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Amendment to the SEBI (DIP) Guidelines

SEBI has recently amended the DIP Guidelines with vide its Circular SEBI/CFD/DIL/DIP/32/2008/28/08 dated 28th August, 2008. Some of the highlights are provided in item No.1 of **Annexure "A"** attached hereto.

Amendment to the Advance Remittance Cap

The Reserve Bank of India has increased the cap on advance remittances towards the import of serviced and has decided vide its Circular RBI/2008-09/158 A.P (DIR Series) Circular No. 15 dated September 8, 2008 that:

- Banks will now be able to allow companies to make advance remittances up to \$500,000 without a bank guarantee, against the previous limit of \$100, 00;
- If the amount of advance exceeds \$500, 00 or its equivalent, the importer would have to furnish a guarantee from a bank of 'international repute situated outside India' or a bank within India;
- These banks will also have the responsibility of following up the transaction to ensure that the Indian company actually gets the services it has paid for, failing which, the funds will have to be repatriated to India.

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