

The Foreign Exchange Management (Current Account Transactions) Rules, 2000

UNION OF INDIA

India

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Rule

THE-FOREIGN-EXCHANGE-MANAGEMENT-CURRENT-ACCOUNT-TRA of 2000

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The Foreign Exchange Management (Current Account Transactions) Rules, 2000Published vide G.S.R. 381(E), dated 3.5.2000, published in the Gazette of India, Extraordinary, Part II, Section 3(i), dated 4.5.2000.

11.

/558In exercise of the powers conferred by section 5 and sub-section (1) and clause (a) of sub-section (2) of section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in consultation with the Reserve Bank, the Central Government having considered it necessary in the public interest, makes the following rules, namely:--

1. Short title and commencement .-(1) These rules may be called The Foreign Exchange Management (Current Account Transactions) Rules, 2000;

(2)They shall come into effect on the 1st day of June, 2000.

2. Definitions .-In these rules, unless the context otherwise requires,--

(a)"Act" means the Foreign Exchange Management Act, 1999 (42 of 1999);(b)"drawal" means drawal of foreign exchange from an authorised person and includes opening of Letter of Credit or use of International Credit Card or International Debit Card or ATM Card or any other thing by whatever name called which has the effect of creating foreign exchange liability;(c)"Schedule" means

a Schedule appended to these rules;(d)the words and expressions not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Prohibition on drawal of foreign exchange .-Drawal of foreign exchange by any person for the following purpose is prohibited, namely:--

(a)a transaction specified in the Schedule I; or(b)a travel to Nepal and/or Bhutan; or(c)a transaction with a person resident in Nepal or Bhutan:Provided that the prohibition in clause (c) may be exempted by RBI subject to such terms and conditions as it may consider necessary to stipulate by special or general order.

4. Prior approval of Government of India .-No person shall draw foreign exchange for a transaction included in the Schedule II without prior approval of the Government of India:

Provided that this rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account [* * *] of the remitter.

5. [Prior approval of Reserve Bank.

- Every drawal of foreign exchange for transactions included in Schedule III shall be governed as provided therein:Provided that this rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.]

6. [

(1)Nothing contained in rule 4 or rule 5 shall apply to drawal made out of funds held in Exchange Earners' Foreign Currency (EEFC) account of the remitter.(2)Notwithstanding anything contained in sub-rule (1), restrictions imposed under rule 4 or rule 5 shall continue to apply where the drawal of foreign exchange from the Exchange Earners' Foreign Currency (EEFC) account is for the purpose specified in items 10 and 11 of Schedule II, or items Nos. 3, 4, 11, 16 and 17 of Schedule III, as the case may be.]

7. [Use of International Credit Card while outside India

.-Nothing contained in rule 5 shall apply to the use of International Credit Card for making payment by a person towards meeting expenses while such person is on a visit outside India.]

I

[TRANSACTIONS WHICH ARE PROHIBITED [Substituted by G.S.R. 512(E), dated 27-7-2005 for "See rule 3"]](see rule 3)]

- 1. Remittance out of lottery winnings.**
- 2. Remittance of income from racing/riding, etc., or any other hobby.**
- 3. Remittance for purchase of lottery tickets, banned/proscribed magazines, football pools, sweepstakes, etc.**
- 4. Payment of commission on exports made towards equity investment in Joint Ventures/ Wholly Owned Subsidiaries abroad of Indian companies.**
- 5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.**
- 6. [Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.] [Substituted by G.S.R. 397(E), dated 1.5.2003 (w.e.f. 4.5.2000)]**
- 7. Payment related to "Call Back Services" of telephones.**
- 8. Remittance of interest income on funds held in Non-Resident Special Rupee Scheme a/c.**

II

[TRANSACTIONS WHICH REQUIRE PRIOR APPROVAL OF THE CENTRAL GOVERNMENT
[Substituted by G.S.R. 512(E), dated 27-7-2005, for "See rule 4"] (see Rule 4)]

Purpose of Remittance	Ministry/Department of Govt. of India whose approval is required
1. Cultural Tours	Ministry of Human Resources Development, (Department of Education and Culture)
2. [Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Government and its Public Sector Undertakings [Substituted by S.O. 301(E), dated 30-3-2001]	Ministry of Finance, (Department of Economic Affairs]
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)

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| 4. Payment of import[through ocean transport] [Inserted by G.S.R. 849(E), dated 27-10-2003]by a Govt. Department or a PSU on c.i.f. basis (i.e. other than f.o.b.and f.a.s. basis) | Ministry of Surface Transport, (Chartering Wing) |
| 5. Multi-modal transport operators making remittance to their agents abroad | Registration Certificate from the Director General of Shipping |
| 6. [Remittance of hiring charges of transponders by - [Inserted by G.S.R. 608(E), dated 13-9-2004] | |
| (a) TV Channels | Ministry of Information and Broadcasting |
| (b) Internet Service providers | Ministry of Communication and Information Technology] |
| 7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping | Ministry of Surface Transport (Director General of Shipping) |
| [* * *] [Omitted by Notification No. G.S.R. 382 (E) dated 5.5.2010 (w.e.f. 16.12.2009)] | [* * *] [Omitted by Notification No. G.S.R. 382 (E) dated 5.5.2010 (w.e.f. 16.12.2009)] |
| 9. Remittance of prize money/sponsorship of sports activity abroad by a person other thanInternational/National/StateLevel sports bodies, if the amount involved exceeds US \$ 100,000. | Ministry of Human Resources Development (Department of Youth Affairs and Sports) |
| [* * *] [Item 10 omitted by G.S.R. 608(E), dated 13-9-2004] | |
| 11. Remittance for membership of P& I Club | Ministry of Finance, (Insurance Division). |
| [Schedule III] [Substituted by Notification No. G.S.R. 426 (E) dated 26.5.2015 (w.e.f. 4.5.2000).](See Rule 5)Facilities for individuals - | |

1. Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of the Reserve Bank of India.

(i)Private visits to any country (except Nepal and Bhutan).(ii)Gift or donation.(iii)Going abroad for employment.(iv)Emigration.(v)Maintenance of close relatives abroad.(vi)Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.(vii)Expenses in connection with medical treatment abroad.(viii)Studies abroad.(ix)Any other current account transaction:Provided that for the purposes mentioned at item numbers (iv), (vii) and (viii), the individual may avail of exchange facility for an amount in excess of the limit prescribed under the Liberalised Remittance Scheme as provided in regulation 4 to FEMA Notification 1/2000-RB, dated the 3rd May, 2000 (here in after

referred to as the said Liberalised Remittance Scheme) if it is so required by a country of emigration, medical institute offering treatment or the university, respectively: Provided further that if an individual remits any amount under the said Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 (US Dollars Two Hundred and Fifty Thousand Only) by the amount so remitted: Provided also that for a person who is resident but not permanently resident in India and -(a) is a citizen of a foreign State other than Pakistan; or (b) is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company, may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions). Explanation. - For the purpose of this item, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignments, the duration of which does not exceed three years, is a resident but not permanently resident: Provided also that a person other than an individual may also avail of foreign exchange facility, mutatis mutandis, within the limit prescribed under the said Liberalised Remittance Scheme for the purposes mentioned herein above. Facilities for persons other than individual -

2. The following remittances by persons other than individuals shall require prior approval of the Reserve Bank of India.

(i) Donations exceeding one per cent. of their foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for-(a) creation of Chairs in reputed educational institutes, (b) contribution to funds (not being an investment fund) promoted by educational institutes; and (c) contribution to a technical institution or body or association in the field of activity of the donor Company. (ii) Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or five percent, of the inward remittance whichever is more. (iii) Remittances exceeding USD 10,000,000 per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 per project, for other consultancy services procured from outside India. Explanation. - For the purposes of this sub-paragraph, the expression "infrastructure" shall mean as defined in explanation to para 1(iv)(A)(a) of Schedule I of FEMA Notification 3/2000-RB, dated the May 3, 2000. (iv) Remittances exceeding five per cent of investment brought into India or USD 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.

3. Procedure - The procedure for drawal or remit of any foreign exchange under this schedule shall be the same as applicable for remitting any amount under the said Liberalised Remittance Scheme.

Substituted by Notification No. G.S.R. 426 (E) dated 26.5.2015 (w.e.f. 4.5.2000)

Schedule III (See Rule 5) 1. [* * *] [Omitted by G.S.R. 608(E), dated 13-9-2004] 2. Release of exchange exceeding [US \$ 10,000] [Substituted by G.S.R. 831(E), dated 17-12-2002] or its equivalent in one calendar year, for one or more private visits to any country (except Nepal and Bhutan). 3. [3. Gift remittance exceeding US \$ 5,000 per remitter/donor per annum. 4. Donation

exceeding US \$ 5,000 per remitter/donor per annum.] [Substituted by S.O. 301(E), dated 30-3-2001]5. Exchange facilities exceeding[US \$ 1,00,000] [Substituted by G.S.R. 731(E), dated 5-9-2003]for persons going abroad for employment.6. Exchange facilities for emigration exceeding[US \$ 1,00,000] [Substituted by G.S.R. 731(E), dated 5-9-2003]or amount prescribed by country of emigration.7. [Remittance for maintenance of close relatives abroad-(i) [. exceeding net salary (after deduction of taxes, contribution to provident fund and other deductions) of a person who is resident but not permanently resident in India -(a) is a citizen of a foreign State other than Pakistan; or(b) is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign company.](ii). exceeding[US \$ 1,00,000] [Substituted by G.S.R. 731(E), dated 5-9-2003]per year, per recipient, in all other cases.Explanation.- For the purpose of this item, a person resident in India on account of his[employment or deputation of] [Substituted by G.S.R. 397(E), dated 1-5-2003]a specified duration (irrespective of length thereof) or for a specific job or assignment, the duration of which does not exceed three years, is a resident but not permanently resident.] [Substituted by S.O. 301(E), dated 30-3-2001]8. Release of foreign exchange, exceeding US \$ 25,000 to a person, irrespective of period of stay, for business travel, or attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/check-up.9. Release of exchange for meeting expenses for medical treatment abroad exceeding the estimate from the doctor in India or hospital/doctor abroad.10. Release of exchange for studies abroad exceeding the estimate from the institution abroad or[US \$ 1,00,000] [Substituted by G.S.R. 731(E), dated 5-9-2003][per academic year] [Inserted by S.O. 301(E), dated 30-3-2001], whichever is higher.11. [Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding US \$ 25,000 or 5 per cnet of the inward remittance whichever is more.] [Substituted by G.S.R. 608(E), dated 13-9-2004][* * *] [Item 12, 13 and 14Omitted by G.S.R. 608(E), dated 13-9-2004]15. [Remittance exceeding[US \$ 1,000,000] [Substituted by S.O. 301(E), dated 30-3-2001]per project, for consultancy service procured from outside India.][* * *] [Item 16 omitted by G.S.R. 412(E), dated 10-7-2006]17. [Remittance exceeding US \$ 1,00,000, by an entity in India by way of reimbursement of pre-incorporation expenses.] [Inserted by S.O. 301(E), dated 30-3-2001][* * *] [Item 18 omitted by G.S.R. 608(E), dated 13-9-2004]