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Release of Foreign Exchange by Authorised Dealers

A.1 General

1.1 For release of foreign exchange to persons resident in India for various current account transactions, Authorised Dealer banks are to be guided by the Rules made by the Government of India under Section 5 of the Foreign Exchange

^{1A} Management Act, 1999 **(as indicated in item 1 of Appendix 2)** which are detailed in the Foreign Exchange Management (Current Account Transactions) Rules, 2000 (hereinafter referred to as the Rules) notified by the Government of India vide Notification No. G.S.R.381 (E) dated 3rd May 2000 (Annex-1) -. In terms of the said Rules, drawal of foreign exchange for certain categories of transactions as listed in Schedule I is expressly prohibited. Exchange facilities for transactions included in Schedule II to the Rules may be permitted by the Authorised Dealer banks provided the applicant has secured the approval from the Ministry/Department of the Government of India as specified therein. In respect of transactions included in Schedule III, prior approval of the Reserve Bank would be required for remittance exceeding the specified limits. The release of foreign exchange up to the threshold ceilings specified in Schedule III stands delegated to the Authorised Dealer banks. All applications for release of foreign exchange exceeding the limits as prescribed in Schedule III to the Rules should be referred to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the applicant is functioning / residing.

¹1.2 “Drawal” of foreign exchange also includes use of International Credit Cards (ICC), International Debit Cards (IDC), ATM cards, etc. ²“Currency”, *interalia*, includes ICC, IDC and ATM Cards. Accordingly, all Rules, Regulations made and Directions issued under the Act apply to the use of ICC, IDC and ATM Cards.

1.3 In order to provide adequate foreign exchange facilities and efficient customer service, the Reserve Bank has decided to grant licences to certain entities by authorising them as Authorised Dealer – Category II to undertake a range of non-

¹ Para 2 (d) of FEMCAT Rules

^{1A} appendix 2 of this Master Circular

² Section 2(h) of FEMA 1999

^{2A} trade current account transactions. Accordingly, Authorised Dealer – Category II are authorised to release / remit foreign exchange for the following non-trade current account transactions:

- (a) Private visits,
- (b) Remittance by tour operators / travel agents to overseas agents / principals / hotels,
- (c) Business travel,
- (d) Fee for participation in global conferences and specialized training,
- (e) Remittance for participation in international events / competitions (towards training, sponsorship and prize money),
- (f) Film shooting,
- (g) Medical treatment abroad,
- (h) Disbursement of crew wages,
- (i) Overseas education,
- (j) Remittance under educational tie up arrangements with universities abroad,
- (k) Remittance towards fees for examinations held in India and abroad and additional score sheets for GRE, TOEFL, etc.
- (l) Employment and processing, assessment fees for overseas job applications,
- (m) Emigration and emigration consultancy fees,
- (n) Skills / credential assessment fees for intending migrants,
- (o) Visa fees,
- (p) Processing fees for registration of documents as required by the Portuguese / other Governments,
- (q) registration / subscription / membership fees to International Organisations.

1.4 Release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan. (cf. Clause (b) of Rule 3 of the Rules **(as indicated in item 2 of Appendix³)**).

^{2A} AP DIR 25 dated. March 6, 2006

³ Appendix 2 on page 48

A.2 Sale of Exchange

^{3A} 2.1 Authorised Persons may release foreign exchange for **travel purposes** on the basis of a declaration given by the traveller regarding the amount of foreign exchange availed of during the financial year.

^{3B} 2.2 In case of issue of travellers cheques, the traveller should sign the cheques in the presence of an authorised official and the purchaser's acknowledgement for receipt of the travellers cheques should be held on record.

2.3 ⁴Out of the overall foreign exchange being sold to a traveller, exchange in the form of foreign currency notes and coins may be sold up to the limit indicated below:

- (i) Travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States - not exceeding USD 3000 or its equivalent.
- (ii) Travellers proceeding to Iraq or Libya - not exceeding USD 5000 or its equivalent
- (iii) Travellers proceeding to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States - full exchange may be released.

2.4 ^{4A} The form A2 relating to sale of foreign exchange should be retained for a period of one year by the Authorised Persons, together with the related documents, for the purpose of verification by their Internal Auditors. ⁵However, in respect of remittance applications for miscellaneous non-trade current account transactions of amount not exceeding USD 25,000, Authorised Dealers may obtain **simplified Application-cum-Declaration** form (Form A2) as shown at **Annex -2**.

^{3A} AP DIR 12 dated November 23, 2001

^{3B} para A2 (c) of Annex to AP DIR 19 dated October. 30, 2000

⁴ AP DIR 50 dated May 4, 2010

^{4A} para A.2 (e) of Annex to AP DIR 19 dated Oct. 30, 2000

⁵ AP DIR 118 dated May 7, 2012

^{5A} 2.5 In cases where the remittances are allowed on the basis of self declaration, the onus of furnishing the correct details in the application will remain with the applicant who has certified the details relating to the purpose of such remittance.

A.3 Medical Treatment

⁶3.1 With a view to enable residents to avail of foreign exchange for medical treatment abroad without any hassles and any loss of time, Authorised Dealers may release foreign exchange up to an amount of USD 100,000 or its equivalent, on the ⁷ basis of self declaration that the applicant is buying exchange for medical treatment outside India, without insisting on any estimate from a hospital/doctor.

^{7A} 3.2 For amount exceeding the above limit, estimate from the doctor in India or hospital/ doctor abroad, is required to be submitted to the Authorised Dealers.

^{7B} 3.3 A person who has fallen sick after proceeding abroad may also be released foreign exchange by an Authorised Dealer for medical treatment outside India.

A.4 Cultural Tours

⁸Dance troupes, artistes, etc., who wish to undertake tours abroad for cultural purposes should apply to the Ministry of Human Resources Development (Department of Education and Culture), Government of India, for their foreign exchange requirements. Authorised Dealers may release foreign exchange, on the strength of the sanction from the Ministry concerned, to the extent and subject to conditions indicated therein.

A.5 Private Visits

⁹Foreign exchange for private visit can also be released to a person who is availing of foreign exchange for travel outside India for any purpose up to the limits specified in Schedule III to the Rules.

⁶ A.P DIR.3 dated July 17, 2003

⁷ AP DIR 17 dated September 12, 2002, FEM CAT

^{7A} item 9 of Schedule III of FEM CAT

^{7B} para. A.3 of Annex to AP DIR 19 dated October.30, 2000

⁸ Entry 1 Schedule II FEM CAT

⁹ Entry 2 Schedule III FEM CAT

A.6 Business Visits

¹⁰Foreign exchange may be released for undertaking 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 to the limits specified in Schedule III to the Rules.

A.7 Period of surrender of foreign exchange

¹¹7.1 In case the foreign exchange purchased for a specific purpose is not utilized for that purpose, it could be utilized for any other eligible purpose for which drawal of foreign exchange is permitted under the relevant Rules / Regulation.

¹²7.2 General permission is available to any resident individual to surrender received / realised / unspent / unused foreign exchange to an Authorised Person within a period of 180 days from the date of receipt / realisation / purchase / acquisition / date of return of the traveller, as the case may be.

¹³7.3 The liberalized uniform time limit of 180 days is applicable only to resident individuals and in areas other than export of goods and services.

¹⁴7.4 In all other cases, the regulations / directions on surrender requirement shall remain unchanged. (cf. Notification No. FEMA 9/2000-RB dated May 3, 2000, as amended from time to time).

A.8 Unspent Foreign Exchange

¹⁵8.1 As stated above, unspent foreign exchange brought back to India by a resident individual should be surrendered to an Authorised Person within 180 days from the date of return of the traveller. Exchange so brought back can be utilized by the individual for his/her subsequent visit abroad.

¹⁰ Schedule III of FEM CAT

¹¹ Para 2 of AP DIR 58 May 18, 2007

¹² Regulation 6A of FEMA 9

¹³ Para 2 of AP DIR 58 May 18, 2007

¹⁴ Para 2 of AP DIR 58 May 18, 2007

¹⁵ Regulation 6A of FEMA 9

8.2 However, a returning traveller is permitted to retain with him, foreign currency travellers cheques and currency notes up to an aggregate amount of USD 2000 and foreign coins without any ceiling beyond 180 days. (cf. **Notification No. FEMA 11/2000-RB dated May 3, 2000**). Foreign exchange so retained, can be utilized by the traveller for his subsequent visit abroad.

¹⁶8.3 A person resident in India can open, hold and maintain with an Authorised Dealer in India, a **Resident Foreign Currency (Domestic) Account**, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from any of the sources like, payment for services rendered abroad, as honorarium, gift, services rendered or in settlement of any lawful obligation from any person not resident in India.

8.4 The account may also be opened/ credited with foreign exchange earned abroad, including proceeds of export of goods and/ or services, royalty, honorarium, etc., and/or gifts received from close relatives (as defined in the Indian Companies Act 1956) and repatriated to India through normal banking channels by resident individuals.

¹⁷8.5 The eligible credits to the Resident Foreign Currency (Domestic) Account, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques, are as under :-

- (i) acquired by him from an Authorised Person for travel abroad and represents the unspent amount thereof or
- (ii) acquired by him, while on a visit to any place outside India, by way of payment for services not arising from any business in or anything done in India and by way of honorarium or gift or
- (iii) acquired by him, from any person not resident in India, and who is on a visit to India, as honorarium, gift, for services rendered or in settlement of any lawful obligation.

¹⁶ Regulation 5A of FEMA 10

¹⁷ Regulation 5A of FEMA 10

^{17A} **Note:** *Where a person approaches an Authorised Person for surrender of unspent/ unutilized foreign exchange after the prescribed period of 180 days, Authorised Person should not refuse to purchase the foreign exchange merely on the ground that the prescribed period has expired.*

A.9 Remittances for Tour Arrangements, etc.

^{17B} 9.1 Authorised Dealers may remit foreign exchange up to a reasonable limit, at the request of a traveller towards his hotel accommodation, tour arrangements, etc., in the countries proposed to be visited by him or for making other tour arrangements for travellers from India, provided in each case the Authorised Dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the traveller concerned from an Authorised Person (including exchange drawn for private travel abroad), in accordance with the Rules, Regulations and Directions in force.

9.2 Authorised Dealers may effect remittances at the request of agents in India who have tie-up arrangements with hotels/ agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travel from India, provided the Authorised Dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the traveller concerned from an Authorised Person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.

9.3 Authorised Dealer may open foreign currency accounts in the name of agents in India who have tie up arrangements with hotels/ agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travellers from India provided:-

- a) the credits to the account are by way of depositing
 - i) collections made in foreign exchange from travellers; and
 - ii) refunds received from outside India on account of cancellation of bookings / tour arrangements, etc., and

^{17A} note to para.A.8 of Annex to AP DIR 19 dated October 30, 2000
^{17B} para. A.9 of Annex to AP DIR 19, dated October 30, 2000

- b) the debits in foreign exchange are for making payments towards hotel accommodation, tour arrangements, etc., outside India, in accordance with paragraph 9.2 above.

^{17C} 9.4 Authorised Dealer may allow tour operators to remit the cost of rail/ road/ water/- transportation charges outside India without any prior approval from the Reserve Bank, net of commission/ mark up due to the agent. The sale of passes/ ticket in India can be made either against the payment in Indian Rupees or in foreign exchange released for visits abroad. The cost of passes/tickets collected in Indian Rupees need not be adjusted in the travellers' entitlement of foreign exchange for private visit.

^{17D} 9.5 In respect of consolidated tours arranged by travel agents in India for foreign tourists visiting India and neighbouring countries like Nepal, Bangladesh, Sri Lanka, etc., against advance payments/ reimbursement through an Authorised Dealer, part of the foreign exchange received in India against such consolidated tour arrangement, may require to be remitted from India to these neighbouring countries for services rendered by travel agents and hoteliers in these countries. Authorised Dealer may allow such remittances after verifying that the amount being remitted to the neighbouring countries (inclusive of remittances, if any, already made against the tour) does not exceed the amount actually remitted to India and the country of residence of the beneficiary is not Pakistan.

^{17E} **A.10 Payment in Rupees**

Authorised Dealers may accept payment in cash up to Rs. 50,000 (Rupees fifty thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange exceeds the amount equivalent to Rs.50,000, the payment must be received only by:

- (i) a crossed cheque drawn on the applicant's bank account, or
- (ii) crossed cheque drawn on the bank account of the firm/ company sponsoring the visit of the applicant, or

^{17C} para. 1 of Annex to AP DIR 54 dated November 24, 2002

^{17D} para. 2 of Annex to AP DIR 54 dated November 24, 2002

^{17E} AP DIR 40 dated December 10, 2008

- (iii) Banker's Cheque- /- Pay Order- /- Demand Draft or
- (iv) Debit / credit / prepaid cards provided
 - a) KYC/AML guidelines are complied with
 - b) sale of foreign currency- /- issue of foreign currency TCs is within the limits (credit- /- prepaid cards) prescribed by the bank and
 - c) the purchaser of foreign currency- /- foreign currency TCs and the credit/debit/prepaid card holder is one and the same person.

^{17F} **Note:** *Where the rupee equivalent of foreign exchange drawn exceeds Rs 50,000 either for any single drawal or more than one drawal reckoned together for a single journey/visit, it should be paid by cheque or draft.*

¹⁸**A.11 Issue of Guarantee – Import of services**

With a view to further liberalise the procedure (other than in respect of a Public Sector Company or a Department/ Undertaking of the Government of India/ State Governments) for import of services, it has been decided to increase the limit for issue of guarantee by AD Category-I Banks from USD 100,000 to USD 500,000.

Accordingly, AD Category-I banks are now permitted to issue guarantee for amount not exceeding USD 500,000 or its equivalent in favour of a non-resident service provider, on behalf of a resident customer who is a service importer, provided:

- (a) the AD Category-I bank is satisfied about the bonafides of the transaction;
- (b) the AD Category-I bank ensures submission of documentary evidence for import of services in the normal course; and
- (c) the guarantee is to secure a direct contractual liability arising out of a contract between a resident and a non-resident.

In the case of a Public Sector Company or a Department/ Undertaking of the Government of India/ State Governments, approval from the Ministry of Finance, Government of India for issue of guarantee for an amount exceeding USD 100,000 (USD One hundred thousand) or its equivalent would be required.

In case of invocation of the guarantee, the Authorised Dealer is required to submit to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (EPD), Reserve Bank of India, Central Office, Mumbai- 400001 a report on the circumstances leading to the invocation of the guarantee.

^{17F} Note to para A 10 of AP DIR 19 dated October 30, 2000

¹⁸ AP DIR 11 October 5, 2009

¹⁹A.12 Liberalised Remittance Scheme (LRS) of USD 200,000 for Resident individuals

12.1 Under the Liberalised Remittance Scheme, (hereinafter referred to as the Scheme) Authorised Dealers may freely allow remittances by resident individuals up to USD 200,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both.

^{19A}12.2 The Scheme is available to all resident individuals including minors. In case of remitter being a minor, the LRS declaration form should be countersigned by the minor's natural guardian.

^{19B}12.3 Remittances under the Scheme can be consolidated in respect of family members subject to individual family members complying with its terms and conditions.

12.4 Remittances under the Scheme are allowed only in respect of permissible current or capital account transactions or a combination of both. All other transactions which are otherwise not permissible under FEMA and those in the nature of remittance for margins or margin calls to overseas exchanges/ overseas counterparty are not allowed under the Scheme.

12.5 Under the Scheme, Resident individuals are free to acquire and hold immovable property or shares (of listed companies) or debt instruments or any other asset outside India without prior approval of the Reserve Bank.

12.6 The limit of USD 200,000 under the Scheme also include remittances towards gift and donation by a resident individual.

^{19C}12.7 Remittances under the Scheme can be used for purchasing objects of art subject to the provisions of other applicable laws such as the extant Foreign Trade Policy of the Government of India.

¹⁹ AP DIR 9 dated September 26, 2007

^{19A} AP DIR 90 dated March 6, 2012

^{19B} AP DIR 90 dated March 6, 2012

^{19C} AP DIR 90 dated March 6, 2012

12.8 The Scheme can also be used for remittance of funds for acquisition of ESOPs. The Scheme is in addition to acquisition of ESOPs linked to ADR / GDR and acquisition of qualification shares.

12.9 A resident individual is permitted to make a rupee gift/ loan to a NRI /PIO who is a close relative of the resident individual [close relative as defined in Section 6 of the Indian Companies Act, 1956]. The gift/ loan amount should be within the overall limit of USD 200,000 per financial year as permitted under the Liberalised Remittance Scheme (LRS) for a resident individual. It would be the responsibility of the resident donor/lender to ensure that the gift/ loan amount is under the LRS and all the remittances under the LRS during the financial year including the gift/ loan amount have not exceeded the limit prescribed under the LRS. It may be observed that only LRS limit of the remitter would be utilized and gift/loan amount as the case may be would actually be credited to NRO A/c. of NRI/ PIO close relative.

12.10 A resident individual can invest in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes, etc. under this Scheme. Further, the resident can invest in such securities out of the bank account opened abroad under the Scheme (see 13.13).

12.11 An individual who has availed of a loan abroad while as a non resident can repay the same on return to India under the Scheme as a resident.

12.12 The Scheme can be used for outward remittance in the form of a DD either in the resident individual's own name or in the name of beneficiary with whom he intends putting through the permissible transactions at the time of private visit abroad, against self declaration of the remitter in the format prescribed.

12.13 Individuals can also open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the Scheme without prior approval the Reserve Bank. The foreign currency accounts may be used for putting through all transactions connected with or arising from remittances eligible under this Scheme.

12.14 Banks should not extend any kind of credit facilities to resident individuals to facilitate remittances under the Scheme.

12.15 The scheme is not available for remittances for any purpose specifically prohibited under Schedule I or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transaction) Rules, 2000.

12.16 The facility is not available for making remittances directly or indirectly to Bhutan, Nepal, Mauritius and Pakistan.

12.17 The Scheme is not available for remittance to countries identified by Financial Action Task Force (FATF) as non co-operative countries and territories as available on FATF website www.fatf-gafi.org. or as notified by the Reserve Bank.

12.18 For undertaking transactions under the Scheme, resident individuals may use the application-cum-Declaration Form as at **Annex-3 and it is mandatory to have PAN number to make remittances under the Scheme.**

12.19 Investor, who has remitted funds under LRS can retain, reinvest the income earned on the investments.

12.20 AD Category – I banks are required to furnish the information on remittances made under this scheme on a monthly basis, in the revised format as at **Annex-6**, to the Chief General Manager-in-Charge, Foreign Exchange Department, (FID-EPD), Reserve Bank of India, Central Office, 11th Floor, Central Office Building, Mumbai - 400 001, on or before fifth of the following month to which it relates. A *soft* copy of the statement (in Excel format) may also be sent by [email](#). This statement in the revised format should be forwarded through Online Returns Filing System (ORFS) for which purpose all the AD Category – I Banks have been given user ID and password by the Reserve Bank.

It has now been decided, to collect the data in soft form only and to dispense with the submission of hard copies of the monthly statements by the AD banks. Accordingly, with effect from July 01, 2013, AD Category – I banks are required to upload the data (LRS data of June 2013) in ORFS on or before fifth of the following month. Where there is no data to furnish, AD banks are advised to upload 'nil' figures in the ORFS system.

²⁰**A.13 Documentation**

13.1 The Reserve Bank will not, generally, prescribe the documents which should be verified by the Authorised Dealers while releasing foreign exchange. In this connection, attention of authorized dealers is drawn to sub-section (5) of Section 10 of the FEMA, 1999 (*as indicated in item 3 of Appendix 2*) which provides that an authorised person shall require any person desiring to transact in foreign exchange to make such a declaration and to give such information as will reasonably satisfy him that the transaction will not involve and is not designed for the purpose of any contravention or evasion of the provisions of the FEMA or any rule, regulation, notification, direction or order issued there under.

13.2 Authorised Dealers are also required to keep on record any information / documentation, on the basis of which the transaction was undertaken, for verification by the Reserve Bank. In case the applicant refuses to comply with any such requirement or makes unsatisfactory compliance therewith, the Authorised Dealer shall refuse, in writing, to undertake the transaction and shall, if he has reasons to believe that any contravention / evasion is contemplated by the person, report the matter to the Reserve Bank.

13.3 Authorised Dealers have specifically been advised that they may release foreign exchange up to USD 100,000 each for employment, emigration, maintenance of close relatives, education and medical treatment abroad without insisting on any supporting documents but on the basis of self declaration incorporating certain basic details of the transactions and submission of Form A2. In addition, the existing facility of release of exchange by Authorised Persons up to USD 10,000 or its equivalent in one financial year for one or more private visits to any country (except Nepal and Bhutan) will continue to be available on a self declaration basis.

²¹**A.14 Endorsement on Passport**

It is not mandatory for Authorised Dealers to endorse the amount of foreign exchange sold for travel abroad on the passport of the traveller. However, if

²⁰ para.8 of Annex.I to AD M A CIR 11 dated May 16, 2000

²¹ A.P DIR 20 dated November 16, 2000

requested by the traveller, they may record under their stamp, date, signature and details of foreign exchange sold for travel.

A.15 International Credit Cards

²² 15.1 The restrictions contained in Rule 5 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 will not be applicable for use of International Credit Cards (ICCs) by residents for making payment towards expenses, while on a visit outside India.

15.2 Residents can use ICCs on internet for any purpose for which exchange can be purchased from an Authorised Dealer in India, e.g. for import of books, purchase of downloadable software or import of any other item permissible under Foreign Trade Policy (FTP).

15.3 ICCs cannot be used on internet or otherwise for purchase of prohibited items, like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services, etc., since no drawal of foreign exchange is permitted for such items/activities.

15.4 There is no aggregate monetary ceiling separately prescribed for use of ICCs through internet.

²³ 15.5 Resident individuals maintaining foreign currency accounts with an Authorised Dealer in India or a bank abroad, as permissible under extant Foreign Exchange Regulations, are free to obtain ICCs issued by overseas banks and other reputed agencies. The charges incurred against the card either in India or abroad, can be met out of funds held in such foreign currency account/s of the card holder or through remittances, if any, from India only through a bank where the card holder has a current or savings account. The remittance for this purpose should also be made directly to the card issuing agency abroad, and not to a third party.

²² AP DIR 53 dated June 27, 2002

²³ A PDIR 103 dated May 21, 2003

15.6 The applicable limit will be the credit limit fixed by the card issuing banks. There is no monetary ceiling fixed by the Reserve Bank for remittances, if any, under this facility.

^{23A} 15.7 Use of ICC for payment in foreign exchange in Nepal and Bhutan is not permitted.

A.16 International Debit Cards

²⁴ 16.1 Banks authorised to deal in foreign exchange are issuing International Debit Cards (IDCs) which can be used by a resident for drawing cash or making payment to a merchant establishment overseas during his visit abroad. It is clarified that IDCs can be used only for permissible current account transactions and the item-wise limits as mentioned in the Schedules to the Rules, as amended from time to time, are equally applicable to payments made through use of these cards.

16.2 The IDCs cannot be used on internet for purchase of prohibited items like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services, etc., i.e. for such items/activities for which drawal of foreign exchange is not permitted.

16.3 The International Banking Divisions/Foreign Exchange Departments of AD banks were required to submit a statement as on December 31, each year in the prescribed proforma, in case the aggregate forex utilization by the IDC holders exceeds USD 100,000 in a calendar year. The requirement of submission of the above statement by the AD banks has been discontinued from the calendar year 2010 onwards.

A.17 Store Value Cards/ Charge Cards/ Smart Cards, etc.

²⁵ Certain Authorised Dealer banks are also issuing Store Value Card/ Charge Card/ Smart Card to residents traveling on private/business visit abroad which are used for making payments at overseas merchant establishments and also for drawing cash from ATM terminals. No prior permission from the Reserve Bank is required for issue

^{23A} rule 2 (b) read with rule 3 (b) and (c) of FEM CAT

²⁴ AP DIR 44 dated June 14, 2005

²⁵ AP DIR 44 dated June 14, 2005

of such cards. However, the use of such cards is limited to permissible current account transactions and subject to the prescribed limits under the Rules, as amended from time to time.

A.18 Redemption of unutilized balance on prepaid travel cards:

As per the practice followed by issuers, resident Indians who purchase their travel cards, are permitted refund of the unutilized foreign exchange balance only after 10 days from the date of last transaction and accordingly, this condition is stated in the “user guide”. Since these cards are expected to act as substitutes for cash/ Travellers Cheques, the facilities available to the user will have to be similar. Accordingly, all such Authorised Persons shall redeem the unutilized balance outstanding in the cards immediately upon request by the resident Indians to whom the cards are issued subject to retention of: -

- a) The amounts that are authorized and remain unclaimed/ not settled by the acquirers as of the date of redemption till the completion of the respective settlement cycle;
- b) A small balance not exceeding US\$ 100, for meeting any pipeline transactions till the completion of the respective settlement cycle; and
- c) Transaction fees / service tax payable in India in Rupees.
- d) For the amount that are authorized but unclaimed/ not settled by the acquirer, the issuer of such cards can hold such amounts until such transactions are processed/ settled by the acquirers within the prescribed settlement timeframe.

A.19 Acquisition of foreign securities under Employees Stock Option (ESOP)

²⁶Resident individuals who are either employees or director of an Indian office or branch of a foreign company in which foreign holding is not less than 51 per cent are permitted to acquire foreign securities under ESOP Scheme without any monetary limit. They are also permitted to freely sell the shares provided the proceeds thereof are repatriated to India.

²⁶ AP DIR 86 dated April 17, 2004

A.20 Income- tax clearance

Remittances to non-residents will be allowed to be made by the Authorised Dealers on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India.

A.21 Facility to grant loan to NRI/ PIO close relative under Liberalised Remittance Scheme (LRS):

Resident individual is permitted to lend to a Non resident Indian (NRI)/ Person of Indian Origin (PIO) close relative [means relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque/ electronic transfer subject to the following conditions:

- (i) the loan is free of interest and the minimum maturity of the loan is one year;
- (ii) the loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 200,000 per financial year available for a resident individual. It would be the responsibility of the lender to ensure that the amount of loan is within the Liberalised Remittance Scheme limit of USD 200,000 during the financial year;
- (iii) the loan shall be utilized for meeting the borrower's personal requirements or for his own business purposes in India.
- (iv) the loan shall not be utilized, either singly or in association with other person for any of the activities in which investment by persons resident outside India is prohibited, namely:
 - a. The business of chit fund, or
 - b. Nidhi Company, or
 - c. Agricultural or plantation activities or in real estate business, or construction of farm houses, or
 - d. trading in Transferable Development Rights (TDRs).

Explanation: For the purpose of item (c) above, real estate business shall not include development of townships, construction of residential/ commercial premises, roads or bridges.

- (v) the loan amount should be credited to the NRO a/c of the NRI / PIO. Credit of such loan amount may be treated as an eligible credit to NRO a/c;

- (vi) the loan amount shall not be remitted outside India; and
- (vii) repayment of loan shall be made by way of inward remittances through normal banking channels or by debit to the Non-resident Ordinary (NRO) / Non-resident External (NRE) / Foreign Currency Non-resident (FCNR) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.

(Para A. 1.1 of Master Circular)

Foreign Exchange Management (Current Account Transactions) Rules, 2000

Notification No. G.S.R.381(E) dated 3rd May 2000 (as amended from time to time)*:

In 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, 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

No person shall draw foreign exchange for a transaction included in the Schedule III without prior approval of the Reserve Bank;

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 item 3, 4, 11, 16 & 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.

Schedule I

Transactions which are Prohibited (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.
7. Payment related to "Call Back Services" of telephones.
8. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

Schedule II

Transactions which require prior approval of the Central Government (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	Ministry of Finance, (Department of Economic Affairs)
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)
4. Payment of import through ocean transport 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 (a) TV Channels (b) Internet Service providers	Ministry of Information and Broadcasting 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)

8. omitted	
9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International / National / State Level sports bodies, if the amount involved exceeds USD 100,000.	Ministry of Human Resources Development (Department of Youth Affairs and Sports)
10. Omitted	
11. Remittance for membership of P&I Club	Ministry of Finance (Insurance Division)

Schedule III
(See Rule 5)

1. Omitted

2. Release of exchange exceeding US\$ 10,000 or its equivalent in one financial year, for one or more private visits to any country (except Nepal and Bhutan).

3. Gift remittance exceeding US\$ 5,000 per financial year per remitter or donor other than resident individual

4. (i) Donation exceeding US\$ 5000 per financial year per remitter or donor other than resident individual

(ii) Donations by Corporate, exceeding one per cent of their foreign exchange earnings during the previous three financial years or US\$ 5,000,000, whichever is less, for:-

(a) creation of Chairs in reputed educational institutes,

(b) to funds (not being an investment fund) promoted by educational institutes; and

(c) to a technical institution or body or association in the field of activity of the donor Company.

Explanation: For the purpose of the item numbers 3 and 4, remittance of gift and donation by resident individuals are subsumed under the Liberalised Remittance Scheme.

5. Exchange facilities exceeding USD 100,000 for persons going abroad for employment.

6. Exchange facilities for emigration exceeding USD 100,000 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 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 or subsidiary or joint venture in India of such foreign company.

ii. exceeding USD 100,000 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 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.

8. Release of foreign exchange, exceeding USD 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 USD 100,000, per academic year, whichever is higher.

11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.

12. Omitted

13. Omitted

14. Omitted

15. Remittances exceeding US\$ 10,000,000 per project for any consultancy services in respect of infrastructure projects and US\$ 1,000,000 per project, for other consultancy services procured from outside India.

Explanation:- For the purposes of this item number 'infrastructure project' is those related to –

(i) Power,

(ii) Telecommunication,

(iii) Railways,

(iv) Roads including bridges,

(v) Sea port and air port,

(vi) Industrial parks, and

(vii) Urban Infrastructure (water supply, sanitation and sewage)

16. Omitted

17. Remittances exceeding five per cent of investment brought into India or US\$ 1,00,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.

18. Omitted

(Amendments)

Notification GSR.663 (E) dated August 17, 2000,
S.O.301(E) dated March 30, 2001,
GSR.442(E) dated November 2, 2002,
GSR.831(E) dated December 20, 2002,
GSR.33(E) dated January 16, 2003,
GSR.397(E) dated May 14, 2003,
GSR.731(E) dated September 11, 2003,
GSR.849(E) dated October 29, 2003,
GSR.608(E) dated September 13, 2004,
G.S.R.512(E) dated July 28,2005,
G.S.R.412(E) dated July 11, 2006,
G.S.R.511(E) dated July 28, 2006,
G.S.R.349 (E) dated May 22, 2009 and
G.S.R.382 (E) dated May 05, 2010.

Please Note:-

@ @ May be read with A.P. (DIR Series) Circular No.26 dated January 14, 2010.

FORM - A 2
Application cum Declaration Form
(To be completed by the applicant)

FORM A2

(For payments other than imports and remittances covering intermediary trade)

AD Code No. _____
Form No. _____
(To be filled in by the Authorised Dealer)
Serial No. _____
(For use of Reserve Bank of India)
Currency _____ Amount _____
Equivalent to Rs. _____
(To be completed by Authorised Dealer)

Application for
Remittance Abroad

I/We

(Name of applicant remitter)

authorize

(Name of AD branch)

Savings Bank/ Current/ RFC/ EEFC A/c. No. _____ together with their charges and

* a) Issue a draft : Beneficiary's Name _____
Address _____

* b) Effect the foreign exchange remittance directly –

- 1) Beneficiary's Name _____
- 2) Name and address of the bank _____
- 3) Account No. _____

* c) Issue travelers cheques for _____

* d) Issue foreign currency notes for _____

* (Strike out whichever is not applicable)
for the purpose indicated below

(Remitter should put a tick (✓) against an appropriate purpose code. In case of doubt/difficulty, the AD bank should be consulted).

Date : _____

Signature
Name :

Sr. No.	Purpose Group Name	Purpose Code	Description
As per the Annex			

**Declaration
(Under FEMA 1999)**

I, _____ declare that –

* (1) The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD _____ (USD _____

_____ only) the annual limit prescribed by Reserve Bank of India for the said purpose.

* (2) Foreign exchange purchased from you is for the purpose indicated above.

* (Strike out whichever is not applicable)

Signature

Name _____

Date :

Annex to Form A 2 Purpose Codes for Reporting under FETERS A. Payment Purposes_(for use in BOP file)			
Gr. No.	Purpose Group Name	Purpose Code	Description
0	Capital Account	S0017	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government
		S0019	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government
		S0026	Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government
		S0027	Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non-Government
		S0099	Other capital payments not included elsewhere
	Financial Account		
	Foreign Direct Investments	S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
		S0004	Indian Direct investment abroad (in subsidiaries and associates) in debt instruments
		S0005	Indian investment abroad – in real estate
		S0006	Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares
		S0007	Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt

			instruments
		S0008	Repatriation of Foreign Direct Investment made by overseas Investors in India – in real estate
	Foreign Portfolio Investments	S0001	Indian Portfolio investment abroad – in equity shares
		S0002	Indian Portfolio investment abroad – in debt instruments
		S0009	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares
		S0010	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments
	External Commercial Borrowings	S0011	Loans extended to Non-Residents
		S0012	Repayment of long & medium term loans with original maturity above one year received from Non-Residents
	Short term Loans	S0013	Repayment of short term loans with original maturity up to one year received from Non-Residents
	Banking Capital	S0014	Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc)
		S0015	Repayment of loans & overdrafts taken by ADs on their own account.
		S0016	Sale of a foreign currency against another foreign currency
	Financial Derivatives and Others	S0020	Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions.
		S0021	Payments made on account of sale of share under Employee stock option
		S0022	Investment in Indian Depositories Receipts (IDRs)
		S0023	Remittances made under Liberalised Remittance Scheme (LRS) for Individuals

	External Assistance	S0024	External Assistance extended by India. e.g. Loans and advances extended by India to Foreign governments under various agreements
		S0025	Repayments made on account of External Assistance received by India.
1	Transport	S0201	Payments for surplus freight/passenger fare by foreign shipping companies operating in India
		S0202	Payment for operating expenses of Indian shipping companies operating abroad
		S0203	Freight on imports – Shipping companies
		S0204	Freight on exports – Shipping companies
		S0205	Operational leasing/Rental of Vessels (with crew) –Shipping companies
		S0206	Booking of passages abroad – Shipping companies
		S0207	Payments for surplus freight/passenger fare by foreign Airlines companies operating in India
		S0208	Operating expenses of Indian Airlines companies operating abroad
		S0209	Freight on imports – Airlines companies
		S0210	Freight on exports – Airlines companies
		S0211	Operational leasing / Rental of Vessels (with crew) – Airline companies
		S0212	Booking of passages abroad – Airlines companies
		S0214	Payments on account of stevedoring, demurrage, port handling charges etc.(Shipping companies)
		S0215	Payments on account of stevedoring, demurrage, port handling charges, etc.(Airlines companies)
		S0216	Payments for Passenger -

			Shipping companies
		S0217	Other payments by Shipping companies
		S0218	Payments for Passenger - Airlines companies
		S0219	Other Payments by Airlines companies
		S0220	Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0221	Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0222	Postal & Courier services by Air
		S0223	Postal & Courier services by Sea
		S0224	Postal & Courier services by others
2	Travel	S0301	Business travel.
		S0303	Travel for pilgrimage
		S0304	Travel for medical treatment
		S0305	Travel for education (including fees, hostel expenses etc.)
		S0306	Other travel (including holiday trips and payments for settling international credit cards transactions)
3	Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad
		S0502	Cost of construction etc. of projects executed by foreign companies in India.
4	Insurance and Pension Services	S0601	Life Insurance premium except term insurance
		S0602	Freight insurance – relating to import & export of goods
		S0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		S0605	Auxiliary services including commission on insurance
		S0607	Insurance claim Settlement of non-life insurance; and life

			insurance (only term insurance)
		S0608	Life Insurance Claim Settlements
		S0609	Standardised guarantee services
		S0610	Premium for pension funds
		S0611	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		S0612	Invoking of standardised guarantees
5	Financial Services	S0701	Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.
		S0702	Investment banking – brokerage, under writing commission etc.
		S0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.
6	Telecommunication, Computer & Information Services	S0801	Hardware consultancy/implementation
		S0802	Software consultancy / implementation
		S0803	Data base, data processing charges
		S0804	Repair and maintenance of computer and software
		S0805	News agency services
		S0806	Other information services- Subscription to newspapers, periodicals
		S0807	Off-site software imports
		S0808	Telecommunication services including electronic mail services and voice mail services
		S0809	Satellite services including space shuttle and rockets etc.
7	Charges for the use of intellectual property n.i.e	S0901	Franchises services
		S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
8	Other Business Services	S1002	Trade related services – commission on exports / imports

		S1003	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies
		S1004	Legal services
		S1005	Accounting, auditing, book-keeping services
		S1006	Business and management consultancy and public relations services
		S1007	Advertising, trade fair service
		S1008	Research & Development services
		S1009	Architectural services
		S1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		S1011	Payments for maintenance of offices abroad
		S1013	Environmental Services
		S1014	Engineering Services
		S1015	Tax consulting services
		S1016	Market research and public opinion polling service
		S1017	Publishing and printing services
		S1018	Mining services like on-site processing services analysis of ores etc.
		S1020	Commission agent services
		S1021	Wholesale and retailing trade services.
		S1022	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies
		S1023	Other Technical Services including scientific/space services.
		S1099	Other services not included elsewhere
9	Personal, Cultural & Recreational services	S1101	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.
		S1103	Radio and television production, distribution and transmission services
		S1104	Entertainment services

		S1105	Museums, library and archival services
		S1106	Recreation and sporting activities services
		S1107	Education (e.g. fees for correspondence courses abroad)
		S1108	Health Service (payment towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)
		S1109	Other Personal, Cultural & Recreational services
10	Govt. not included elsewhere (G.n.i.e.)	S1201	Maintenance of Indian embassies abroad
		S1202	Remittances by foreign embassies in India
11	Secondary Income	S1301	Remittance for family maintenance and savings
		S1302	Remittance towards personal gifts and donations
		S1303	Remittance towards donations to religious and charitable institutions abroad
		S1304	Remittance towards grants and donations to other governments and charitable institutions established by the governments.
		S1305	Contributions/donations by the Government to international institutions
		S1306	Remittance towards payment / refund of taxes.
		S1307	Outflows on account of migrant transfers including personal effects
12	Primary Income	S1401	Compensation of employees
		S1402	Remittance towards interest on Non-Resident deposits (FCNR(B)/NR(E)RA, etc.)
		S1403	Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.
		S1405	Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)

		S1408	Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)
		S1409	Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares
		S1410	Payment of interest by FDI enterprises in India to their Parent company abroad.
		S1411	Remittance of interest income on account of Portfolio Investment in India
		S1412	Remittance of dividends on account of Portfolio Investment in India on equity and investment fund shares
13	Others	S1501	Refunds / rebates / reduction in invoice value on account of exports
		S1502	Reversal of wrong entries, refunds of amount remitted for non-exports
		S1503	Payments by residents for international bidding
		S1504	Notional sales when export bills negotiated/ purchased/ discounted are dishonored/ crystallised/ cancelled and reversed from suspense account
		S1505	Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)
14	Maintenance and repair services n.i.e	S1601	Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.
		S1602	Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts, helicopters, etc.
15	Manufacturing services (goods for processing)	S1701	Payments for processing of goods

(Para 13.17 of Master Circular)

**Application-cum- Declaration for purchase of foreign exchange under the Liberalised Remittance Scheme of USD 2,00,000 for Resident Individuals
(To be completed by the applicant)**

- I Details of the applicant
- Name
 - Address.....
 - Account No.....
 - PAN No.....
- II Details of the foreign exchange required
- Amount (Specify currency).....
 - Purpose
- III Source of funds:
- IV Nature of instrument
- Draft.....
- Direct remittance.....
- V Details of the remittance made under the scheme in the financial year (April - March) 200
- | Date | Amount |
|------|--------|
|------|--------|
- VI Details of the Beneficiary
- Name
 - Address
 - Country
 - * Name and address of the bank.....
 - * Account No.....

(* Required only when the remittance is to be directly credited to the bank account of the beneficiary)

This is to authorize you to debit my account and effect the foreign exchange remittance/issue a draft as detailed above. (strike out whichever is not applicable).

Declaration

*I,, hereby declare that the total amount of foreign
(Name)*

exchange purchased from or remitted through, all sources in India during the current financial year as per item No. V of the Application, is within the limit of USD 200,000/- (US Dollar two hundred thousand only), which is the limit prescribed by the Reserve Bank for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.

Signature of the applicant
(Name)

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by Reserve Bank from time to time under the Scheme.

Signature:

Name and designation of the authorised official:

Place:

Date: Stamp and seal

Statement / Returns to be submitted to the Reserve Bank

Description	Periodicity	Ref.No.
Liberalised Remittance Scheme for Resident Individuals	Monthly	A.P. (DIR Series) Circular No. 36 dated April 4, 2008. (Please see Annex -6)

**Operational Instructions for Authorised Dealer Banks
Master Circular on Miscellaneous Remittances from India –
Facilities for Residents**

1. General

Authorised Dealers may carefully study the provisions of the Act / Regulations / Notifications issued under Foreign Exchange Management Act, 1999.

Reserve Bank will not prescribe the documents which should be verified by the Authorised Dealers while permitting remittances for various transactions, particularly of current account.

In terms of the provisions contained in sub-section 5 of section 10 of the Act, before undertaking any transaction in foreign exchange on behalf of any person, an Authorised Dealer is required to obtain a declaration and such other information from the person (applicant) on whose behalf the transaction is being undertaken that will reasonably satisfy him that the transaction is not designed to contravene or evade the provisions of the Act or any of the Rules or Regulations made or Notifications or directions or orders issued under the Act. Authorised Dealers should preserve the information / documents obtained by them from the applicant before undertaking the transactions for verification by the Reserve Bank.

In case the person on whose behalf the transaction is being undertaken refuses or does not give satisfactory compliance of the requirements of an authorised person, he shall refuse in writing to undertake the transactions. Where an authorized person has reasons to believe that a contravention or evasion of the Act or the Rules or Regulations made or Notifications issued there under was contemplated in the transaction that he has refused to undertake, he shall report the matter to the Reserve Bank.

With a view to maintaining uniform practices, Authorized Dealers may consider requirements or documents to be obtained by their branches to ensure compliance with provisions of sub-section (5) of section 10 of the Act. In terms of the Rule 3 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000,

drawal of foreign exchange for the transactions included in Schedule I thereto is prohibited.

Authorised Dealers may release foreign exchange for transactions included in Schedule II to the Rules, provided the applicant has secured the approval from the Ministry/Department of Government of India indicated against the transaction.

In respect of transactions included in Schedule III, where the remittance applied for exceeds the limit, if any, indicated in the schedule or other transactions included in the Schedule III for which no limit have been stipulated would require prior approval of Reserve Bank. However, resident individual has the option to avail the Liberalised Remittance Scheme for Resident Individuals for making additional amount of remittance, subject to compliance with the terms and conditions of the Scheme. Remittances for all other current Account transactions which are not specifically prohibited under the Rules or which are not included in Schedule II or III may be permitted by the Authorised Dealers without any monetary/percentage ceilings subject to compliance with the provisions of subsection (5) of Section 10 of the Act. Remittances for transactions included in Schedule III may be permitted by Authorised Dealers up to the ceiling prescribed thereto.

Remittances to non-residents are allowed to be made by the Authorised Dealers on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India in their Circular No.10/2002 dated October 9, 2002. [cf. A.P. (DIR Series) Circular No.56 dated November 26, 2002].

2. Release of foreign exchange on self declaration basis

Authorised Dealers may allow remittances up to USD 100,000 each towards (i) employment abroad (ii) emigration (iii) maintenance of close relatives abroad (iv) education abroad and (v) medical treatment abroad without insisting on any supporting documents but on the basis of self declaration incorporating the basic details of the transaction and submission of Application in Form A2. Authorised Dealers should also ensure that payment for purchase of foreign exchange is made by the applicant by means of cheque or demand draft or by debit to his/her account. Authorised Dealer may also accept the payment through credit /debit/prepaid card of

the card holder as stipulated in our A.P. (DIR Series) Circular No.40 dated December 10, 2008. In addition, the existing facility of release of exchange by Authorised Persons up to USD 10,000 or its equivalent in one financial year for one or more private visits to any country (except Nepal and Bhutan) will continue to be available on a self-declaration basis.

3. Small Value Remittances

Authorized dealers may release foreign exchange not exceeding USD 5,000 or its equivalent, for all permissible current account transactions. Authorised Dealers may obtain **simplified Application-cum-Declaration** form (Form A2) as shown at **Annex-2**.

4. Liberalized Remittance Scheme for Resident Individuals

The remittance under the Scheme is available to the resident individuals for any permitted current or capital account transactions or a combination of both.

The facility under the Scheme is in addition to those already included in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000. Remittances towards gift and donations have been subsumed under the Scheme.

Under the scheme, resident individuals can acquire and hold immovable property or shares (listed or otherwise) or debt instruments or any other assets outside India, without prior approval of the Reserve Bank. They can also open, maintain and hold foreign currency accounts with banks outside India. However remittance from India for margin or margin calls to overseas exchanges/overseas counterparty are not allowed under the scheme.

The individual will have to designate a branch of an AD through which all the remittances under the scheme will be made. It is mandatory to have PAN number to make remittances under the Scheme.

While allowing the facility to resident individuals, Authorised Dealers are required to ensure that “**Know Your Customer**” guidelines have been implemented in respect of bank accounts. They should also comply with the **Anti-Money Laundering Rules** in force while allowing the facility.

The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance. If the applicant seeking to make the remittance is a new customer of the bank, Authorised Dealers should carry out due diligence on the opening, operation and maintenance of the account. Further, the Authorised Dealers should obtain bank statement for the previous year from the applicant to satisfy themselves regarding the source of funds. If such a bank statement is not available, copies of the latest Income Tax Assessment Order or Return filed by the applicant may be obtained.

The Authorised Dealer should ensure that the payment is received out of funds belonging to the person seeking to make the remittance, by a cheque drawn on the applicant's bank account or by debit to his account or by Demand Draft / Pay Order. The banks should not extend any kind of credit facilities to resident individuals to facilitate remittances under the Scheme.

The remittances made under this Scheme will be reported in the R-Return in the normal course. The Authorised Dealers may also prepare and keep on record dummy Form A2, in respect of remittances exceeding USD 25000. In addition, Authorised Dealers would also furnish information on the number of applicants and total amount remitted under the Scheme, on a **monthly basis**, to the Reserve Bank of India, Foreign Exchange Department (EPD), Central Office, Mumbai.

Annex 6

(Para A.13.18 of Master Circular)
[A.P. (DIR Series) Circular No.36 dated April 4, 2008]

Format

Statement indicating the details of remittances made by resident individuals under the Liberalised Remittance Scheme for the month ended

Name of the Bank:

Sl.No.	Purpose of remittance	No. of applicants	Amount remitted in USD
1.	Deposit		
2.	Purchase of immovable property		
3.	Investment in equity/debt		
4.	Gift		
5.	Donation		
6.	Travel		
7.	Maintenance of close relatives		
8.	Medical Treatment		
9.	Studies abroad		
10.	Others (please specify, enclose a separate sheet, if necessary)		
Total			

Name and designation of the authorised official:

Place:

Signature

Date:

Stamp and seal

APPENDIX-1

List of circulars, which have been consolidated in the Master Circular- Miscellaneous Remittances from India - Facilities for Residents

http://www.rbi.org.in/Scripts/BS_ApCircularsDisplay.aspx

http://www.rbi.org.in/Scripts/Bs_FemaNotifications.aspx

Sl. No.	Circular No.	Date
1.	A.P.(DIR Series) Circular No.1	June 1, 2000
2.	A.P.(DIR Series) Circular No.19	October 30, 2000
3.	A.P.(DIR Series) Circular No.20	November 16, 2000
4.	A.P.(DIR Series) Circular No.11	November 13, 2001
5.	A.P.(DIR Series) Circular No.12	November 23, 2001
6.	EC.CO.FMD.599/18.08.01/2001-02	January 21, 2002
7.	A.P.(DIR Series) Circular No.53	June 27, 2002
8.	A.P.(DIR Series) Circular No.16	September 12, 2002
9.	A.P. (DIR Series) Circular No.17	September 12, 2002
10.	A.P. (DIR Series) Circular No.37	November 1, 2002
11.	A.P.(DIR Series) Circular No.51	November 18, 2002
12.	A.P. (DIR Series) Circular No.53	November 23, 2002
13.	A.P. (DIR Series) Circular No.54	November 25, 2002
14.	A.P. (DIR Series) Circular No.56	November 26, 2002
15.	A.P. (DIR Series) Circular No.64	December 24, 2002
16.	A.P. (DIR Series) Circular No.65	January 6, 2003
17.	A.P. (DIR Series) Circular No.73	January 24, 2003
18.	A.P. (DIR Series) Circular No.103	May 21, 2003
19.	A.P. (DIR Series) Circular No.3	July 17, 2003
20.	A.P. (DIR Series) Circular No.7	August 12, 2003
21.	A.P. (DIR Series) Circular No.8	August 16, 2003
22.	A.P. (DIR Series) Circular No.33	November 13, 2003
23.	A.P. (DIR Series) Circular No.55	December 23, 2003
24.	A.P. (DIR Series) Circular No.64	February 4, 2004
25.	A.P. (DIR Series) Circular No.71	February 20, 2004
26.	A.P. (DIR Series) Circular No.76	February 24, 2004
27.	A.P. (DIR Series) Circular No.77	March 13, 2004
28.	A.P. (DIR Series) Circular No.86	April 17, 2004
29.	A.P. (DIR Series) Circular No.90	May 3, 2004
30.	A.P. (DIR Series) Circular No.20	October 25, 2004

31	A.P. (DIR Series) Circular No.38	March 31, 2005
32	A.P. (DIR Series) Circular No.46	June 14, 2005
33	A.P. (DIR Series) Circular No.25	March 6, 2006
34	A.P. (DIR Series) Circular No.13	November 17, 2006
35	A.P. (DIR Series) Circular No. 14	November 28, 2006
36	A.P. (DIR Series) Circular No. 24	December 20, 2006
37	A.P. (DIR Series) Circular No. 38	April 5, 2007
38	A.P. (DIR Series) Circular No. 58	May 18, 2007
39	A.P. (DIR Series) Circular No. 9	September 26, 2007
40	A.P. (DIR Series) Circular No. 36	April 4, 2008
41	Foreign Exchange Management (Current Account Transactions) Rules,2000	May 3, 2000 (and subsequent amendments) (Please see page 28)
42	A.P. (DIR Series) Circular No.15	September 8, 2008
43	A.P. (DIR Series) Circular No.40 A.P. (F. L. Series) Circular No.03	December 10, 2008
44	A.P. (DIR Series) Circular No.10	October 5, 2009
45	A.P. (DIR Series) Circular No.11	October 5, 2009
46	A.P. (DIR Series) Circular No. 50 A.P.(FL Series) Circular No. 7	May 4, 2010
47	A.P. (DIR Series) Circular No.52	May 13, 2010
48	A.P. (DIR Series) Circular No.29	December 22, 2010
49	A.P. (DIR Series) Circular No. 48	April 5, 2011
50	A.P. (DIR Series) Circular No.17	September 16, 2011
51	A.P. (DIR Series) Circular No.18	September 16, 2011
52	A.P. (DIR Series) Circular No.32	October 10, 2011
53	A.P. (DIR Series) Circular No.37	October 19, 2011
54	A.P. (DIR Series) Circular No.90	March 6, 2012
55	A.P. (DIR Series) Circular No.102	April 2, 2012
56	A.P. (DIR Series) Circular No.118	May 7, 2012
57	A,P. (DIR Series) Circular No. 106	May 23, 2013

1. Section 5 of FEMA, 1999

Current Account Transactions

Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction:

Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed. **(para A.1.1 of Master Circular)**

2. Rule 3 of FEM (CAT) Rules, 2000

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.

(para A.1.4 of Master Circular)

3. Sub-section (5) of Section 10 of the FEMA, 1999

An authorized person shall before undertaking any transaction in foreign exchange on behalf of any person, require that person to make such declaration and to give such information as will reasonably satisfy him that the transaction will not involve, and is not designed for the purpose of any contravention or evasion of the provisions of this Act or of any rule, regulation, notification, direction or order made there under and where the said person refuses to comply any such requirement or makes only unsatisfactory compliance therewith , the authorized person shall refuse in writing to undertake the transaction and shall , if he has reason to believe that any such contravention or evasion as aforesaid is contemplated by the person, report the matter to the Reserve Bank. **(para A.14.1 of Master Circular)**
