

**May 13, 2005**

To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sirs,

**Amendments to FEMA Regulations – Remittance of assets by  
Non-Resident Indians (NRIs)/Persons of Indian Origin (PIO)**

Attention of banks authorised to deal in foreign exchange is invited to Regulation 4(3) of the Notification No. FEMA 13/2000-RB dated May 3, 2000, as amended from time to time and A.P. (DIR Series) Circular No.67 dated January 13, 2003, in terms of which a NRI/PIO is permitted to remit an amount not exceeding USD one million, per calendar year, out of balances held in NRO accounts/sale proceeds of assets/the assets in India acquired by him by way of inheritance/legacy, on production of certain documents.

2. On a review, it has been decided to extend the facility available under legacy / inheritance to an arrangement under a “settlement” whereby the property is passed on to the legatees, during the lifetime of the owner/parent who normally retains a life interest in the property. It is clarified that the settlement is also a mode of inheritance from the parent, the only difference being that the property under the settlement passes to the beneficiary on the death of the owner/parent without any legal procedures/hassles and helps in avoiding delay and inconvenience in applying for probate, etc

3. Accordingly, banks authorized to deal in foreign exchange may allow remittance facility to a NRI/PIO under a deed of settlement made either by his parents or close relative (as defined in Section 6 of the Companies Act, 1956). The remittance facility would be available only on demise of the settler.

4. The relevant amendments to the Foreign Exchange Management (Remittance of Assets) Regulations, 2000 notified vide Notification No FEMA

13/2000-RB dated May 3, 2000 have been issued vide Notification No .FEMA 119/2004-RB dated June 29, 2004, a copy of which is enclosed.

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

6. 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

**(F. R. Joseph)**  
**Chief General Manager**

**Foreign Exchange Management (Remittance of Assets)**  
**(Amendment) Regulations, 2004**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.13/2000-RB dated May 3, 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Remittance of Assets) Regulations, 2000, namely:-

**Short title and commencement :-**

1. (i) These Regulations may be called the "Foreign Exchange Management (Remittance of Assets) (Amendment) Regulations, 2004"
- (ii) They shall come into force from the date of their publication in the official Gazette.

**Amendment of the Regulations :-**

2. (i) In the Foreign Exchange Management (Remittance of Assets) Regulations, 2000, in Regulation 4, for sub-regulation (3), the following sub-regulation shall be substituted, namely:-

"(3) A Non-Resident Indian (NRI)/Person of Indian Origin (PIO) may remit an amount, not exceeding US \$ 1,000,000 (US Dollar One million only) per calendar year,

(i) out of the balances held in NRO accounts/sale proceeds of assets/the assets in India acquired by him by way of inheritance/legacy on production of:

(a) documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter, and

(b) a tax clearance/no objection certificate from the Income Tax Authority for the remittance

(ii) Under a deed of settlement made by either of his parents or a close relative (as defined in Section 6 of the Companies Act, 1956) and the settlement taking effect on the death of the settler, on production of :

(a) the original deed of settlement; and

(b) a tax clearance/No objection certificate from the Income-Tax Authority for the remittance;

Provided that in respect of remittance of sale proceeds of immovable property (acquired other than by way of inheritance/legacy/settlement), the property/sale proceeds were held/retained as eligible investments cumulatively for a minimum period of 10 years;

Provided further that where the remittance under Clause (i) and (ii) is made in more than one instalment, the remittance of all instalments shall be made through the same Authorised Dealer".

**(Shyamala Gopinath)**  
**EXECUTIVE DIRECTOR**

**Foot Note:-** *The Principal Regulations were published in the Official Gazette Vide G.S.R. No.396 (E) dated May 5, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide G.S.R. Nos.576 (E) dated August 19, 2002, 630 (E) dated August 4, 2003 and 699 (E) dated September 1, 2003*

**G.S.R.No.493(E)/04.08.2004**