



**RESERVE BANK OF INDIA  
FOREIGN EXCHANGE DEPARTMENT  
CENTRAL OFFICE  
MUMBAI-400001**

RBI/ 2004/105

A.P. (DIR Series) Circular No. 80

March 18, 2004

**To all Authorised Dealers in Foreign Exchange**

**Madam/Sirs,**

**Liberalised Remittance Scheme of USD 25,000 for Resident Individuals- Investor  
Protection – Disclosure Requirements**

Attention of the Authorised Dealers is invited to the instructions contained in A.P. DIR (Series) Circular No. 64 dated February 4, 2004, whereby Reserve Bank announced a Scheme permitting resident individuals to make remittance for an amount not exceeding USD 25,000 per calendar year. This facility is available for making remittance up to USD 25,000 per calendar year for any current or capital account transaction or a combination of both.

2. A number of foreign banks operating in India as well as Indian banks have been subsequently soliciting foreign currency deposits from residents under the above Scheme. It has been observed that several advertisements/ news items have appeared soliciting foreign currency funds/deposits at certain interest rates to be placed at overseas centers or on behalf of overseas mutual funds. These advertisements do not contain appropriate disclosures to guide potential depositors. In the case of banks operating in India concerns arise regarding adequate disclosures from the point of view of protecting the interest of the resident individuals. Further, marketing in India of schemes soliciting foreign currency deposits by foreign entities, not having operational presence in India, also raises supervisory concerns.

3. It has therefore been decided in public interest, that all banks, both Indian and foreign, including those not having an operational presence in India, should seek prior approval from RBI for the schemes being marketed by them in India to residents either for soliciting foreign currency

deposits for their foreign/overseas branches or for acting as agents for overseas mutual funds or any other foreign financial services company. The applications in this regard may be addressed to the Chief General Manager-in-Charge, Department of Banking Operations and Development, Reserve Bank of India, Central Office, Centre-1, World Trade Center , Cuffe Parade, Mumbai - 400005.

4. The above instructions do not restrict the freedom of resident individual from investing in permissible capital account transactions under the Scheme.

5. Reserve Bank has issued a press release in this regard, a copy of which is enclosed for the guidance of the Authorised Dealers.

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

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

Yours faithfully,

**Grace Koshie**  
Chief General Manager