.

In recent years, the banknotes were slightly modified to include see through registration on the left side of obverse. In addition, the year is now printed on the reverse. EURion constellation was added to Rs. 100. The revised Rs. 10, 20 were issued in 2006, and Rs. 50, 100, 1000 in 2005.

10.2.4 Security features in bank notes

Watermark — White side panel of notes has Mahatma Gandhi watermark.

Security thread — All notes have a silver security band with inscriptions visible when held against light.

Latent image — Higher denominational notes display note's denominational value in numerals when held horizontally at eye level.

Microlettering — Numeral denominational value is visible under magnifying glass between security thread and watermark.

Fluorescence — Number panels glow under ultra-violet light.
Optically variable ink — Notes of Rs. 500 and Rs. 1000 have their numerals printed in optically variable ink. Number appears green when note is held flat but changes to blue when viewed at angle.

Back-to-back registration — Floral design printed on front and back of note coincides when viewed against light.

10.2.5 Convertibility

Officially, the Indian rupee has a market determined exchange rate. However, the RBI trades actively in the INR/USD currency market to impact effective exchange rates. Thus, the currency regime in place for the Indian rupee with respect to the US dollar is a de facto controlled exchange rate. This is sometimes called a dirty or managed float. Other rates such as the INR/EUR and INR/JPY have volatilities that are typical of floating exchange rates. It should be noted, however, that unlike China, successive administrations (through RBI, the central bank) have not followed a policy of pegging the INR to a specific foreign currency at a particular exchange rate. RBI intervention in currency markets is solely to deliver low volatility in the exchange rates, and not to take a view on the rate or direction of the Indian rupee in relation to other currencies.

Also affecting convertibility is a series of customs regulations restricting the import and export of rupees. Legally, foreign nationals are forbidden from importing or exporting rupees, while Indian nationals can import and export only up to 5000 rupees at a time, and the possession of 500 and 1000 rupee notes in Nepal is prohibited.

RBI also exercises a system of capital controls in addition to the intervention (through active trading) in the currency markets. On the current account, there are no currency conversion restrictions hindering buying or selling foreign exchange (though trade barriers do exist). On the capital account, foreign institutional investors have convertibility to bring money in and out of the country and buy securities (subject to certain quantitative restrictions). Local firms are able to take capital out of the country in order to expand globally. But local households are restricted in their ability to do global
diversification. However, owing to an enormous expansion of the current account and the capital account, India is increasingly moving towards de facto full convertibility.

10.2.6 Chronology

1991 - India began to lift restrictions on its currency. A series of reforms remove restrictions on current account transactions including trade, interest payments & remittances and on some capital assets-based transactions.

1997 - A panel set up to explore capital account convertibility recommended India move towards full convertibility by 2000, but timetable abandoned in the wake of the 1997-98 East Asian financial crisis.

2006 - The Prime Minister, Dr Manmohan Singh, asks the Finance Minister and the Reserve Bank of India to prepare a road map for moving towards capital account convertibility. The report that came about was sharply criticized by experts.

10.3 Facilities/Restrictions relating to foreign exchange transactions in India

In most countries, there are different laws and rules to govern transactions involving foreign exchange. These laws/rules are more stringent in those countries where currency convertibility is yet to come into effect. However, there has been, of late, a worldwide trend, to reduce control on foreign currency transactions so as to facilitate cross-border flow of goods, services and investments. For example, India has been gradually liberalizing its foreign exchange control regime. As a result, there is already in place the current account convertibility and there is continual movement towards capital account convertibility. The main architects of policy formulation and implementation thereof, with regard to foreign exchange transactions, are Reserve Bank of India (the country's central bank) and the Ministry of Finance. This Chapter presents a summary of facilities available and restrictions applicable to various entities such as residents, non-residents, individuals and companies etc.
10.3.1 Facilities/Restrictions for Residents

(i) **Cross Currency Options:** May be allowed by authorized dealer to cover genuine exposures and contingent exposures like tender bids.

(ii) **Export of Indian Currency:** Indian currency notes and coins not exceeding Rs 1,000 per person by resident Indian proceeding abroad on temporary visit.

(iii) **Export of Foreign Currency:** Foreign currency or currencies equivalent to 2,000 US dollar held for personal purposes can be taken out of India by persons in or resident in India.

(iv) **Export of Cheques:** Indians maintaining foreign currency accounts can take or send out of India cheques drawn on their foreign currency accounts.

(v) **Payments for Gold/Silver:** Payments in Indian rupees is permitted to be made to NRIs selling gold/silver imported by them, by means of a crossed cheque in India.

(vi) **Acquiring/Holding of Foreign Securities:** Permission from RBI is obligatory in case of Indian residents, other than foreign nationals not permanently resident in India.

(vii) **Import of Indian Currency:** Indian travellers can bring in from any country other than Nepal, currency notes for amounts not exceeding Rs 1,000 per resident Indian, provided such amount had earlier been taken out while proceeding abroad on a temporary visit.

(viii) **Foreign Exchange Limits for Travels Abroad for Various Purposes**

(a) **Business/Professional Visits**
   - Chief/Senior Executives—Up to 500 US dollar per day up to 45 days plus Entertainment allowance up to 5,000 US Dollar per trip.
   - Others—Up to 350 US dollar per day up to 45 days, plus Entertainment allowance up to 2,000 US Dollar per trip.

(b) **Participation in International Conferences/Seminars**
   — Registration fee as per brochure.
— Up to 500 US dollar per day in the case of Chiefs/Senior Executives, 350 US dollar per
day in the case of others, for the duration of the conference/seminar + 2 days.
(If the registration fee includes boarding and lodging expenses, only 500 US dollar must
be released towards incidental expenses).

(c) Specialized Training/Study Tour by Professionals Like Doctors
— Course fee up to 5,000 US dollar per person towards training.
— 300 US dollar per day for maximum of 30 days, towards maintenance.
(If course fee includes maintenance expenses, only 50 US dollar per day may be released
towards incidental expenses, for the actual period of training/study tour).

(d) Business Visits Against Foreign Hospitality
Up to 500 US Dollar if the visit is for a period up to 10 days. If the period of visit exceeds
10 days, 50 US dollar per day for a maximum of 45 days.

(e) Employment Abroad
2,500 US dollar per person.

(f) Emigration
Up to 3,000 US dollar per person/member of family, or the amount required by the
country of emigration.

(g) Medical Treatment For Patient
Hospitalization charges not exceeding the estimate given by overseas doctor/hospital,
plus 150 US dollar per day for the period of pre/post-hospitalization subject to a
maximum of 2 months. For Attendant
150 US dollar per day for the period of stay of the patient.

(h) Medical Check-Up/Consultation
For Patient
1,000 US dollar for check up/consultation plus 150 US dollar per day for a period not
exceeding 7 days towards pre/post-consultation/check up.
For Attendant
150 US dollar per day, for the period up to which exchange is released to the patient.
(Need for the attendant should be certified by attending doctor in India).

(i) Apprenticeship Training Under Foreign Collaborator
Up to 2,000 US dollar per month, up to 3 months.

(j) Training Abroad at Sponsor's Cost
Up to 500 US dollar if the period of training does not exceed 10 days. If the period
exceeds 10 days, 50 US dollar per day up to a maximum of 30 days.
(k) Private Visits (Basic Travel Quota)
Foreign exchange is released only under the Basic Travel Quota, and not otherwise. Limit is up to a total of 3,000 US dollar or its equivalent per person in a calendar year. Specified special conditions should be satisfied.

(1) Studies Abroad
Applicable only to students holding Indian passports, and to students holding foreign passports dependent on their parents resident in India. Limit is 30,000 US dollar per annum for the duration of the course. (Exchange in excess of the above limit may be released to the extent of the requirement of exchange indicated in the letter from the overseas institution).
If the student is in receipt of scholarship, the amount thereof may be adjusted against the admissible amount of exchange only to the extent desired by the student.
If the student is in receipt of full sponsorship from a close relative, full exchange will be released only if he desires not to avail of the relative's hospitality.

(m) Unspent Exchange
Should he returned within 90 days from the date of return.

(n) International Credit Card
Can hold subject to specified conditions.

(o) Remittance Towards EURO Rail, etc./Overseas Hotel Reservation
For Indian travellers by agents of overseas travel agents/transport operators.

(ix) Foreign Exchange Limits for Purposes other than Travel Abroad

(a) Casual Gifts
Remittance to persons residing abroad, up to 1,000 US dollar per calendar year per person/corporate for each beneficiary.

(b) Maintenance Expenses Abroad
Up to 5,000 US dollar per calendar year per beneficiary by a family unit.
(Beneficiary must be son/daughter/father/mother/ brother/sister/grand father/grand mother, permanently residing abroad.)

(c) Royalty on Re-Print of Foreign Books, etc., by Indian Publisher
Up to 15 per cent of Indian published price, net of income-tax.
(d) Royalty to Overseas Company by Indian Music Company
Up to 20 per cent of the retail sale price of the records/cassettes (after deducting applicable local taxes and packaging charges). If royalty exceeds 20 per cent, specific approval from Department of Electronics is necessary.

(e) Royalty on Computer Software Imports
Up to 30 per cent of Indian published price. If royalty exceeds 30 per cent, specific approval from the Department of Electronics is necessary.

(f) Cost of Subscriptions to Foreign Magazines, Journals, etc.
Up to 25,000 US dollar, if applicant is customer of the authorised dealer. Otherwise, up to 1,000 US dollar per transaction.

(g) Donations
To charitable/educational/religious/cultural/organisation abroad:
Up to 1,000 US dollar in a calendar year per person.

(h) Donations
For relief to victims of natural calamities, through accredited organisations:
No ceiling. Entire amount collected in India will qualify.

(i) Electronic Data-Base Costs
Actual charges payable.

(j) Claims Against Indian Tour Operator/Travel Agent
Up to 10 per cent of the tour cost, or 5,000 US dollar, whichever is higher.

(k) Advertisements in Print Media Abroad or Internet
Actual cost of the advertisement.

(l) Charges for Architectural Services
Up to 1,00,000 US dollar.

(m) Charges for Feasibility Study for Overseas Projects
Up to 1,00,000 US dollar.

(n) Training/Coaching Expenses for Sports Activities
Actuals as indicated in the letter of invitation/offer.

(o) Prices/Sponsorship Money for Sports
— Up to 1,00,000 US dollar, if applicant is a recognised International/National/State level sports body.
— Up to 25,000 US dollar in each case, in other cases.

(p) Fees for ISO certification
Actuals, as per invoice/documents.
(q) Patent/Trademark Registration Charges
Actuals as per invoice.

(x) Share Qualification for Acquiring Directorship of Foreign Company
Permission of RBI required.

(xi) Transfer of Rupee Securities to Non-Residents
Transfer by way of gift requires prior approval of RBI.

(xii) Conversion of Holdings in Securities into Joint Holdings between Residents/Non-Residents
General permission granted, subject to specified conditions.

(xiii) Loans to Family Members of NRIs/PIOs
Authorised dealer can grant loans in India to family members of persons of Indian nationality/origin who have gone abroad for employment, etc., for land-based agricultural activities, on the security of the land, subject to specified conditions.

(xiv) Interest-bearing Loans from NRIs/PIOs
General permission granted to individuals to avail such loans on non-repatriable basis, subject to certain conditions. Where any condition is not satisfied, or loans are on repatriation basis, prior approval of RBI is necessary.

(xv) Guarantees for Non-Residents
Cannot be given without general/special permission of Central Government/RBI, in respect of any debt or other obligation or liability, (i) of a resident in India who owes to a person resident outside India, or (ii) of a person resident outside India.

(xvi) Hospitality to Non-resident Visitors
General permission granted to meet connected expenses in Indian rupees, if the non-resident guest has visited India in connection with business, activity or any other work of the host.
(xvii) **Acquisition/Surrender of Foreign Exchange**
Foreign exchange expressed in any currency other than the currency of Nepal or Bhutan should be sold to authorised dealer within 3 months of acquisition, except in specified cases.

(xviii) **Acquiring/Holding/Disposal of Foreign Securities**
General permission granted in specified cases. In other cases, permission from RBI should be sought for.

10.3.2 **Facilities/Restrictions for Non-Resident Indians/ Overseas Corporate Bodies**

(i) **Forward Cover (Non-Resident Indians)**
— Allowable in order to hedge the balances held in FCNR/NRE Rupee accounts and the interest payable thereon, subject to specified conditions.
— Allowable in respect of portfolio equity investments, subject to adherence to prescribed guidelines.

(ii) **Forward Cover (Overseas Corporate Bodies)**
Allowable in respect of portfolio equity investments, subject to adherence to prescribed guidelines.

(iii) **Setting up New Companies in India (Non-Resident Indians)**
General permission granted for subscribing to the Memorandum and Articles of Association, and for taking up the shares of Indian companies for their incorporation. Face value of shares should not exceed Rs 10,000, and company should not be engaged in any activity relating to agriculture and plantations.

(iv) **Direct Investments in India (Non-Resident Indians/ Overseas Corporate Bodies)**
— Permitted in partnership/proprietary concerns in India, and in shares or debentures of Indian companies, as well as company deposits.
— Residents of Nepal are permitted to make investments in India, provided relevant funds are remitted in free foreign exchange through proper banking channels.
(v) **Capital Contribution in Indian Concerns (Non-Resident Indians)**

General permission granted, if the concerns are engaged in any industrial, trading or commercial activity (excluding agricultural/plantation or real estate dealings), subject to specified conditions, on non-repatriable basis.

(vi) **Investment in Shares/Convertible Debentures of Indian Companies (Non-Resident Indians/Overseas Corporate Bodies)**

General permission granted, provided the company is not engaged in (i) agricultural/plantation activities, (ii) real estate business other than real estate development, or (iii) chit fund.

(vii) **Purchase of Shares by Private Arrangement (Non-Repatriable Basis)/OCBs (Non-Resident Indians/OCBs)**

Requires permission of RBI. Application should be made to RBI.

(viii) **Investments in Domestic Mutual Funds (Non-Resident Indians/Overseas Corporate Bodies)**

General permission granted in respect of funds referred to in section 10(23D) of the Income-tax Act (on non-repatriable basis).

(ix) **Investments in Money Market Mutual Funds (Non-Resident Indians/Overseas Corporate Bodies)**

Permitted on non-repatriation basis under authorisation from RBI/SEBI.

(x) **Deposits in Indian Concerns (Non-Resident Indians/Persons of Indian Origin/Overseas Corporate Bodies)**

General permission granted for making deposits in proprietary/partnership concerns, and in Indian companies, including NBFCs, on non-repatriable basis, subject to specified conditions.

(xi) **Investments in New Issue of Indian Companies (Non-Resident Indians/Overseas Corporate Bodies)**

Permitted oil repatriation basis, to subscribe to new issue of shares/convertible debentures of any new or existing company engaged in specified manufacturing activity, up to 51 per cent of face value of such issue, subject to specified conditions.
Similar permission extended up to 24 per cent of the new issue, in the case of investments in existing or new companies (private or public) engaged in any activity including finance, hire purchase, leasing / trading / other services, but not engaged in agricultural/plantation activities and real estate business.

(xii) **Investments in Priority Industries (Non-Resident Indians/Overseas Corporate Bodies)**
Permitted on repatriable basis to invest in specified priority industries and in Indian companies engaged in export trading activity, up to 100 per cent of new issues of shares.

(xiii) **Investments in Housing and Real Estate (Non-Resident Indians/Overseas Corporate Bodies)**
Permitted to invest up to 100 per cent in the new issue of equity shares/convertible debentures of Indian companies engaged in specified areas. Repatriation (up to specified limit) is permitted only after a lock-in-period of three years.

(xiv) **Investments in Air Taxi Operations (Non-Resident Indians/Overseas Corporate Bodies)**
General permission granted to set up Indian companies with 100 per cent equity participation for carrying on Air Taxi Operations in terms of guidelines issued by the Department of Civil Aviation (repatriable basis).

(xv) **Investments in Sick Industrial Units (Non-Resident Indians/Overseas Corporate Bodies)**
General permission granted under orders of RBI to make bulk investments for revival of sick industrial units either by subscribing to new equity shares or by purchasing shares from existing shareholders on specified basis. Company should be declared as sick, or there should be a rehabilitation programme approved by Public Financial Institution/Commercial Bank or a consortium of banks or by the BIFR (repatriable basis).
(xvi) **Investment in Mutual Funds (on repatriation basis) (Non-Resident Indians/Overseas Corporate Bodies)**

General permission granted to domestic mutual funds referred to in section 10(2313) of the Income tax Act to accept investments and to issue/export units, etc.

(xvii) **Investments in Bonds of Public Sector Undertakings (Non-Resident Indians/Overseas Corporate Bodies)**

Permitted, with repatriation benefits.

(xviii) **Investments in Shares of Public Sector Undertakings (Non-Resident Indians/Overseas Corporate Bodies)**

General Permission granted for purchase of shares disinvested by Government, with repatriation benefits, subject to specified conditions.

(xix) **Deposits in Indian Companies (Non-Resident Indians/Overseas Corporate Bodies)**

Permitted with repatriation benefits, subject to specified conditions.

(xx) **Deposits in Indian Companies (Overseas Corporate Bodies)**

Permitted with repatriation benefits, subject to specified conditions.

(xxi) **Portfolio Investment in Shares/Debentures of Indian Companies/Mutual Funds (Non-Resident Indians/ Overseas Corporate Bodies)**

Permissible, subject to specified conditions.

(xxii) **Conversion of Holdings of Securities into Joint Holdings of Non-Residents/Residents (Non-Resident Indians)**

General permission granted, subject to specified conditions.

(xxiii) **Investments in Government Securities and National Plan/Savings Certificates (Non-Resident Indians)**

Permitted freely if made through authorised dealer, except in respect of bearer securities. Funds invested as well as income earned are non-repatriable.
Note also the following facilities available to NRIs/OCBs:

— Remittance of dividend/interest on shares/bonds/debentures.
— Remittance of income on investments on non-repatriation basis.
— Sale/transfer of shares, etc. by NRI to resident.
— General Exemption for sale/transfer of shares, etc., cf Indian company through a stock exchange acquired without repatriation benefit.
— General exemption for sale/transfer of shares, etc., of Indian company through a stock exchange acquired with repatriation benefits under Portfolio Investment/Direct Investment Scheme.
— Repatriation of interest/dividend, etc., on Govt. securities, etc.

(xxiv) **Investments in Government Securities and National Plan/Savings Certificates (Overseas Corporate Bodies)**
Permited if arranged through authorised dealer, and if permitted under the terms and conditions applicable to the sale/issue of such securities.

(xxv) **Investments in Units of UTI (Non-Resident Indians/Overseas Corporate Bodies)**
Permited on non-repatriable basis, subject to the terms and conditions applicable for issue/sale of such units.

(xxvi) **Sale/Transfer of Government Securities (Non-Resident Indians/Overseas Corporate Bodies)**
Permited freely if made through authorised dealer.

(xxvii) **Sale of Units of UTI (Non-Resident Indians/Overseas Corporate Bodies)**
Permited freely, if tendered to UTI for repurchase.
Loans in India against Shares/Securities/Properties held in India (Non-Resident Indians)

Prior approval of RBI is necessary. Applications will be considered if specified conditions are satisfied.

Housing Loans (Non-Resident Indians)

— General permission granted to certain financial institutions (like HDFC, LIC Housing Finance) to grant loans for acquisition of houses for self-occupations, subject to certain conditions.
— Authorised dealers may also grant loans to those holding Indian passports, against the security of the property proposed to be acquired, subject to specified conditions.
— Authorised dealer can also grant loans in cases where NRI is principal borrower, with resident close relative as co-obligant/guarantor, or where the land is jointly owned by the two, subject to specified conditions.

Letting out of Immovable Property in India (Non-Resident Indians)

General permission granted. Rental income or proceeds of any investment of such income are not allowed to be repatriated at any time.

Domestic Credit Cards (Non-Resident Indians)

Can be freely issued to NRIs by banks and their subsidiaries in India.

10.3.3 Facilities/Restrictions for Companies/Indian Companies/Firms, etc.

(i) Forward Cover (Companies)

Resident corporates should apply to RBI for forward cover towards remittance of dividends due to overseas investors on account of direct foreign investment in India. Approval by RBI will be on case-to-case basis.

(ii) Foreign Currency Rupee Swaps (Companies)

Authorised dealers may arrange such swaps between corporates who run exposures arising out of their long-term foreign currency commitments.
(iii) **Hedging of Loan Exposures (Companies)**
Authorised dealer may offer the undemoted products either by booking the transactions overseas or on back-to-back basis:
- Interest rate Swaps
- Currency Swaps
- Coupon Swaps
- Interest rate caps/collars (purchase)
- Forward rate agreement

(iv) **Hedging of Commodity Price Exposure on International Commodity Exchange (Companies)**
Except for oil and petroleum products.

(v) **Foreign Currency Loans (ECBs) under US $ 5/10 million Schemes (Companies)**
Subject to specified conditions.

(vi) **Foreign Technical Collaborations (Indian Companies)**
Approval of RBI for technical collaboration agreement will be considered under the Automatic Route, if lump sum payment of technical fees does not exceed Rs 1 crore, and/or, royalty paid is up to 5 per cent on domestic sales and 8 per cent on exports over a period of 7 years from the date of commencement of commercial production or 10 years from the date of agreement whichever is earlier.

(vii) **Raising Foreign Investment (Indian Companies)**
Permitted up to specified percentages, if company is engaged in specified activities.
- General permission granted for issue and export of equity/preference shares to foreign investors under the Automatic Route, if prescribed conditions are satisfied.
- General permission also granted for issue and export of equity/preference shares to foreign investors/collaborators in respect of investment approved by FIPB.
- Can normally raise from Foreign Institutional Investors up to 24 per cent of total paid-up capital. Limit can be raised to 30 per cent under special resolution passed by Board of Directors.
(viii) **Issue of Bonus/Rights Shares (Indian Companies)**
Prior permission of RBI should be obtained for issue to non-resident shareholder.

(ix) **Remittance of Royalty/Technical Fees (Indian Companies)**
Remittances to foreign collaborators can be made through designated authorised dealers, after furnishing prescribed particulars.

(x) **Remittance of Dividend (Indian Companies)**
Remittance to non-resident shareholders can be made through authorised dealer, after furnishing prescribed particulars.

(xi) **Remittance of Interest (Indian Companies)**
Remittances to non-residents should be made through authorised dealers, after furnishing prescribed particulars.

(xii) **Euro Issues (Indian Companies)**
Permission should first be obtained from Government of India, Ministry of Finance. Thereafter, application must be made to RBI.

(xiii) **Capital Contribution (Partnership/Proprietary Indian Concerns)**
Can receive contributions towards capital from NRIs (on non-repatriable basis) without prior permission from RBI, provided specified conditions are satisfied.

(xiv) **Issue of Shares/Debentures (Indian Companies)**
Can issue shares or convertible debentures by way of new/rights bonus issue to NRIs/OCBs on non-repatriation basis. (Not applicable to companies engaged in agricultural or plantation activity, or in real estate business other than real estate development, or in chit fund).

(xv) **Deposits from NRIs/PIOs/OCB (Indian Companies)**
General permission granted for acceptance on non-repatriation basis, subject to specified conditions.
(xvi) **Deposits from NRIs/PIOs/OCBs (Partnership/Proprietary Indian Concerns)**
General permission granted for accepting deposits, subject to specified conditions.

(xvii) **Issue of New Shares/debentures to NRIs/OCBs under 51 per cent/24 per cent/100 per cent Schemes (Indian Companies)**
General permission granted for issue and export of such shares and debentures on repatriable basis, in respect of eligible investment.

(xviii) **Issue of New Shares/Convertible Debentures to NRIs/OCBs Seeking Investment in Air Taxi Operations (Indian Companies)**
General permission granted for issue and export of such shares and debentures, up to 100 per cent of paid-up capital (on repatriable basis).

(xix) **Issue of Non-Convertible Debentures to NRI/OCBs (Indian Companies)**
Permission of RBI is necessary.

(xx) **Issue/Transfer of Shares of Sick Units to NRIs/OCBs to Revive Sick Industrial Units (Indian Companies)**
Permission should be obtained from RBI (on repatriable basis).

(xxii) **Deposits from NRIs/OCBs/PIOs (Indian Companies)**
General permission granted to accept deposits on repatriable basis, subject to specified conditions.

(xxii) **Loans/Overdrafts against Guarantees by Non-Residents (Indian Companies)**
Can be granted by authorised dealers subject to specified conditions.

(xxiii) **Loans/Overdrafts against Guarantee by Non-Residents (Partnership/Proprietary Concern)**
Can be granted by authorised dealers, subject to specified conditions.

(xxiv) **Interest-bearing Loans from NRIs/PIOs (Partnership/Proprietary Concern)**
General permission granted for availing such loans on non-repatriation basis, subject to specified conditions. Where any of the conditions is not satisfied, or loan is on repatriation basis, prior approval of RBI is necessary.
(xxv) **Engaging Services of Foreign Nationals (Partnership/Proprietary/Indian Currency)**

Indian firms can engage the services without prior approval of RBI for short-term assignments. Remittance of remuneration through authorised dealer can be arranged in the prescribed manner.

( xxvi) **Engaging Services of Foreign Nationals (Indian Companies)**

Prior approval of RBI is not necessary for short-term assignments. Remittance of remuneration should be made through authorised dealer in the prescribed manner.

( xxvii) **Payments to Non-Resident Director (Indian Companies)**

General permission granted for making payment in Indian rupees towards sitting fees/commission/remuneration to non-resident non-whole-time directors. Company should, however, have obtained necessary approval under section 309(4) or section 310 of Companies Act, wherever applicable.

( xxviii) **Earnings from Shipping (Indian Companies)**

Shipping companies will be permitted, on application, to maintain foreign currency accounts with banks abroad, for retaining foreign exchange earnings by way of freight collections, etc., to meet their operating expenses in foreign ports, subject to specified conditions.

( xxix) **Stock Option Schemes (Indian Companies)**

Software companies are allowed to offer ADR/GDR-linked stock option schemes to their non-resident/resident permanent employees (including Indian and overseas working Directors).

( xxx) **Sale/Transfer of Immovable Property held Abroad (Partnership/Proprietary/Indian Currency)**

Will be permitted by RBI provided specified conditions are satisfied.
Sale/Transfer of Immovable Property held Abroad (Companies)
Will be permitted by RBI provided, (i) it is satisfied that best possible price is realised,
(ii) sale is not to a resident in India, (iii) sale proceeds are not reinvested abroad, and (iv)
sale proceeds are undertaken to be repatriated into India.

10.3.4 Facilities/Restrictions for Exporters/Importers

(i) Retention of Export Receipts (Exporters)
Can be retained up to the following limits in EEFC Account in any permitted currency
and in any form with an authorised dealer:
100 per cent EOU
Others—50 per cent
The balances in this account can be utilised for specified bona fide payments.

(ii) Payment of Commission (Exporters)
Can apply to authorised dealer for allowing payment of commission either by remittance
or deduction from invoice value. Remittance will be allowed by authorised dealer if
specified conditions are satisfied.

Overprice Arrangements (Exporters)
Prohibited from making over-price arrangements. No remittance will be permitted
towards overprice on exports, except under exceptional circumstances.

Export Claims Remittances (Exporters)
Application must be made to authorised dealer, who is permitted to remit the claim,
subject to satisfaction of specified conditions and surrender of proportionate incentives
received, if any.

Export-connected Remittances (Exporters)
Authorised dealer may effect remittances if adequate supporting documents are
submitted.
Refund of Export Proceeds (Exporters)
Authorised dealer can allow refund, if goods are reimported into India on account of poor quality, etc., and documentary proof of reimport is produced. Exporter should also surrender proportionate incentives, if any, received.

Gift Parcels/Publicity Material (Exporters)
No declaration is necessary if export is made by post parcel or air freight, and value does not exceed Rs 25,000. Authorised dealer should be satisfied that transaction does not involve any foreign exchange.

Repair/Replacement Charges (Exporters)
Authorised dealer can permit remittance when goods are sent abroad for repair/replacement. Documentary proof for reimport of goods into India is necessary.

Replacement Goods (Exporters) Exporters resident in India can export replacement goods free of charge, without furnishing declaration.

Advertisement Abroad or on Internet (Exporters)
Permissible subject to specified conditions.

Payment for Imported Goods (Importers)
Authorised dealer can sell foreign exchange or transfer rupees to non-resident account towards payment for imported goods, if goods are brought from any foreign country other than Nepal and Bhutan, subject to specified condition.

Advance Remittances (Importers)
Authorised dealer may allow advance remittance for import of goods without ceiling subject to specified conditions.

Settlement of Import Payments (Importers)
Remittance should normally be completed within 6 months of date of shipment, except in specified situations.

Interest on Import Bills (Importers)
Authorised dealer can make remittances, subject to specified restrictions.
(xv) **Agency Commission (Importers)**
Authorised dealer may allow remittance of commission to overseas buying agent, if the rate of commission does not exceed 2.5 per cent of f.o.b. value of imports. Importer should apply to authorised dealer and also produce relevant correspondence/buying agency agreement.

(xvi) **Expenses Incidental to Imports (Importers)**
Authorised dealer can make remittances towards: War risk insurance premium, Bunker/congestion surcharges at foreign ports, Premia for extended insurance cover, etc. provided the amounts are reasonable and adequate, and satisfactory documentary evidence is produced.

(xvii) **Imports under Penalty (Importers)**
Authorised dealer can make remittances against goods imported without authority but allowed to be cleared by customs on payment of penalty, to the extent of c.i.f. value of the goods indicated on the exchange control copy of the Bill of Entry.

(xviii) **Replacement Imports (Importers)**
Payment must be made after following prescribed procedure.

(xix) **Postal Imports (Importers)**
Authorised dealer can make remittances, provided the goods are such as are normally despatched by post parcel.

(xx) **Imports through Courier (Importers)**
Authorised dealer can make remittances after obtaining a copy of bill of entry (for imports valued at Rs 1 lakh or less), or on the basis of exchange control copy of bill of entry (for imports valued at above Rs 1 lakh).

(xxi) **Legal Expenses (Importers)**
Authorised dealer may effect remittances towards legal expenses relating to import transactions, subject to submission of suitable documentary evidence and after satisfying himself about chances of success of the case (by calling for legal opinion), and after
satisfying himself about the reasonableness of the charge. Remittances in excess of 1,00,000 US Dollar should be reported to RBI quarterly.

(xxii) Import of Software (Importers)
Authorised dealer may allow remittances towards import of software through Datacom channels/Internet, and also for import of drawings/designs through E-mail/Fax, on production of specified documents.

(xxiii) Import of Second Hand Capital Goods (Importers)
Authorised dealer may allow remittance, subject to specified conditions.

(xxiv) Import of Cinematographic Feature Films and Video Films (Importers)
Authorised dealer may allow remittances of rent/royalty/license fees profit, etc., subject to specified conditions.

(xxv) Advance Remittances (Exporters)
Authorised dealer may allow advance remittance by Indian Merchant Exporters to overseas exporters, provided specified conditions are satisfied.

(xxvi) Import of Gold/Silver (Importers)
Persons of Indian nationality or origin can bring stipulated quantities of gold or silver while coming to India, subject to payment of duty in foreign exchange.

(xxvii) Import of Cheques (Importers)
Foreign currency cheques, drafts, bills of exchange, postal orders and such other financial instruments can be imported without restrictions. However, they should be sold to an authorised dealer within 7 days from the date of receipt.

10.3.5 Facilities/Restrictions for Foreigners/Foreign Institutional Investors/Non-Residents, etc.
(i) Forward Cover (Foreign Institutional Investors)
Can be provided by authorised dealers in respect of (i) investments in debt instruments in India, subject to specified conditions and (ii) investments in equity in Indian Companies, subject to adherence to prescribed guidelines.
(ii) Purchase of Foreign Currency Notes (Foreign Tourists)
Can purchase at the time of their departure from India from authorised dealers, (i) without limit at exchange bureaux functioning at airports and seaports, and (ii) up to 500 US dollar at other offices of the authorised dealer.

(iii) Export of Foreign Exchange (Non-Residents)
Persons in India but not resident will be permitted by customs to take out unspent foreign currency, if they had declared the same in Currency Declaration Form at the time of their arrival.

(iv) Export of Cheques (Foreign Citizens)
Can take out of India cheques drawn on their foreign currency accounts, provided they are in or resident in India but not permanently resident therein.

(v) Remittance on Account of Consolidated Tour Arrangements for Foreign Tourist Visiting Neighbouring Countries (Foreign Tourist)
Travel agents normally are not permitted.

(vi) Investment in Shares of Indian Principal (Foreign Collaborations)
Permitted by RBI under the Automatic Route up to specified percentages (ranging from 50 to 100 per cent).

(vii) Investments in India (Foreign Institutional Investors)
Generally permission granted for investment in all securities of Indian companies (equity shares/debentures/FCDs/Warrants), Government securities, Treasury bills and Units of Domestic mutual funds. Investments in the aggregate will be subject to a ceiling of 24 per cent (up to 30 per cent in certain cases) of the total paid-up equity capital of the company. Holding of a single FII or FII group in any one company is also subject to a ceiling of 10 per cent of total paid-up equity capital of the company.
Investment in Indian capital market is permitted only after obtaining registration from SEBI.
(viii) **Transfer of Shares to Residents (Non-Residents)**
Application should be made to RBI and it will be considered by RBI in accordance with prescribed guidelines.

(ix) **Repatriation of Capital Investment (Non-Residents)**
Permissible only if disinvestment has been made with the approval of RBI. Application must be made to RBI through authorised dealer, furnishing prescribed particulars.

(x) **Loans against Guarantee by Non-Resident (Non-Residents)**
Can be granted subject to specified conditions.

(x) **Business Activities and Opening of Branches/Offices in India (Foreign Companies)**
Permission from RBI is necessary for (i) carrying on any trading/commercial/industrial activity in India, and (ii) opening branches offices, etc., in India for that purpose. Permission to open branches will be granted for specified purposes.

(xii) **Business Activities/Opening of Branches or Offices in India (Foreign Nationals)**
Permission from RBI is necessary for (i) carrying on trading, commercial or industrial activities in India, and (ii) opening branches/offices in India for that purpose.

(xiii) **Opening of Branches/Offices in India (Foreign Banks)**
Permission from RBI is necessary.

(xiv) **Acquisition of Undertakings in India (Foreign Nationals)**
Permission from RBI is necessary, except in the case of foreign nationals of Indian origin permanently resident in India.

(xv) **Acquisition of Undertakings in India (Foreign Companies)**
Permission from RBI is necessary.

(xvi) **Purchase of Domestic Shares (Foreign Companies)**
Permission from RBI is necessary.
(xvii) **Purchase of domestic Shares (Foreign Nationals)**
Permission from RBI is necessary, except in the case of foreign nationals of Indian origin permanently resident in India.

(xviii) **Profession, Occupation, Trade or Business in India (Foreign Nationals)**
Prior permission of RBI is necessary, if earnings are sought to be remitted outside India.

(xix) **Transfer of Securities to Resident (Foreign Nationals)**
Requires confirmation from RBI in respect of securities held in companies registered in India, except when transfer is made by foreign nationals of Indian origin resident outside India through recognised stock exchanges.

(xx) **Transfer of Securities to Residents (Foreign Companies)**
Requires confirmation by RBI, in respect of securities held in companies registered in India.

(xxi) **Acquiring/Holding, etc., of Immovable Property in India (except by way of Lease for a period not exceeding 5 years) (Foreign Companies, Foreign Nationals)**
Permission from RBI is necessary. Application to RBI will be entertained if specified conditions are satisfied.

(xxii) **Loans and Advances (Foreign Nationals)**
Cannot be granted to those not permanently resident in India, if required for investment or for dealing in stock and shares. Can be granted up to an aggregate limit of Rs 5 lakh for personal purposes.

(xxiii) **Loans/Overdrafts (Foreign Companies)**
Not to be granted to liaison offices.

(xxiv) **Remittance Facilities to Foreign Artists (Foreign Nationals)**
Allowable through authorised dealers to those engaged as dancers, musicians, etc., but not to those engaged in racing trade or as cabaret artists, wrestlers and other entertainers visiting India.
(xxv) **Recurring Remittances for Family Maintenance (Foreign Nationals)**
Permitted to those not permanently resident in India but are in regular employment with Indian firms/companies on monthly salary, up to a limit of 75 per cent of net salary. Remittance in excess of this limit is also allowable in certain situations.

(xxvi) **Post-Retirement Repatriation of Assets (Foreign Nationals)**
Permitted to those not permanently resident in India, for transfer outside India of current movable assets at the time of retirement in India, as well as assets of a capital nature, subject to specified limits.

(xxvii) **Remittance Facilities to Foreign Born Widows of Indian Nationals**
Permitted on selective basis by RBI.

(xxviii) **Remittance Facilities to Foreign Students/Trainees (Foreign Nationals)**
Permitted to transfer bank balances after completion of studies training in India. Also allowed to take foreign exchange up to 1,000 US dollars towards en route expenses.

(xxix) **Remittance of Income Earned in India (Foreign Nationals)**
Allowable by authorised dealers to those permanently resident outside India, provided beneficiary belongs to any of the specified categories.

(***Acquiring/Holding, etc., of Immovable Property in India (Foreign Citizens/Companies)**
Prior permission of RBI is necessary in the case of persons who are not citizens of India (whether resident or not) and companies not incorporated under any Indian Law. (Not applicable to immovable property taken or given on lease for a period not exceeding 5 years).

(***Acquisition, Sale, etc., Immovable Properties in India (Foreign Bank)**
Governed by Banking Regulation Act and the policy of RBI in this regard in force from time to time.
(xxxii) Acquiring/Disposal of Immovable Properties in India (Foreign Citizens of Indian Origin)
General permission granted in respect of properties other than agricultural land, farmhouse and plantations subject to fulfilment of specified conditions.

(xxxiii) Gifts of Immovable Property in India to Relatives (Foreign Citizens of Indian Origin)
General permission granted if specified conditions are satisfied.

(xxxiv) Gifts to Charitable Trusts/Organisations (Foreign Citizens of Indian Origin)
General permission granted if specified conditions are satisfied.

(xxxv) Letting out of Immovable Property in India (Foreign Citizens of Indian Origin)
General permission granted to those of Indian origin. Rental income as well as proceeds of my investments of such income cannot be repatriated out of India.

(xxxvi) Acquiring Immovable Property in India (Foreign Citizen of Non-Indian Origin/Foreign Companies)
Those of non-Indian origin must apply to RBI for permission, which will be granted if specified conditions are satisfied.

(xxxvii) Acquisition of Foreign Shares by Employees of Indian Offices/Branches, etc., in India of Foreign Companies at Concessional Rates (Foreign Companies)
Application will be considered by RBI.

(xxxviii) Acquisition, Transfer of Property in India by way of Lease Exceeding 5 years (Foreign National Companies)
Application need be made to RBI.

10.3.5 Miscellaneous Facilities/Restrictions

(1) Inward Remittances (Any person)
No restrictions. Bank Drafts or Traveller's Cheques issued outside India, or cheques drawn on bank situated outside India can be received by any person. However, the
foreign exchange so received must be surrendered to an authorised dealer within 7 days of its receipt.

(ii) **Receiving Payment in Foreign Currency (Any person)**

No restrictions, if received from a person resident outside India and who is on a visit to India, for services rendered or in settlement of any lawful obligation. However, foreign exchange held in excess of 2,000 US Dollar must be sold to an authorised dealer within 7 days from its receipts.

(iii) **Purchase of Foreign Currency Notes (Outgoing travellers)**

Can purchase from authorised dealer up to the following limits:

If proceeding to Bangladesh—Rs 100 per person.

If proceeding to any place other than Bangladesh, Bhutan and Nepal—50 US Dollar per person. (Confirmed journey ticket must be produced. Authorised dealer will sell not earlier than 30 days from the date of departure).

Traveller should not have availed US 50 dollar from City/town office of authorised dealer.

(iv) **Export of Indian Currency (Any person)**

Indian currency notes of denomination up to Rs 100 and Indian coins without limit can be taken or sent to Nepal only and not to any other country. Commemorative coins up to two coins each of Rs 50 and Rs 10 denomination can be taken or sent out of India.

(v) **Export of Securities (Any person)**

Permissible only under orders of RBI. Persons should apply to RBI through authorised dealer for necessary export permit. (This restriction is not applicable to any person who has returned to India after a continuous stay of at least one year abroad, in respect of securities acquired or held in pursuance of Notification FERA1 18/92-RB, dated 7-9-1992).

(vi) **Remittance to Overseas Publishers (Indian Booksellers)**

Authorised dealer can allow remittances of cost of books printed in India by EOU/EPZ units and supplied to Indian booksellers as per instructions of overseas publishers.

(vii) **Import of Foreign Currency Cheques (Any person)**

Permissible, if sold to authorised dealer within 7 days from date of receipt.

(viii) **Import of Indian Currency (Any person)**

Currency notes not above Rs 100 denomination, can be brought into India from Nepal only.
(ix) **Import of Foreign Exchange (Any person)**
Foreign currency can be brought from any place outside India without limit, if particulars of such currency had been declared to customs authorities in the currency declaration Form (CDF).

(x) **Remittance of Magazine Subscription (Indian agent/Book seller)**
Permissible subject to specified conditions.

(xi) **Overseas Telephone Card (Indian Travellers)**
Permissible subject to specified conditions.

(xii) **Advertisement Commission to Overseas agent (Indian Newspapers)**
Permissible subject to specified conditions.

(xiii) **Investments from NRIs/OCBs (Mutual Funds)**
General permission granted to domestic mutual funds for issuing units or any other similar instruments to NRIs/OCBs, and to make payment of interest/dividend/maturity proceeds to them, subject to specified conditions. (Both on non-repatriable and repatriable basis).

(xiv) **Deposits from NRIs/OCBs (NBFCs)**
General permission granted for accepting deposits, provided NBFC is registered with RBI and certain other conditions are satisfied. (Both on non-repatriable and repatriable basis).

(xv) **Loans Abroad against Indian Securities (Indian Nationals/Persons of Indian Origin)**
Authorised dealers can grant loans/advances against securities of fixed deposits/other assets in India, it persons are established in business or trade, and the said assets represent funds previously remitted to India in approved manner.

(xvi) **Loans against Guarantees by Non-Residents (Any person)**
Can be granted by authorised dealers to persons in India, if specified conditions are satisfied.
(xvii) **Bank Accounts Abroad (Indian Nationals)**
Those returning to India for permanent settlement after minimum continuous stay of one year as persons resident outside India are granted general permission for continuing to maintain their foreign currency accounts with banks abroad or to open fresh accounts, to deposit the eligible funds in such accounts. They can also retain eligible funds in RFC accounts with an authorised dealer in India.

(xviii) **Retention of Earning Abroad (Shipping Companies)**
Indian companies will be permitted, on application, to maintain foreign currency accounts with banks abroad, for retaining foreign exchange earnings by way of freight collections, etc., to meet their operating expenses in foreign ports, subject to specified conditions.

(xix) **Export/Import of Foreign Securities (Any person)**
Persons other than residents covered under general permission of RBI must apply to RBI through authorised dealer for obtaining necessary export permit.