



RBI/2005-06/04

Master Circular No. /04/2005-06

July 1, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

**Master Circular- Remittance facilities for Non-Resident Indians/
Persons of Indian Origin/Foreign Nationals**

Remittance facilities for Non-Residents/Persons of Indian Origin/Foreign Nationals are being governed by sub-section (1) and (2) of section 6 of the Foreign Exchange Management Act, 1999 read with FEMA Notification No.13/2000-RB and FEMA Notification No. 21/2000-RB dated May 3, 2000 as amended from time to time.

2. This Master Circular consolidates the existing instructions on the subject of **“Remittance facilities for Non-Resident Indians/Persons of Indian Origin/Foreign Nationals”** at one place. The list of underlying circulars/notifications is furnished in Appendix.

3.. As recommended by the Committee on Procedures and Performance Audit on Public Services (CPPAPS) (Chairman : Shri S. S. Tarapore) set up by the Reserve Bank, this Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2006 and be replaced by an updated Master Circular on the subject.

Yours faithfully,

Vinay Baijal
General Manager-in-Charge



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Remittance facilities for NRIs/PIO and Foreign Nationals

The guidelines for transfer of assets outside India by a person whether resident in India or not are given in the Notifications No. FEMA 13/2000-RB and FEMA 21/2000-RB both dated May 3, 2000 and the amendments issued thereto from time to time.

According to the above Notifications, remittance of capital assets in India held by a person whether resident in or outside India would require approval of the Reserve Bank except to the extent provided in the Act or Rules or Regulations made under the Act.

1. Remittance of assets by a foreign national of non-Indian origin

1.1 A foreign national of non-Indian origin who has retired from an employment in India or who has inherited assets from a person resident in India or who is a widow of an Indian citizen resident in India may remit an amount not exceeding USD one million, per calendar year, on production of documentary evidence in support of acquisition/ inheritance of assets, an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002.

1.2 These remittance facilities are not available to a citizen of Nepal and Bhutan.

1.3 The remittance facility in respect of sale proceeds of immovable property is not available to a citizen of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan.

2. Remittance of assets by NRI/PIO

2.1 A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) may remit an amount upto USD one million, per calendar year, out of the balances held in his Non-Resident (Ordinary) Rupee (NRO) account/sale proceeds of assets (inclusive of assets acquired by way of inheritance or **settlement**), for all bonafide



purposes, to the satisfaction of the authorized dealer, on production of an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002.

2.2 NRI/PIO may remit sale proceeds of immovable property purchased by him out of Rupee funds or as a person resident in India as indicated in para 2.1 above, provided such a property was held by him for a period not less than ten years. If such a property is sold after being held for less than ten years, remittance can be made, if the sale proceeds were held for the balance period in NRO account (Savings/Term Deposit) or in any other eligible investment, provided such investment is traced to the sale proceeds of the immovable property to the satisfaction of the authorized dealer.

2.3 In respect of remittance of sale proceeds of assets acquired by way of inheritance or legacy or **settlement** for which there is no lock-in period, NRI/PIO may submit documentary evidence in support of inheritance or legacy of assets, an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002.

2.4 It is clarified that **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

2.5 The remittance facility in respect of sale proceeds of immovable property is not available to a citizen of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan.



3. Repatriation of sale proceeds of residential property purchased by NRIs/PIO out of foreign exchange

3.1 There is no lock-in period for sale of residential property purchased by

NRI/PIO out of foreign exchange. However, repatriation of sale proceeds of residential property purchased by NRI/PIO out of foreign exchange is restricted to not more than two such properties.

3.2 Authorized dealers may permit repatriation of amounts representing the refund of application/earnest money/purchase consideration made by the house building agencies/seller on account of non-allotment of flat/plot/cancellation of bookings/deals for purchase of residential/ commercial property, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/FCNR account of the account holder, or remittance from outside India through normal banking channels and the authorized dealer is satisfied about the genuineness of the transaction. Such funds may also be credited to the NRE/FCNR account of the NRIs/PIO, if they so desire.

3.3 Authorized dealers may allow repatriation of sale proceeds of residential accommodation purchased by NRIs/PIO out of funds raised by them by way of loans from the authorized dealers/housing finance institutions to the extent of such loan/s repaid by them out of foreign inward remittances received through normal banking channel or by debit to their NRE/FCNR accounts.

4. Remittance of current income

4.1 Remittance of current income like rent, dividend, pension, interest etc. of NRIs/PIO who do not maintain NRO Account is freely allowed, on the basis of appropriate certification by a Chartered Accountant certifying that the amount proposed to be remitted is eligible for remittance and that applicable taxes have been paid/provided for.

4.2 NRIs/PIO have the option to credit the current income to their Non-Resident (External) Rupee account, provided the authorized dealer is satisfied that



the credit represents current income of the non-resident account holder and income tax thereon has been deducted/provided for.

5. Facilities for students

5.1 Students going abroad for studies are treated as Non-Resident Indians (NRIs) and are eligible for all the facilities available to NRIs under FEMA.

5.2 As Non-Residents, they will be eligible to receive remittances from India (i) upto USD 100,000 from close relatives in India on self declaration towards maintenance, which could include remittances towards their studies also and (ii) upto USD 1 million out of sale proceeds of assets/balances in their account maintained with an AD in India. Restriction in respect of remittance of sale proceeds of immovable property as indicated in para 2.2 above shall apply.

5.3 All other facilities available to NRIs under FEMA are equally applicable to the students.

5.4 Educational and other loans availed of by them as residents in India will continue to be available as per FEMA regulations.

6. Income- tax clearance

The remittances will be allowed to be made by the authorized dealers on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India in their Circular No.10/2002 dated October 9, 2002. [cf. our AP(DIR Series) Circular No.56 dated November 26, 2002].

7. International Credit Cards

Authorized dealers have been permitted to issue International Credit Cards to NRIs/PIO, without prior approval of RBI. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR/NRE/Non-Resident (Ordinary) Rupee accounts.



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000



Appendix

List of circulars which have been consolidated in this Master Circular on Remittance facilities for Non-Resident Indians/Persons of Indian Origin/Foreign Nationals

Sr. No.	AP(DIR Series) Circular No.	Dated
1.	AP (DIR Series) Circular No.45	May 14, 2002
2.	AP (DIR Series) Circular No.1	July 2, 2002
3.	AP (DIR Series) Circular No.5	July 15, 2002
4.	AP (DIR Series) Circular No.19	September 12, 2002
5.	AP (DIR Series) Circular No.26	September 28, 2002
6.	AP (DIR Series) Circular No.27	September 28, 2002
7.	AP (DIR Series) Circular No.35	November 01, 2002
8.	AP (DIR Series) Circular No.40	November 5, 2002
9.	AP (DIR Series) Circular No.46	November 12, 2002
10.	AP (DIR Series) Circular No.56	November 26, 2002
11.	AP (DIR Series) Circular No.59	December 9, 2002
12.	AP (DIR Series) Circular No.67	January 13, 2003
13.	AP (DIR Series) Circular No.101	May 5, 2003
14.	AP (DIR Series) Circular No.104	May 31, 2003
15.	AP (DIR Series) Circular No.43	December 8, 2003
16.	AP (DIR Series) Circular No.45	December 8, 2003
17.	AP (DIR Series) Circular No.62	January 31, 2004
18.	AP (DIR Series) Circular No.43	May 13,2005

Notifications issued

1.	Notification No. FEMA 62/2002-RB	May 13, 2002
2.	Notification No.FEMA 65/2002-RB	June 29,2002
3.	Notification No.FEMA 93/2003-RB	June 9, 2003
4.	Notification No.FEMA 97/2003-RB	July 8, 2003
5.	Notification No.FEMA 119/2004-RB	June 29,2004