

FED Master Direction No. 8/2015-16
Other Remittance Facilities (Current Account Transactions)

- ❖ 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 Management Act, 1999 which are detailed in the Foreign Exchange Management (Current Account Transactions) Rules, 2000 .
- ❖ Certain categories of transactions 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 to the Rules, prior approval** of the Reserve Bank would be required **for remittance exceeding the specified limits**.
- ❖ Release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan.
- ❖ **Travel :**
 - ✓ Out of the overall foreign exchange (USD 250, 000 per financial year) being sold to a traveller, 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 per visit or its equivalent.
 - ✓ 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.
 - ✓ 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.
 - ✓ Unspent foreign exchange A returning traveller is permitted to retain with him, foreign currency, travellers' cheques and currency notes up to an aggregate amount of USD 2000
- ❖ 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.
- ❖ **Remittances towards re-imburement of pre-incorporation expenses**
Remittances by persons other than individuals shall require prior approval of the Reserve Bank of India for 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.

- ❖ AD Category-I banks may permit drawal of foreign exchange by person for purchase of trademark or franchise in India without approval of the Reserve Bank.
- ❖ AD Category-I banks are 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
- ❖ For effecting current account remittances not exceeding USD 25,000 Authorised Dealers need only a simple letter from the applicant containing the basic information

SCHEDULE III (See rule 5)
Notified by GOI Notification No. G.S.R 426(E) dated May 26, 2015

❖ **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: