

**Release of Foreign Exchange for Small Value Remittances
A.P.(DIR Series) Circular No.16 (September 12, 2002)**

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI - 400 001**

A.P.(DIR Series) Circular No.16

September 12, 2002

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Release of Foreign Exchange for Small Value Remittances

Attention of authorised dealers (ADs) is drawn to the sub-section (5) of Section 10 of the Foreign Exchange Management Act (FEMA), 1999, which provides that an authorised person shall before undertaking any transaction in foreign exchange on behalf of any person require that person 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 Act or of any rule, regulation, notification, direction or order issued thereunder.

2. With a view to provide hassle free release of foreign exchange to the resident individuals for various purposes, it has since been decided that ADs may release an amount upto USD 500 or its equivalent for all permissible transactions on the basis of a simple letter from the applicant containing the basic information, viz., name and the address of the applicant, name and address of the beneficiary, amount to be remitted and purpose of remittance. It is clarified that submission of A2 Form in such cases need not be insisted upon.

3. It is further clarified that Authorised Dealers need not obtain any document as long as exchange is being purchased for a permissible transaction and the amount does not exceed USD 500 or its equivalent and the payment is made by a cheque drawn on the applicant's bank account or by a Demand Draft.

4. Authorised Dealers may bring the contents of the circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager