

Money Transfer Service Scheme

Money Transfer Service Scheme (MTSS) is a quick and easy way of transferring personal remittances from abroad to beneficiaries in India. Only personal remittances such as remittances towards family maintenance and remittances favouring foreign tourists visiting India are permissible. The system envisages a tie-up between reputed money transfer companies abroad and agents in India who would disburse the funds to the beneficiaries at ongoing exchange rates. The system does not envisage the repatriation of such inward remittances. The India agent is also not allowed to remit any amount on account of exchange loss to the overseas principal.

2. The Indian agent who has to be an Authorised Dealer, Full Fledged Money Changer or registered Non-Banking Financial Company (NBFC), IATA approved Travel agents (having minimum net worth of Rs.25 lakhs) requires RBI approval to enter into such an arrangement. The agent is allowed to open a special rupee account with an AD through which all the remittances disbursed under the scheme, are to be routed. The Indian agent pays the beneficiaries first, on instructions from the overseas principal and is reimbursed the amount and his commission, by the overseas principal, within a day or two through normal banking channels. A copy of the guidelines which are to be followed by the Indian agents while applying for RBI approval is attached.

General Guidelines for seeking permission for Money Transfer Service Scheme (MTSS)

1. The Agent in India should be an Authorised Dealer, Full Fledged Money Changer, Registered Non Banking Financial Company or an IATA approved Travel agent. (having minimum net worth of Rs.25 lakhs). If the agent is a NBFC, they should incorporate a clause in the Memorandum and Articles of Association that it can undertake money transfer activities.

2. Information/documents to be submitted by the Agent alongwith application.

- a) An undertaking that the agent/directors is/are not under investigation by any law enforcing agency.
- b) Name and address of the overseas Principal with whom the MTS will be conducted.
- c) Full details of the operation of the scheme by the overseas principal. (Our permission would be country specific).
- d) List of branches in India and their addresses where MTS will be conducted by the Agent.
- e) Estimated volume of business per month/year under the scheme.
- f) Balance Sheet and Profit and Loss account for the last two financial years, if available.

3. Criteria for selection of overseas Principal

- a) The principal should be a registered entity licensed by the Central Bank/Government or any other regulatory authority for carrying on Money Transfer Activities or where Money Transfer is an unlicensed activity, the principal should be licensed/supervised by any other regulatory/supervisory body in the host country.
- b) Should be registered with the trade/Industry bodies.
- c) Should have a good rating from one of the reputed credit rating agencies.
- d) Should submit confidential reports from two banks.
- e) Should submit a report certified by independent Chartered Accountants, regarding steps taken to comply with anti money laundering norms in the host country.

4. **Collateral requirement**

Collateral equivalent to 3 days' average drawings or USD 50,000 whichever is higher, may be kept by the overseas principal with the designated bank in India. The minimum amount of USD 50,000 shall be kept as a foreign currency deposit while the balance amount may be kept in the form of a Bank Guarantee. The adequacy of collateral amounts should be reviewed half yearly on the basis of remittances received during the past six months.

5. **Other conditions**

- a) Only personal remittances shall be allowed under this arrangement. Donations/contributions to charitable institutions/Trusts shall not be remitted through this arrangement.
- b) A cap of USD 2500 has been placed on individual transaction under the scheme. Amounts upto Rs.50,000/- may be paid in cash. Any amount exceeding this limit shall be paid by means of cheque/D.D./P.O. etc. or credited directly to the beneficiary's account only.
- c) Only 12 remittances can be received by a single individual during a year.

Note

In exceptional circumstances, where the beneficiary is a foreign tourist, higher amounts may be disbursed in cash. Full record of such transactions should be kept on record for scrutiny by the auditors/inspector.