

Liberalised Remittance Scheme (LRS) for Resident Individuals - Pattern II

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Referencer on Foreign exchange Management act, 1999

1. Introduction of LRS

- (i) The Foreign Exchange Reserves of the country have increased manifold over the last twenty five years. In my view, the Liberalised Remittance Scheme (hereinafter referred to as "**the Scheme**") is a feather in the cap of the RBI as it has achieved the dual purpose of giving the resident individuals a reasonable opportunity to invest funds overseas while at the same time not exposing the rupee to the onslaught which convertible currencies have had to face in the recent times.
- (ii) The Scheme was announced by the Reserve Bank of India in February 2004 as a step towards further simplification and liberalization of the foreign exchange facilities available to resident individuals. This Scheme was operationalised *vide* A.P (DIR Series) Circular No. 64 dated February 4, 2004 with a limit of US \$ 25,000 per calendar year. However, RBI in consultation with the Government of India, has been enhancing this limit over the years in order to provide greater flexibility in foreign exchange transactions. Accordingly, US \$ 25,000 per calendar year was raised to US \$ 50,000 per financial year *vide* Circular No. 24 dated 20th December, 2006 which got further increased to US \$ 100,000? *vide* Circular No. 51 dated May 8, 2007 and further increased to US \$ 200,000 per financial year, *vide* Circular No. 9 dated Sep 26, 2007 and finally it stand to **US \$ 2,50,000** per financial year *vide* Notification No.341/2015-RB dated May 26, 2015 as current limit

2. Features of LRS

(i) LRS under Automatic Route

- (a) All resident individuals (**including minors**) are eligible to avail of the facility under the scheme.
- (b) Remittances up to US \$ 2,50,000 per financial year are allowed for any **permitted current or capital account transactions** or a combination of both (i.e., transactions specified in Schedule III of the Foreign Exchange Management (**Current Account Transactions**) Regulations, 2000 as given in Annex-2 and those permitted under Schedule I of the Foreign Exchange Management (**Permissible Capital Account Transactions**) Regulations, 2000) up to an aggregate limit of US \$ 2,50,000 per financial year **without any RBI approval**.
- (c) Remittances under this facility **can be consolidated** in respect of family members subject to individual family members complying with the terms and conditions of the Scheme.
- (d) It is mandatory to have a **PAN** to make remittances under the Scheme.

Referencer on Foreign exchange Management act, 1999s

(ii) **Permissible use of LRS**

Remittances for the following purposes are **permissible**:

- (a) To acquire and hold immovable property or **shares of listed and non-listed companies or debt instruments or any other asset Outside India**. To open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the Scheme **without prior approval** of the Reserve Bank. The account can be used for putting through any transaction connected with or arising from remittances under the Scheme.
- (b) For acquisition of **ESOPs**. The Scheme is inclusive to acquisition of ESOPs linked to ADR / GDR and acquisition of qualification shares by resident individual of India.
- (c.) 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.
- (d) To invest in **units** of Mutual Funds, Venture Funds, **unrated** debt securities, promissory notes, etc. under this Scheme.
- (e) *This **facility is inclusive** to those already available for private travel, medical treatment and education etc., as described in Schedule III of Foreign Exchange Management (**Current** Account Transactions) Rules, 2000 as given in annex-2. The Scheme can also be used for these purposes. However **limit of US \$ 2,50,000 can be increased** for education, emigration and medical treatment purpose subject to submission of bonafide evidences*
- (f) *Remittances against **gifts and donations** cannot, however, be made separately and have to be made, within the limits specified under this Scheme.*

Note:

- *As per the amendment wef 30-4-2007 to Schedule III of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 as given in annex-2 remittances towards gifts and donations up to US \$ 5000 per remitter/ donor for gifts and US \$ 5000 per remitter/donor for donations are now allowed to resident individuals. Accordingly, if a resident individual intends to remit money towards gifts and donations, it has to be made under the liberalized Scheme only.*
- (g) *Remittances need not be only in US Dollars. It can be made in **any currency** equivalent to US \$2,50,000 in a financial year.*

Referencer on Foreign exchange Management act, 1999

- (h) Remittances for the following purposes are **not permissible** :
- (ha) For any purpose specifically **prohibited** under Schedule I of Foreign Exchange Management (**Current** Account Transaction) Rules, 2000 as given in annex-2
 - (hb) Any item **restricted** under Schedule II of Foreign Exchange Management (**Current** Account Transaction) Rules, 2000 as given in annex-2
 - (hc) Remittances for margin or margin calls to overseas exchanges/ overseas counterparty.
 - (hd) Remittances made directly or indirectly to **Nepal or Bhutan**.
 - (he) Remittances made directly or indirectly to the countries identified by the Financial Action Task Force (**FATF**) as "non co- operative countries and territories".
 - (hf) Remittances directly or indirectly to those individuals and entities **identified as posing significant risk** of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

(iii) **Legal Compliances for LRS Requirements to be complied by the remitter**

- (a) To avail of this facility, the individual will have to **designate** a branch of an Authorised Dealer (**AD**) through which all the remittances under the scheme will be made.
- (b) The resident individual seeking to make the remittance should furnish an **application cum declaration** in Form A2 in the format as indicated in Annexure-1 regarding the purpose of the remittance and declaration that the funds belong to the remitter and will not be used for the purposes prohibited or regulated under the Scheme.

Requirements to be complied by the authorised Dealers

- (a) While allowing the facility to resident individuals, ADs are required to ensure that the "**Know Your Customer**" Guidelines have been implemented in respect of these accounts. They should also comply with the Anti-Money Laundering Rules in force while allowing the facility.
- (b) The applicant should have maintained a 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, ADs should carry out **due**

Referencer on Foreign exchange Management act, 1999

diligence on the opening, operation and maintenance of the account. Further the ADs 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.

- (c) The ADs **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.
- (d) ADs **should certify** that the remittance is not being made directly or indirectly to ineligible entities and that the remittances are made in accordance with the instructions contained herein.

(iv) Credit Facility and Approval for LRS

- (a) Banks are **not allowed** to extend any kind of credit facilities to resident individuals to facilitate remittances under this Scheme **for capital account transactions**
- (b) Prior **approval of RBI** is required by all the Indian and Foreign banks, including those not having any operational presence in India, **for the Schemes being marketed** by them in India for soliciting foreign currency deposits. This is with a view to protect the interest of the Resident Individuals since these schemes do not contain appropriate disclosures to guide the potential depositors.

(v) Some important clarifications on LRS

- (a) The scheme is **not available** to non-individuals like **HUF**, firm, company and trust etc.
- (b) The scheme is **available for** set up of Joint Venture (**JV**) and Wholly Owned Subsidiaries (WOS) for bonafide business activities Outside India.
- (c) Resident individual is **required** to submit annual performance report (**APR**) for the JV and/or WOS as set up Outside India
- (d) **No remittance** to India is required against incomes earned on the investments made Outside India and also not to include for computing monetary limit of USD 2.5 per financial year
- (e) The Scheme is **not permitted twicely** in same financial year where first investments proceeds are brought back to India in same financial year
- (f) **Consolidated** investments are **permitted** by the family members jointly where ownership is also **jointly**
- (g) AD bank is permitted to allow bank **loan for current** account transactions **not for capital** account transactions

FAQs on the Liberalised Remittance Scheme

RBI has issued a list of FAQs as duly updated on February 13, 2019 for the purpose of this scheme as an important from practical point of view are being reproduced below for ready reference
(<https://www.rbi.org.in/Scripts/FAQView.aspx?Id=115>)

Q1. What is the Liberalised Remittance Scheme (LRS) of USD 2,50,000 ?

Ans. Under the Liberalised Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any **permissible current or capital account transaction** or a combination of both. Further, resident individuals can avail of foreign exchange facility for the purposes mentioned in Para 1 of Schedule III of FEM (CAT) Amendment Rules 2015, dated May 26, 2015, within the limit of USD 2,50,000 only.

The Scheme was introduced on February 4, 2004, with a limit of USD 25,000. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions.

-In case of remitter being a minor, the LRS declaration form must be countersigned by the minor's natural guardian. **The Scheme is not available to corporates, partnership firms, HUF, Trusts etc.**

Q2. What are the prohibited items under the Scheme?

Ans. The remittance facility under the Scheme is not available for the following:

- i. Remittance for any purpose specifically **prohibited** under Schedule-I (like purchase of lottery tickets/sweep stakes, proscribed magazines, etc.) or any item **restricted** under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.
- ii. Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty.
- iii. Remittances for purchase of FCCBs issued by Indian companies in the **overseas secondary market**.
- iv. Remittance for trading in foreign exchange abroad.
- v. Capital account remittances, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as “non-cooperative countries and territories”, from time to time.
- vi. Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

Q3. What are the purposes under FEM (CAT) Amendment Rules, 2015, under which a resident individual can avail of foreign exchange facility?

Ans. Individuals can avail of foreign exchange facility for the following purposes within the LRS limit of USD 2,50,000 on financial year basis:

- 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 which is not covered under the definition of current account in FEMA 1999.

The AD bank may undertake the remittance transaction **without RBI's permission** for all residual current account transactions which are **not prohibited/ restricted transactions under Schedule I, II or III** of FEM (CAT) Rules, 2000, as amended or are defined in FEMA 1999. It is for the AD to satisfy themselves about the genuineness of the transaction, as hitherto.

Q4. Under LRS are resident individuals required to repatriate the accrued interest/dividend on deposits/investments abroad, over and above the principal amount?

Ans. **No**, the investor can retain and reinvest the income earned from portfolio investments made under the Scheme.

However, a resident individual who has made overseas direct investment in the equity shares and compulsorily convertible preference shares of a Joint Venture or Wholly Owned Subsidiary outside India, within the LRS limit, then he/she shall have to comply with the **terms and conditions** as prescribed under [Foreign Exchange Management **(Transfer or Issue of any Foreign Security) Regulations** 2004 as amended from time to time] Notification No. 263/ RB-2013 dated August 5, 2013.

Q5. Can remittances under the LRS facility be consolidated in respect of family members?

Ans. Remittances under the facility **can be consolidated** in respect of close family members subject to the individual family members complying with the terms and conditions of the Scheme. However, clubbing is **not permitted** by other family members for capital account transactions such as opening a bank account/investment /purchase of property, **if they are not the co-owners/co-partners** of the investment/property/overseas bank account. Further, a resident cannot gift to another resident, in foreign currency, for the credit of the latter's foreign currency account held abroad under LRS.

Q6. Is the AD required to check permissibility of remittances based on nature of transaction or allow the same based on remitters declaration?

Ans. AD will be guided by the nature of transaction as declared by the remitter in Form A2 and will thereafter certify that the remittance is in conformity with the instructions issued by the Reserve Bank in this regard from time to time. However, the **ultimate responsibility is of the remitter to ensure compliance to the extant FEMA rules/regulations.**

Q7. Is it mandatory for resident individuals to have Permanent Account Number (PAN) for sending outward remittances under the Scheme?

Ans. **Yes** It is mandatory for the resident individual to provide his/her Permanent Account Number (PAN) for all transactions under LRS made through Authorized Persons.

Q8. Are there any restrictions on the frequency of the remittance?

Ans. There are **no restrictions** on the frequency of remittances under LRS. However, the total amount of foreign exchange purchased from or remitted through, all sources in India during a financial year should be **within the cumulative limit of USD 2,50,000.**

Once a remittance is made for an amount up to USD 2,50,000 during the financial year, a resident individual would not be eligible to make any further remittances under this scheme, even if the proceeds of the investments have been brought back into the country.

Q9. Resident individuals (but not permanently resident in India) can remit up to net salary after deduction of taxes. However, if he has exhausted the limit of USD 2,50,000 as net salary remittance and desires to remit any other income under LRS is it permissible as the limit will be over and above USD 2,50,000?

Ans. Resident individuals (but not permanently resident in India) who have remitted their entire earnings and salary and wish to further remit 'other income' **may approach RBI with documents through their AD bank for consideration.**

Q10. Para 5.4 of AP DIR Circular 106 dated June 01, 2015 states that the applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance for capital account transactions. Whether this restriction applies to current account transactions?

Ans. **No.** The rationale is that remittance facility is up to the LRS limit of USD 250, 000 for current account transactions under Schedule III of FEM (CAT) Amendment Rules, 2015, such as for private and business visits which can also be provided by FFMCs. As FFMCs cannot maintain accounts of remitters the proviso (as mentioned in para 5.4 of the circular *ibid*) has been confined to capital account transactions. However, FFMCs, are required to ensure that the "Know Your Customer" guidelines and the Anti-Money Laundering Rules in force have been complied with while allowing the current account transactions.

Q11. Are there any restrictions towards remittances to Mauritius and Pakistan for permissible current account transactions?

Ans. **No**, there are no restrictions towards remittances for current account transactions to Mauritius and Pakistan.

Remittances directly or indirectly to countries identified by the Financial Action Task Force (FATF) as “non- cooperative countries and territories”, from time to time; and remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks are not permissible.

Q12. What are the requirements to be complied with by the remitter?

Ans. The individual will have to designate a branch of an AD through which all the capital account remittances under the Scheme will be made. The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance.

For remittances pertaining to permissible current account transactions, 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 AD 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. **He has to furnish Form A-2 regarding the purpose of the remittance and declare that the funds belong to him and will not be used for purposes prohibited or regulated under the Scheme.**

Q13. Can remittances be made only in US Dollars?

Ans. The remittances can be made in **any freely convertible foreign currency.**

Q14. Are intermediaries expected to seek specific approval for making overseas investments available to clients?

Ans. Banks including those not having operational presence in India are **required to obtain prior approval from Reserve Bank for soliciting deposits** for their foreign/overseas branches or for acting as agents for overseas mutual funds or any other foreign financial services company.

Q15. Are there any restrictions on the kind/quality of debt or equity instruments an individual can invest in?

Ans. **No** ratings or guidelines have been prescribed under LRS of USD 2,50,000 on the quality of the investment an individual can make. However, the individual investor is expected to exercise due diligence while taking a decision regarding the investments which he or she proposes to make.

Q16. Whether credit facilities (fund or non-fund based) in Indian Rupees or foreign currency can be extended by AD banks to resident individuals?

Ans. LRS does **not** envisage extension of fund and non-fund based facilities by the AD banks to their resident individual customers to facilitate remittances **for capital account transactions** under LRS.

However, **AD banks may extend fund and non-fund based facilities** to resident individuals to facilitate **current account remittances** under the Scheme.

Q17. Can bankers open foreign currency accounts in India for residents under LRS?

Ans. **No.**

Q18. Can an Offshore Banking Unit (OBU) in India be treated on par with a branch of the bank outside India for the purpose of opening of foreign currency accounts by residents under the Scheme?

Ans. **No.**

Q19. What are the documents required for withdrawal/remittance of foreign exchange for purposes mentioned in para 1 of Schedule III to FEM (CAT) Amendment Rules, 2015?

Ans. Permanent Account Number (**PAN**) is mandatory for all transactions under LRS.

Q20. Whether documents viz 15 CA, 15 CB have to be taken in all outward remittance cases including remittances for maintenance etc.?

Ans. In terms of A. P. (DIR Series) circular No. 151 dated June 30, 2014, Reserve Bank of India will not issue any instructions under the FEMA, regarding the procedure to be followed in respect of deduction of tax at source while allowing remittances to the non-residents. It shall be mandatory on the part of **ADs to comply with the requirement of the tax laws, as applicable.**

Q21. Will the expenses incurred by an LLP to sponsor the education expense of its partners who are pursuing higher studies for the benefit of the LLP will be outside the LRS limit of such individuals (partners)?

Ans. LLP is a body corporate and has a legal entity separate from its partners. Therefore, if the LLP incurs/sponsors the education expense of its partners who are pursuing higher studies for the benefit of the LLP, then the same shall be **outside the LRS limit** of the individual partners and would instead be deemed as residual current account transaction undertaken by the LLP without any limits.

Q22. Clarification on remittance by sole proprietor under LRS.

Ans. In a sole proprietorship business, there is **no legal distinction** between the individual / owner and as such the owner of the business can remit USD up to the permissible limit under LRS. If a sole proprietorship firm intends to remit the money under LRS by debiting its current account then the eligibility of the proprietor in his individual capacity has to be reckoned. Hence, if an individual in his own capacity remits USD 250,000 in a financial year under LRS, he

cannot remit another USD 250,000 in the capacity of owner of the sole proprietorship business as there is no legal distinction.

Q23. Whether prior approval is required to open, maintain and hold foreign currency account with a bank outside India for making remittances under the LRS?

Ans: **No.**

Q24. What are the facilities under Schedule III of FEM (CAT) Amendment Rules, 2015 available for persons other than individual?

Ans. The following facilities are available to persons **other than individuals**:

- a. **Donations up-to 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.
- b. **Commission**, per transaction, to agents abroad for sale of residential flats or commercial plots in India up to USD 25,000 or five percent of the inward remittance whichever is less.
- c. Remittances up to 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.
- d. Remittances up to five per cent of investment brought into India or USD 100,000 whichever is less, by an entity in India by way of **reimbursement of pre-incorporation expenses**.
- e. Remittances up to USD 250,000 per financial year for purposes stipulated under Para 1 of Schedule III to FEM (CAT) Amendment Rules, 2015. However, **all residual current account transactions** undertaken by such entities are otherwise permissible **without any specified limit** and are to be disposed off at the level of AD, as hitherto. It is for the AD to satisfy themselves about the genuineness of the transaction.

Anything in excess of above limits requires prior approval of the Reserve Bank of India.

Q25. Can a resident individual make a rupee loan to a NRI/PIO who is a close relative of resident individual, by of crossed cheque/ electronic transfer?

Ans. A resident individual is permitted to make a rupee loan to a NRI/PIO who is a **close relative** of the resident individual ('relative' as defined in Section 2(77) of the Companies Act, 2013) 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 LRS limit of USD 2,50,000**, per financial year, available to the resident individual. It would be the responsibility of the lender to ensure that the amount of loan is within the LRS limit of USD 2,50,000 during the financial year.
- (iii) The loan shall be **utilised** for meeting the borrower's personal requirements or **for his own business purposes in India**.
- (iv) The loan shall **not be utilised**, either singly or in association with other person, for any of the activities in which investment by persons resident outside India is **prohibited**, namely;
- The business of chit fund, or
 - Nidhi Company, or
 - Agricultural or plantation activities or in real estate business, or construction of farmhouses, or
 - 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**.
- (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.

Q26. Can a resident individual make a rupee gift to a NRI/PIO who is a close relative of resident individual, by of crossed cheque/ electronic transfer?

Ans. A resident individual can make a rupee gift to a NRI/PIO who is a close relative of the resident individual [relative' as defined in Section 2(77) of the Companies Act, 2013] by way of crossed cheque /electronic transfer. The amount should be credited to the Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c. The gift amount would be **within the overall limit of USD 250,000** per financial year as permitted under the LRS for a resident individual. It would be the responsibility of the resident donor to ensure that the gift amount being remitted is under the LRS and all the remittances made by the donor during the financial year including the gift amount have not exceeded the limit prescribed under the LRS.

¹ A 'person resident in India' is defined in Section 2(v) of FEMA, 1999 as :

(i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include-

(A) a person who has gone out of India or who stays outside India, in either case-

(a) for or on taking up employment outside India, or

(b) for carrying on outside India a business or vocation outside India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;

(B) a person who has come to or stays in India, in either case, otherwise than-

(a) for or on taking up employment in India, or

(b) for carrying on in India a business or vocation in India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;

(ii) any person or body corporate registered or incorporated in India,

(iii) an office, branch or agency in India owned or controlled by a person resident outside India,

(iv) an office, branch or agency outside India owned or controlled by a person resident in India.

● **Disclaimers:**

(I) Despite every effort taken to avoid any error or omission, there may still be chances for such errors and omissions to be crept in inadvertently. Author shall not be responsible for any damage or loss in whatever manner, consequent to any action taken on the basis of contents of this article, caused to any person, whether a reader or not, a reader.

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FORM A2

(To be completed by the applicant)

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

AD Code No. _____

Form No. _____
(To be filled in by the Authorised Dealer)Currency _____ Amount _____ Equivalent to Rs. _____
(To be completed by the Authorised Dealer)**Application for Remittance Abroad**I/We _____
(Name of applicant remitter)PAN No.¹⁶ _____

Address _____

authorize

(Name of AD branch)To debit my 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 _____
Amount (specify currency) _____

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

Sr. No.	Whether under LRS (Yes/No)	Purpose Code	Description
As per the Annex			

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

¹⁵ Inserted vide [AP \(Dir\) series Circular 50 dated February 11, 2016](#). Prior to insertion it read as Annex 1, which has since been replaced with effect from the same date.¹⁶ Modified vide [AP \(DIR\) Series Circular No. 32 dated June 19, 2018](#). Prior to modification, it read "PAN No. (For remittances exceeding USD 25,000 and for all capital account transactions)"

**Declaration
(Under FEMA 1999)**

1. # I,(Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year including this application is within the overall limit of the Liberalised Remittance Scheme prescribed by the Reserve Bank of India and certify that the source of funds for making the said remittance belongs to me and the foreign exchange will not be used for prohibited purposes.

Details of the remittances made/transactions effected under the Liberalised Remittance Scheme in the current financial year (April- March)

Sl. No	Date	Amount	Name and address of AD branch/FFMC through which the transaction has been effected

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

3. # Foreign exchange purchased from you is for the purpose indicated above.

(Strike out whichever is not applicable)

Signature of the applicant

(Name)

Date:

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 the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Stamp and seal

Signature:

Date:

Place:

Purpose Codes for Reporting under FETERS

A. Payment Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
00	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)

Gr. No.	Purpose Group Name	Purpose Code	Description
		S0023	Opening of foreign currency account abroad with a bank
	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.
01	Imports	S0101	Advance payment against imports made to countries other than Nepal and Bhutan
		S0102	Payment towards imports- settlement of invoice other than Nepal and Bhutan
		S0103	Imports by diplomatic missions other than Nepal and Bhutan
		S0104	Intermediary trade/transit trade, i.e., third country export passing through India
		S0108	Goods acquired under merchanting / Payment against import leg of merchanting trade*
		S0109	Payments made for Imports from Nepal and Bhutan, if any
02	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

Gr. No.	Purpose Group Name	Purpose Code	Description
		S0224	Postal & Courier services by others
03	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)
05	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.
06	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
07	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.
08	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.
09	Charges for the use of intellectual property (not included elsewhere)	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.
10	Other Business Services	S1002	Trade related services – commission on exports / imports

Gr. No.	Purpose Group Name	Purpose Code	Description
		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
11	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
12	Govt. not included elsewhere	S1201	Maintenance of Indian embassies abroad
		S1202	Remittances by foreign embassies in India
13	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

Gr. No.	Purpose Group Name	Purpose Code	Description
14	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
15	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)
16	Maintenance and repair services (not included elsewhere)	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.
17	Manufacturing services (goods for processing)	S1701	Payments for processing of goods

Foreign Exchange Management (Current Account Transactions) Rules, 2000

Notification No. G.S.R.381(E) dated 3rd May 2000

(Updated by Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 vide Notification G.S.R. 426(E) dated 26-05-2015.)

Includes Amendments

In exercise of the powers conferred by section 5 and subsection (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
2. Definitions
3. Prohibition on drawal of Foreign Exchange
4. Prior approval of Govt. of India
5. Prior approval of Reserve Bank
7. Use of International Credit Card while outside India

Schedule I

Schedule II

Schedule III

Foreign Exchange Management (Current Account Transactions) Rules, 2000

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 term and conditions as it may consider necessary to stipulate by special or general order.

4. Prior approval of Govt. 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 ²[****] of the remitter.

²⁶5. 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.]

- ³6. (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 Schedule III as the case may be.]

¹⁰7. 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

¹⁸[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,
- ¹¹[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

¹⁹[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)
⁴ [2.	Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding US\$ 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 ¹⁵ [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
¹⁶ [6.	Remittance of hiring charges of transponders	
	(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)
²⁵ [8.	****]	
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 US\$ 100,000	Ministry of Human resources Development (Department of Youth Affairs and Sports)
¹⁷ [10.	****]	
11.	Remittance for membership of P & I Club.	Ministry of Finance (Insurance Division)

27 **Schedule - III**

(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 FEMANotification 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.

- 1 Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2000, vide Notification No. GSR 663(E) dated 09.08.2000. Prior to substitution, the entries under serial no. 2 read as under :

"2.	Advertisement abroad by any PSU / State and Central Government	Ministry of Finance, (Department Economic Affairs)"
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2. The words "or Exchange Earners' Foreign Currency (EEFC) account" omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001.
3. Inserted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001.
4. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001. Prior to substitution, the entries under serial no. 2 read as under:

"12.	Advertisement abroad by any State Government or its PSUs	Ministry of Finance, Department of Economic Affairs"
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5. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001. Prior to its substitution, item 3 read as under:
"3. Gift remittance exceeding US\$ 5,000 per beneficiary per annum."
6. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001. Prior to its substitution, item 4 read as under:
"4. Donation exceeding US\$ 5,000 per annum per beneficiary."
7. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001. Prior to its substitution, item 7 read as under:
"7. Remittance for maintenance of close relatives abroad exceeding US\$ 5,000 per year per recipient."
8. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2001, vide Notification No. SO 301(E) dated 30.03.2001. Prior to its substitution, item 15 read as under:
"15. Remittances exceeding US\$ 100,000 for architectural / consultancy services procured from abroad."
- 8a Omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04. Prior to its omission, item 1 read as under:
"Remittance by artiste e.g. wrestler, dancer, entertainer etc. (This restriction is not applicable to artistes engaged by tourism related organisations in India like ITDC, State Tourism Development Corporations etc. during special festivals or those artistes engaged by hotels in five star categories, provided the expenditure is met out of EEFC account.)"
- 8b Substituted by the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04. Prior to its substitution, item 11 read as under:
"11. Commission to agents abroad for sale of residential flats / commercial plots in India, exceeding 5% of the inward remittance."
- 8c Omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04. Prior to its omission, item 12, 13 and 14 read as under:
"12. Short term credit to overseas offices of Indian companies."
13. Remittance for advertisement on foreign television by a person whose export earnings are less than Rs. 10 lakhs during each of the preceding two years."
14. Remittances of royalty and payment of lump-sum fee under the technical collaboration agreement which has not been registered with Reserve Bank."

- 8d Substituted by the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04. Prior to its substitution, item 16 read as under:
- "16. Remittances for use and / or purchase of trade mark / franchise in India."
- 8e Omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04.
9. Substituted for "US\$ 5000" by the Foreign Exchange Management (Current Account Transactions) (Second Amendment) Rules, 2002, vide Notification No. G.S.R.831(E) dated 17.12.2002.
10. Inserted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2003, vide Notification No. G.S.R.33(E) dated 15.01.2003.
11. Substituted by the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2003, vide Notification No. G.S.R.397(E) dated 01.05.2003. Prior to its substitution, item 6 read as under:
- "6. Payment of commission on exports under Rupee State Credit Route,
12. Substituted by the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2003, vide Notification No. G.S.R.397(E) dated 01.05.2003. Prior to its substitution, clause (i) read as under:
- "(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 is a citizen of a foreign state other than Pakistan.
13. Substituted for "employment of" by the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2003, vide Notification No. G.S.R.397(E) dated 01.05.2003.
14. Substituted for "US \$ 5000" by the Foreign Exchange Management (Current Account Transactions) (Third Amendment) Rules 2003, vide Notification No. G.S.R.731(E) dated 05.09.2003.
- 14 Substituted for "US \$ 30,000" by the Foreign Exchange Management (Current Account Transactions) (Third Amendment) Rules a 2003, vide Notification No. G.S.R.731(E) dated 05.09.2003.
- 14 Substituted for "US \$ 100,000" by the Foreign Exchange Management (Current Account Transactions) (Third Amendment) b Rules 2003, vide Notification No. G.S.R.731(E) dated 05.09.2003.
15. Inserted by the Foreign Exchange Management (Current Account Transaction) (Fourth Amendment) Rules, 2003, vide Notification No. G.S.R.849(E) dated 27.10.2003.
16. Inserted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04.
17. Omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004, vide Notification No. G.S.R.608(E) dated 13-09-04. Prior to its omission, item 10 read as under:
- | | |
|--|--|
| "10. Payment for securing Insurance for health from a company abroad | Ministry of Finance (Insurance Division) |
|--|--|
- 18 Substituted for "(see Rule 3)" by the Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2005, vide Notification No. G.S.R.512(E) dated 27.07.2005.
19. Substituted for "(see Rule 4)" by the Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2005, vide Notification No. G.S.R.512(E) dated 27.07.2005.
20. The original item 16 omitted by the Foreign Exchange Management (Current Account Transaction) (Amendment) Rules, 2006, vide Notification No. G.S.R. 412 (E) dated 10.07.06. Prior to its substitution, item 16 read as under:
- "16. ^{2d}[Remittance for purchase of trademark or franchise in India.]"
21. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2009, vide Notification No. G.S.R.349(E) dated 22.05.09, w.e.f. 20.12.06. Prior to their substitution, item 2 & 3 read as under :
- "2. Release of exchange exceeding ²[US\$ 10000] 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.]
22. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2009, vide Notification No. G.S.R.349(E) dated 22.05.09, w.e.f. 30.04.2007. Prior to their substitution, item 4 read as under:
- "⁴[4. Donation exceeding US\$ 5,000 per remitter / donor per annum.]
23. Substituted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2009, vide Notification No. G.S.R.349(E) dated 22.05.09, w.e.f. 30.04.2007. Prior to their substitution, item 15 read as under:
- "¹⁵[15. Remittance exceeding ^{14b}[US\$ 1,000,000], per project, for any consultancy service procured from outside India.]
24. Inserted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2009, vide Notification No. G.S.R.349(E) dated 22.05.09, w.e.f. 30.04.2007. Prior to insertion clause read as:
- "¹⁷[17. Remittance exceeding US\$ 100,000, by an entity in India by way of reimbursement of pre-incorporation expenses.]"
25. Omitted by the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2010, vide Notification No. G.S.R.382(E) dated 05-05-10, w.e.f. 16-12-2009. Prior to its omission, item 8 read as under :
- | | |
|--|-----------------------------------|
| "8. Remittances under technical collaboration agreements where payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds US\$2 million | Ministry of Industry and Commerce |
|--|-----------------------------------|
- 26 Substituted by the Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 w.e.f. 26-05-2015. Prior to its substitution, rule 5 read as follows :

(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 ²[****] of the remitter.

27 Substituted by the Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 w.e.f. 26-05-2015. Prior to its substitution, Schedule III read as follows :

1. [****]^{8a}

²¹2. 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;]

²²4. (i) Donation exceeding US\$ 5,000 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 purposes of these item numbers 3 and 4, remittance of gift and donation by resident individuals are subsumed under the Liberalised Remittance Scheme.]

5. Exchange facilities exceeding ¹⁴[US \$ 100,000] for persons going abroad for employment.

6. Exchange facilities for emigration exceeding ¹⁴[US \$ 100,000] or amount prescribed by country of emigration.

⁷7. Remittance for maintenance of close relatives abroad,

¹²(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 ¹⁴[US \$ 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 ¹³[employment or deputation of] 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.]

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 estimates from the institution abroad or ^{14a}[US\$ 100,000] ³[per academic year], whichever is higher.

^{8b}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. ^{8c}[****]

13. ^{8c}[****]

14. ^{8c}[****]

²³15. 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 airport,
- (vi) Industrial parks, and
- (vii) Urban infrastructure (water supply, sanitation and sewage).]

~~20~~[16. [****]

~~24~~[17. Remittances exceeding five per cent of the 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. ~~8e~~[****]

Includes Amendments

G.S.R.663(E) dt 09-08-2000

S.O.301(E) dt 30-03-01

G.S.R.831(E) dt 17-12-02

G.S.R.33(E) dt 15-01-03

G.S.R.397(E) dt 01-05-03

G.S.R.731(E) dt 05-09-03

G.S.R.849(E) dt 27-10-03

G.S.R.608(E) dt 13-09-04

G.S.R.512(E) dt 27-07-05

G.S.R. 412(E) dt 10-07-06

G.S.R.349(E) dt 22-05-09

G.S.R.382(E) dt 05-05-10

G.S.R.426(E) dt 26-05-15