

**Easing Individual Foreign Exchange Transactions:
RBI implements Tarapore Committee recommendations**

The Reserve Bank of India has initiated a variety of measures to ensure that individuals' transactions in foreign exchange are as easy as their transactions in rupees. The measures include introduction of a liberalised scheme of personal remittance upto US\$ 25,000 in February 2004 and removal of the restrictive clause of issuing Employees' Stock Option at concessional rates. The Reserve Bank has also changed the name of the department handling the implementation of Foreign Exchange Management Act, 1999 from Exchange Control Department to Foreign Exchange Department and has reoriented it as a lean strategic task force. Further, the Reserve Bank has advised banks to initiate measures to position trained staff at the first point of interface with customers in their authorised dealer branches.

It may be recalled that as a follow-up of the Mid-Term Review Monetary and Credit Policy undertaken in November 2003, the Reserve Bank of India had set up a Committee on Procedures and Performance Audit on Public Services (Chairman: Shri S.S. Tarapore, former Deputy Governor, Reserve Bank of India). The Tarapore Committee examined the Reserve Bank's procedures and performance under four different areas affecting individual customer transactions. These were foreign exchange, Government transactions, banking operations and currency management. The Tarapore Committee submitted its reports between January and April 2004. The Reserve Bank has examined the recommendations of the Tarapore Committee and has initiated steps for their implementation in each area. The action taken by the Reserve Bank in each area is being released separately.

The Reserve Bank of India has also forwarded the recommendations of the Tarapore Committee to banks for follow-up action through their internal Ad hoc Committees on Procedures and Performance Audit on Public Services. The Reserve Bank of India has urged the Ad hoc Committees to initiate necessary steps for simplification of procedures and practice in these areas especially for transactions of individuals. It has also advised the bank level Ad hoc Committees to ensure the presence of trained and knowledgeable staff at the first point of interface with customers.

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