

**RBI/2006-07/23**

**Master Circular No. /05/2006-07**

**July 1, 2006**

To,

All Authorised Dealers in Foreign Exchange

**Madam/Sir,**

**Master Circular on Miscellaneous Remittances from India –  
Facilities for Residents**

Miscellaneous remittance facilities for residents are allowed in terms of section 5 of the Foreign Exchange Management Act, 1999, read with Government of India Notification No.GSR 381(E) dated May 3, 2000 as amended from time to time.

2. This Master Circular consolidates the existing instructions on the subject of **"Miscellaneous Remittances from India - Facilities for Residents"** at one place. The list of underlying circulars/notifications consolidated in this Master Circular is furnished in Appendix.

3. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2007 and be replaced by an updated Master Circular on the subject.

Yours faithfully,

**(M Sebastian)  
Chief General Manager**

## INDEX

|   |           |
|---|-----------|
| <b><u>Release Of Foreign Exchange By Authorised Dealers</u></b> .....                               | <b>3</b>  |
| <b><u>A.1 General</u></b> .....   | <b>3</b>  |
| <b><u>A.2 Sale Of Exchange</u></b> .....  | <b>4</b>  |
| <b><u>A.3 Medical Treatment</u></b> .....   | <b>5</b>  |
| <b><u>A.4 Cultural Tours</u></b> .....  | <b>6</b>  |
| <b><u>A.5 Private Visits</u></b> .....  | <b>6</b>  |
| <b><u>A.6 Period Of Surrender Of Foreign Exchange</u></b> .....                                     | <b>6</b>  |
| <b><u>A.7 Unspent Foreign Exchange</u></b> .....  | <b>6</b>  |
| <b><u>A.8 Remittances For Tour Arrangements, Etc.</u></b> .....                                     | <b>8</b>  |
| <b><u>A.9 Payment In Rupees</u></b> .....   | <b>9</b>  |
| <b><u>A.10 Advance Remittance - Import Of Services</u></b> .....                                    | <b>9</b>  |
| <b><u>A.11 Liberalised Remittance Scheme Of Usd 25,000</u></b> .....                                | <b>10</b> |
| <b><u>A.12 Documentation</u></b> .....  | <b>10</b> |
| <b><u>A.13 Endorsement On Passport</u></b> .....  | <b>11</b> |
| <b><u>A.14 International Credit Cards</u></b> .....   | <b>11</b> |
| <b><u>A.15 International Debit Cards</u></b> .....  | <b>12</b> |
| <b><u>A.16 Store Value Cards/ Charge Cards/Smart Cards Etc.</u></b> .....                           | <b>12</b> |
| <b><u>A.17 Acquisition Of Foreign Securities Under Employees Stock Option Plan (Esop)</u></b> ..... | <b>13</b> |
| <b><u>A.18 Income- Tax Clearance</u></b> .....  | <b>13</b> |
| <b><u>Annex-1</u></b> .....   | <b>14</b> |
| <b><u>Annex-2</u></b> .....   | <b>19</b> |
| <b><u>Annex-3</u></b> .....   | <b>22</b> |
| <b><u>Annex -4</u></b> .....  | <b>24</b> |
| <b><u>Appendix</u></b> .....  | <b>27</b> |

## **Release of Foreign Exchange by Authorised Dealers**

### **A.1 General**

1.1 For release of foreign exchange to persons resident in India for various current account transactions, authorised dealers are to be guided by the Rules made by the Govt. of India under Section 5 of Foreign Exchange Management Act, 1999 which are detailed in the Foreign Exchange Management (Current Account Transactions) Rules, 2000 (Annex I) notified by the Government of India vide Notification No. G.S.R.381(E) dated 3rd May 2000 (Rules). In terms of the said Rules, drawal of exchange for certain categories of transactions as listed in Schedule I is expressly prohibited. Exchange facilities for transactions included in Schedule II to the rules may be permitted by the authorised dealers provided the applicant has secured the approval from the Ministry/Department of Government of India as specified therein. In respect of transactions included in Schedule III, prior approval of the Reserve Bank would be required for remittance exceeding specified values. The release of foreign exchange upto the threshold values specified in Schedule III stands delegated to Authorised Dealers. All applications for release of exchange as prescribed in Schedule III to the Rules should be referred to the Regional Office of the Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the applicant is functioning/ residing.

1.2 “Drawal” of foreign exchange includes use of International Credit Cards (ICC), International Debit Cards (IDC), ATM cards, etc. “Currency”, *inter-alia*, includes ICC, IDC and ATM Cards. Accordingly, all Rules, Regulations made and Directions issued under the Act apply to the use of ICC, IDC and ATM Cards.

1.3 In order to provide adequate foreign exchange facilities and efficient customer service through competition to common persons the Reserve Bank has decided to grant licences to certain entities by authorising them as Authorised Dealer – Category – II to undertake a range of miscellaneous non trade current account transactions, in addition to what Full Fledged Money Changers (FFMCs) are currently permitted. Accordingly, apart from banks authorised as Authorised Dealer Category-I to deal in foreign exchange, Authorised Dealer Category-II are authorised to release / remit foreign exchange for the following non-trade current account transactions:

- (a) Private Visits,
- (b) Remittance by tour operators / travel agents to overseas agents / principals / hotels,
- (c) Business Travel,
- (d) Fee for participation in global conferences and specialized training,
- (e) Remittance for participation in international events / competitions (towards training, sponsorship and prize money).
- (f) Film shooting,
- (g) Medical Treatment abroad,
- (h) Disbursement of crew wages,
- (i) Overseas Education,
- (j) Remittance under educational tie up arrangements with universities abroad,
- (k) Remittance towards fees for examinations held in India and abroad and additional score sheets for GRE, TOEFL etc.,
- (l) Employment and processing, assessment fees for overseas job applications,
- (m) Emigration and Emigration Consultancy Fees,
- (n) Skills / credential assessment fees for intending migrants,
- (o) Visa fees,
- (p) Processing fees for registration of documents as required by the Portuguese / other Governments,
- (q) Registration / Subscription / Membership fees to International Organizations.

1.4 Resident individuals who maintain a foreign currency account with an authorised dealer in India or with a bank abroad, in accordance with the prevailing Foreign Exchange Regulations, are free to obtain International Credit Cards (ICC) issued by overseas banks and other reputed agencies. Authorised dealers may allow remittances by their constituents maintaining foreign currency accounts with them to meet the charges incurred against the ICCs issued by the foreign banks and other reputed agencies. The remittance should, however, be made to the Card issuing bank/agency and not to a third party.

1.5 Release of foreign exchange is not admissible for travel to and transaction with resident of Nepal and Bhutan. (cf. Clause (b) of Rule 3 of the Rules.)

## **A.2 Sale of Exchange**

2.1 Where approvals have been granted by the Reserve Bank / Government of India, foreign exchange may be sold within the period of validity stated in the

approval and the details of the sale should be endorsed on the reverse of the original approval.

2.2 On the basis of a declaration given by the traveller regarding the amount of foreign exchange availed of during a calendar year, authorised dealers may release foreign exchange for travel and private purposes.

2.3 In case of issue of travellers cheques, the traveller should sign the cheques in the presence of an authorised official and the purchaser's acknowledgement for receipt of the travellers cheques should be held on record.

2.4 Out of the overall foreign exchange being sold to a traveller, exchange in the form of foreign currency notes and coins may be sold up to the limit indicated below:

|       |   |  |
|-------|---|--|
| (i)   | Travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States | Not exceeding USD 2000 or its equivalent |
| (ii)  | Travellers proceeding to Iraq or Libya,   | Not exceeding USD 5000 or its equivalent |
| (iii) | Travellers proceeding to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States.                                  | Full exchange may be released            |

2.5 The form A2 relating to sale of foreign exchange should be retained for a period of one year by the authorised dealers, together with the related documents, for the purpose of verification by their Internal Auditors. Instead of obtaining such A2 forms for remittance applications for miscellaneous non trade current account transactions of value less than USD 5,000, authorised dealers may obtain simplified Application cum Declaration form (Form A2) as annexed at Annex -2.

2.6 In cases where the remittances are allowed on the basis of self declaration, the onus of furnishing the correct details in the application, will remain with the applicant who has certified the details relating to the purpose of such remittance.

### **A.3 Medical Treatment**

3.1 With a view to enable residents to avail of foreign exchange for medical treatment abroad without any hassles and any loss of time, authorised dealers may release foreign exchange upto an amount of USD 100,000 or its equivalent, on the

basis of self declaration that the applicant is buying exchange for medical treatment outside India, without insisting on any estimate from a hospital/doctor.

3.2 For amount exceeding the above limit, estimate from the doctor in India or hospital/doctor abroad, is required to be submitted to the authorised dealers.

3.3 A person who has fallen sick after proceeding abroad may also be released foreign exchange by an authorised dealer for medical treatment outside India. (cf Rule 5 of the Rules).

#### **A.4 Cultural Tours**

Dance troupes, artistes, etc., who wish to undertake tours abroad for cultural purposes should apply to the Ministry of Human Resources Development (Department of Education and Culture), Government of India, for their foreign exchange requirements. Authorised dealers may release foreign exchange, on the strength of the sanction from the concerned Ministry, to the extent and subject to conditions indicated therein.

#### **A.5 Private visits**

Foreign exchange for private visit can also be released to a person who is availing of foreign exchange for travel outside India for any purpose up to the limits specified in Schedule III to the Rules.

#### **A.6 Period of surrender of foreign exchange**

In case the foreign exchange purchased for a specific purpose is not utilized for that purpose, it could be utilized for any other eligible purpose for which drawal of foreign exchange is permitted under the relevant Regulation. The unutilised portion of foreign exchange is required to be surrendered to an authorised person within a period of 60 (sixty) days from the date of its purchase (cf. paragraph 6 of Notification No. FEMA 9/2000-RB Dated 3<sup>rd</sup>. May 2000).

#### **A.7 Unspent Foreign Exchange**

7.1 Unspent foreign exchange brought back to India by a traveller should be surrendered to an authorised person within 90 days from the date of return of the traveller, if the unspent foreign exchange is in the form of currency notes. If such foreign exchange is in the form of travellers cheques, the same should be

surrendered to an authorised person within 180 days from the date of return. Exchange so brought back can be utilised by the traveller for his subsequent visit abroad during the period specified above.

7.2 However, a returning traveller is also permitted to retain with him, foreign currency travellers cheques and currency notes upto an aggregate amount of USD 2000 and foreign coins without any ceiling (cf. Notification No. FEMA 11/2000-RB dated 3<sup>rd</sup> May 2000). Foreign exchange so retained, can be utilised by the traveller for his subsequent visit abroad.

7.3 A person resident in India can open, hold and maintain with an authorised dealer in India, a **Resident Foreign Currency (Domestic) Account**, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from any of the sources like, payment for services rendered abroad, as honorarium, gift, services rendered or in settlement of any lawful obligation from any person not resident in India.

7.4 The account may also be opened/credited with foreign exchange earned abroad, including proceeds of export of goods and/or services, royalty, honorarium, etc., and/or gifts received from close relatives (as defined in the Companies Act) and repatriated to India through normal banking channels by resident individuals.

7.5 The eligible credits to the Resident Foreign Currency (Domestic) Account, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques, are as under :-

(i) acquired by him from an authorised person for travel abroad and represents the unspent amount thereof.

**Or**

(ii) acquired by him, while on a visit to any place outside India, by way of payment for services not arising from any business in or anything done in India.

**Or**

(iii) acquired by him, from any person not resident in India, and who is on a visit to India, as honorarium, gift, for services rendered or in settlement of any lawful obligation.

**Or**

(iv) acquired by him by way of honorarium, or gift, while on a visit to any place outside India.

*Note: Where a person approaches an authorised person for surrender of unspent/unutilized foreign exchange after the prescribed period, authorised person should not refuse to purchase the foreign exchange merely on the ground that the prescribed period has expired.*

#### **A.8 Remittances for Tour Arrangements, etc.**

8.1 Authorised dealers may remit foreign exchange upto a reasonable limit, at the request of a traveller towards his hotel accommodation, tour arrangements, etc., in the countries proposed to be visited by him, provided it is out of the foreign exchange purchased by the traveller from an authorised person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.

8.2 Authorised dealers may effect remittances at the request of agents in India who have tie up arrangements with hotels/agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travellers from India, provided the authorised dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the concerned traveller from an authorised person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.

8.3 Authorised dealer may open foreign currency accounts in the name of agents in India who have tie up arrangements with hotels/agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travellers from India provided:-

- a) the credits to the account are by way of depositing
  - i) collections made in foreign exchange from travellers and
  - ii) refunds received from outside India on account of cancellation of bookings/tour arrangements, etc., and
- b) the debits in foreign exchange are for making payments towards hotel accommodation, tour arrangements, etc., outside India, in accordance with 8.2 above.



8.4 Authorised dealer may allow tour operators to remit the cost of rail/road/water transportation charges outside India without any prior approval from the Reserve Bank, net of commission/mark up due to the agent. The sale of passes/ticket in India can be made either against the payment in Indian Rupees or in foreign exchange released for visits abroad. The cost of passes/tickets collected in Indian Rupees need not be adjusted in the travellers' entitlement of foreign exchange for private visit.

8.5 In respect of consolidated tours arranged by travel agents in India for foreign tourists visiting India and neighbouring countries like Nepal, Bangladesh, Sri Lanka, etc., against advance payments/ reimbursement through an authorised dealer, part of the foreign exchange received in India against such consolidated tour arrangement, may require to be remitted from India to these countries for services rendered by travel agents and hoteliers in the neighbouring countries. Authorised dealers may allow such remittances after verifying that the amount being remitted to the neighbouring countries (inclusive of remittances, if any, already made against the tour) does not exceed the amount actually remitted to India and the country of residence of the beneficiary is not Pakistan.

#### **A.9 Payment in Rupees**

Authorised dealers may accept payment in cash upto Rs. 50,000 (Rupees fifty thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange exceeds the amount equivalent to Rs.50,000, the payment must be received only by a

- (i) crossed cheque drawn on the applicant's bank account, or
- (ii) crossed cheque drawn on the bank account of the firm/company sponsoring the visit of the applicant, or
- (iii) Banker's Cheque/Pay Order/ Demand Draft.

*Note: Where the rupee equivalent of foreign exchange drawn exceeds Rs 50,000 either for any single drawal or more than one drawal reckoned together for a single journey/visit, it should be paid by cheque or draft.*

#### **A.10 Advance Remittance - Import of services**

Authorised dealers may allow advance remittance for providing services under current account transaction for which the release of foreign exchange is admissible. However, where the amount exceeds USD 100,000 or its equivalent, a guarantee from a bank of International repute situated outside India or a guarantee from an authorised dealer in India, if such a guarantee is issued against the counter-guarantee of a bank of International repute situated outside India, should be obtained from the overseas beneficiary. The authorised dealer should also follow up to ensure that the beneficiary of the advance remittance has fulfilled his obligations under the contract or agreement with the remitter in India.

#### **A.11 Liberalised Remittance Scheme of USD 25,000**

Under this Scheme, authorised dealers may freely allow remittances by individuals upto USD 25,000 per calendar year for any permissible current or capital account transactions or a combination of both. Resident individuals are free to acquire and hold immovable property or shares or any other asset outside India without prior approval of the Reserve Bank. Individuals can also open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the Scheme without prior approval of the Reserve Bank. The foreign currency accounts may be used for putting through all transactions connected with or arising from remittances eligible under this Scheme. Liberalised Remittance Scheme is not applicable for remittance to countries identified by FATF as non co-operative countries and territories as available on FATF website [www.fatf-gafi.org](http://www.fatf-gafi.org). For undertaking transactions under the Liberalised Remittance Scheme of USD 25,000 for resident individuals may use the application Form as in Annex -3.

#### **A.12 Documentation**

12.1 The Reserve Bank will not, generally, prescribe the documents which should be verified by the authorised dealers while releasing foreign exchange. In this connection, attention of authorised dealers is drawn to sub-section (5) of Section 10 of the FEMA, 1999 which provides that an authorised person shall require any person wanting to transact in foreign exchange 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 any rule, regulation, notification, direction or order issued there under.

12.2 Authorised dealers are also required to keep on record any information/documentation, on the basis of which the transaction was undertaken, for verification by the Reserve Bank. In case the applicant refuses to comply with any such requirement or makes unsatisfactory compliance therewith, the authorised dealer shall refuse in writing to undertake the transaction and shall, if he has reasons to believe that any contravention/evasion is contemplated by the person, report the matter to Reserve Bank.

12.3 Further, the authorised dealers have specifically been advised that they may release foreign exchange upto USD 100,000 each for employment abroad, emigration, maintenance of close relatives abroad, education abroad and medical treatment abroad without insisting on any supporting documents but on the basis of self declaration incorporating certain basic details of the transactions and submission of Form A2.

### **A.13 Endorsement on Passport**

It is not mandatory for authorised dealers to endorse the amount of foreign exchange sold for travel abroad on the passport of the traveller. However, if requested by the traveller, they may record under their stamp, date and signature, details of foreign exchange sold for travel.

### **A.14 International Credit Cards**

14.1 The restrictions contained in Rule 5 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 will not be applicable for use of International Credit Cards (ICCs) by residents for making payment towards expenses, while on a visit outside India, to the extent of the limit of the card.

14.2 Residents can use ICCs on internet for any purpose for which exchange can be purchased from an authorised dealer in India, e.g. for import of books, purchase of downloadable softwares or import of any other item permissible under EXIM Policy

14.3 ICCs cannot be used on internet or otherwise for purchase of prohibited items, like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services etc., since no drawal of foreign exchange is permitted for such items/activities

14.4 There is no aggregate monetary ceiling separately prescribed for use of ICCs through internet.

14.5 Resident individuals maintaining a foreign currency account with an authorised dealer in India or a bank abroad, as permissible under extant Foreign Exchange Regulations, are free to obtain ICCs issued by overseas banks and other reputed agencies. The charges incurred against the card either in India or abroad, can be met out of funds held in such foreign currency account/s of the card holder or through remittances, if any, from India only through a bank where the card-holder has a current or savings account. The remittance for this purpose, should also be made directly to the card-issuing agency abroad, and not to a third party.

14.6 The applicable credit limit will be the limit fixed by the card issuing banks. There is no monetary ceiling fixed by the RBI for remittances, if any, under this facility.

#### **A.15 International Debit Cards**

15.1 Banks authorised to deal in foreign exchange (AD banks) are issuing International Debit Cards (IDCs) which can be used by a resident for drawing cash or making payment to a merchant establishment overseas during his visit abroad. It is clarified that IDCs can be used only for permissible current account transactions and the item-wise limits as mentioned in the Schedules to Rules as amended from time to time, are equally applicable to payments made through use of these cards.

15.2 The IDCs cannot be used on internet for purchase of prohibited items like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services etc., i.e. for such items/activities for which drawal of foreign exchange is not permitted.

#### **A.16 Store Value Cards/ Charge Cards/Smart Cards etc.**

Certain AD banks are also issuing Store Value Card/Charge Card/Smart Card to residents traveling on private/business visit abroad which are used for making payments at overseas merchant establishments and also for drawing cash from ATM terminals. No prior permission from Reserve Bank is required for issue of such cards. However, the use of such cards is limited to permissible current account transactions and subject to the prescribed limits under the Rules, as amended from time to time.

**A.17 Acquisition of foreign securities under Employees Stock Option Plan (ESOP)**

Resident individuals who are either employees or director of an Indian office or branch of a foreign company in which foreign holding is not less than 51% are permitted to acquire foreign securities under ESOP Scheme without any monetary limit. They are also permitted to freely sell the shares provided the proceeds thereof are repatriated to India.

**A.18 Income- tax clearance**

Remittances to non-residents will be allowed to be made by the authorised dealers on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats (Annex - 4 ) 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].

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**Foreign Exchange Management (Current Account Transactions) Rules, 2000**

Notification No. G.S.R.381(E) dated 3rd May 2000 (as amended from time to time)\* :  
In exercise of the powers conferred by Section 5 and sub-section (1) and clause (a) of sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999, and in consultation with the Reserve Bank, the Central Government having considered it necessary in the public interest, makes the following rules, namely :--

**1. Short title and commencement.**---(1) These rules may be called the Foreign Exchange Management (Current Account Transactions) Rules, 2000;

(2) They shall come into effect on the 1<sup>st</sup> day of June 2000.

**2. Definitions.**---In these rules, unless the context otherwise requires :

(a) “Act” means the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) “Drawal” means drawal of foreign exchange from an authorised person and includes opening of Letter of Credit or use of International Credit Card or International Debit Card or ATM Card or any other thing by whatever name called which has the effect of creating foreign exchange liability;

(c) “Schedule” means a schedule appended to these rules;

(d) The words and expressions not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

**3. Prohibition on drawal of Foreign Exchange.**---Drawal of foreign exchange by any person for the following purpose is prohibited, namely:

a. a transaction specified in the Schedule I; or

b. a travel to Nepal and/or Bhutan; or

c. a transaction with a person resident in Nepal or Bhutan.

Provided that the prohibition in clause (c) may be exempted by RBI subject to such terms and conditions as it may consider necessary to stipulate by special or general order.

**4. Prior approval of Govt. of India.**---No person shall draw foreign exchange for a transaction included in the Schedule II without prior approval of the Government of India;

Provided that this Rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.

#### **5. Prior approval of Reserve Bank**

No person shall draw foreign exchange for a transaction included in the Schedule III without prior approval of the Reserve Bank;

Provided that this Rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.

**6. (1)** Nothing contained in Rule 4 or Rule 5 shall apply to drawal made out of funds held in Exchange Earners' Foreign Currency (EEFC) account of the remitter.

(2) Notwithstanding anything contained in sub-rule (1), restrictions imposed under rule 4 or rule 5 shall continue to apply where the drawal of foreign exchange from the Exchange Earners Foreign Currency (EEFC) Account is for the purpose specified in items 10 and 11 of Schedule II, or item 3, 4, 11, 16 & 17 of Schedule III as the case may be.

#### **7. Use of International Credit Card while outside India**

Nothing contained in Rule 5 shall apply to the use of International Credit Card for making payment by a person towards meeting expenses while such person is on a visit outside India.

#### **Schedule I (See Rule 3)**

1. Remittance out of lottery winnings.
2. Remittance of income from racing/riding etc. or any other hobby.
3. Remittance for purchase of lottery tickets, banned/proscribed magazines, football pools, sweepstakes, etc.
4. Payment of commission on exports made towards equity investment in Joint Ventures/ Wholly Owned Subsidiaries abroad of Indian companies.
5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.

6. Payment of commission on exports under Rupee State Credit Route, except commission upto 10% of invoice value of exports of tea and tobacco.
7. Payment related to "Call Back Services" of telephones.
8. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

## Schedule II

(See Rule 4)

| Purpose of Remittance   | Ministry/Department of Govt. of India whose approval is required                                 |
|---|--|
| 1. Cultural Tours   | Ministry of Human Resources Development, (Department of Education and Culture)                   |
| 2. Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Government and its Public Sector Undertakings | Ministry of Finance, (Department of Economic Affairs)  |
| 3. Remittance of freight of vessel chartered by a PSU   | Ministry of Surface Transport, (Chartering Wing)   |
| 4. Payment of import by a Govt. Department or a PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)   | Ministry of Surface Transport, (Chartering Wing)   |
| 5. Multi-modal transport operators making remittance to their agents abroad   | Registration Certificate from the Director General of Shipping                                   |
| 6. Remittance of hiring charges of transponders by<br>(a) TV Channels<br>(b) Internet Service providers   | Ministry of Information and Broadcasting<br>Ministry of Communication and Information Technology |
| 7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping  | Ministry of Surface Transport (Director General of Shipping)                                     |
| 8. Remittances under technical collaboration agreements where   | Ministry of Industry and Commerce  |



|   |  |
|---|--|
| payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds USD 2 million   |  |
| 9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International / National / State Level sports bodies, if the amount involved exceeds USD 100,000. | Ministry of Human Resources Development (Department of Youth Affairs and Sports) |
| 10. Omitted   |  |
| 11. Remittance for membership of P&I Club   | Ministry of Finance, (Insurance Division)  |

**Schedule III  
(See Rule 5)**

1. Omitted
2. Release of exchange exceeding USD 10,000 or its equivalent in one calendar year, for one or more private visits to any country (except Nepal and Bhutan).
3. Gift remittance exceeding USD 5,000 per remitter/donor per annum.
4. Donation exceeding USD 5000 per remitter/donor per annum.
5. Exchange facilities exceeding USD 100,000 for persons going abroad for employment.
6. Exchange facilities for emigration exceeding USD 100,000 or amount prescribed by country of emigration.
7. Remittance for maintenance of close relatives abroad,
  - i. exceeding net salary (after deduction of taxes, contribution to provident fund and other deductions) of a person who is resident but not permanently resident in India and –
    - (a) is a citizen of a foreign State other than Pakistan; or
    - (b) is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign company.
  - ii. exceeding USD 100,000 per year, per recipient, in all other cases.

**Explanation:** For the purpose of this item, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignment; the duration of which does not exceed three years, is a resident but not permanently resident.

8. Release of foreign exchange, exceeding USD 25,000 to a person, irrespective of period of stay, for business travel, or attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/check-up.

9. Release of exchange for meeting expenses for medical treatment abroad exceeding the estimate from the doctor in India or hospital/doctor abroad.

10. Release of exchange for studies abroad exceeding the estimate from the institution abroad or USD 100,000, per academic year, whichever is higher.

11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.

12. Omitted

13. Omitted

14. Omitted

15. Remittance exceeding USD 1,000,000 per project, for any consultancy service procured from outside India.

16. Remittances for purchase of trade mark or franchise in India.

17. Remittance exceeding USD 100,000 by an entity in India by way of reimbursement of pre-incorporation expenses.

18. Omitted

**\*(Amendments)**

(Notification GSR.663 (E) dated August 9,2000,S.O.301(E) dated March 30,2001, GSR.442 dated October 22,2002, GSR.831(E) dated December 17,2002, GSR.33(E) dated January 15,2003,GSR.397(E) dated May 1,2003, GSR.731(E) dated September 5,2003, GSR.849 (E) dated October 27,2003 and GSR.608(E) dated September 13,2004).



**FORM - A 2**  
**Application cum Declaration Form**

(To be completed by the applicant)

Application for drawal/ of foreign exchange

- I. Details of the applicant -
- a. Name \_\_\_\_\_
  - b. Address \_\_\_\_\_
  - c. Account No. \_\_\_\_\_
- II. Details of the foreign exchange required
- 1. Amount (Specify currency) \_\_\_\_\_
  - 2. Purpose \_\_\_\_\_
- III. I authorise you to debit my Saving Bank/Current/RFC/EEFC Account No. \_\_\_\_\_ together with your charges and
- \* a) Issue a draft : Beneficiary's Name \_\_\_\_\_  
Address \_\_\_\_\_
  - \* b) Effect the foreign exchange remittance directly -
    - 1. Beneficiary's Name \_\_\_\_\_
    - 2. Name and address of the Bank \_\_\_\_\_
    - 3. Account No. \_\_\_\_\_
  - \* c) Issue travellers cheques for \_\_\_\_\_
  - \* d) Issue foreign currency notes for \_\_\_\_\_
- (Strike out whichever is not applicable)

Signature

Declaration  
(Under FEMA 1999)

I, \_\_\_\_\_ declare that -  
\*1) The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD \_\_\_\_\_ (USD \_\_\_\_\_ only),  
the annual limit prescribed by Reserve Bank of India for the said purpose.

\* 2) Foreign exchange purchased from you is for the purpose indicated above.

- (Strike out whichever is not applicable)

Signature

Name \_\_\_\_\_

Date :

(The purpose codes are on the reverse)

Purpose codes  
For office use only

AD Code No. \_\_\_\_\_  
Form No. \_\_\_\_\_  
Currency \_\_\_\_\_  
Amount \_\_\_\_\_

Equivalent to Rs. \_\_\_\_\_  
(To be filled in by Authorised Dealer)

ADs should put a tick (✓) against an appropriate purpose code. (In case of doubt/difficulty, consult customer/RBI.)

| Code                                     | Purpose  | Computer and Information Services (08)   |
|--|--|--|
| <b>Capital Account Transactions (00)</b> |  | S0801  |
|  |  | Hardware consultancy/implementation  |
|  |  | S0802  |
| S0001                                    | Indian investment abroad in equity capital (shares)  | Software consultancy/implementation  |
|  |  | S0803  |
| S0002                                    | Indian investment abroad in debt securities  | Data base, data processing charges   |
|  |  | S0804  |
| S0003                                    | Indian investment abroad in branches   | Repair and maintenance of computer and software  |
|  |  | S0805  |
| S0004                                    | Indian investment abroad in subsidiaries and associates  | News agency services   |
|  |  | S0806  |
| S0005                                    | Indian investment abroad in real estate  | Other information services - Subscription to newspapers, periodicals   |
|  |  | <b>Royalties and License Fees (09)</b>   |
| S0006                                    | Repatriation of Foreign Direct Investment in India- in equity shares                                       | S0901  |
|  |  | Franchises services - patents, copyrights, trade marks, industrial processes, franchises etc.                        |
| S0007                                    | Repatriation of Foreign Direct Investment in India- in debt securities                                     | S0902  |
|  |  | Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films) |
| S0008                                    | Repatriation of Foreign Direct Investment in India in real estate  | <b>Other Business Services (10)</b>  |
|  |  | S1001  |
| S0009                                    | Repatriation of Foreign Portfolio Investment in India in equity shares                                     | Merchandising services - net payments (from Sale & purchase of goods without crossing the border).                   |
|  |  | S1002  |
| S0010                                    | Repatriation of Foreign Portfolio Investment in India in debt securities                                   | Trade related services - commission on exports / imports   |
|  |  | S1003  |
| S0011                                    | Loans extended to Non-Residents  | Operational leasing services (other than financial leasing) without operating crew, including charter hire           |
|  |  | S1004  |
| S0012                                    | Repayment of long and medium-term loans with original maturity above one year received from Non-Residents. | Legal services   |
|  |  | S1005  |
| S0013                                    | Repayment of short-term loans with original maturity up to one year received from Non-Residents.           | Accounting, auditing, book keeping and tax consulting services   |
|  |  | S1006  |
| S0014                                    | Repatriation of Non-Resident Deposits (FCNRB/NRERA etc)  | Business and management consultancy and public relations services  |
|  |  | S1007  |
| S0015                                    | Repayment of loans & overdrafts taken by ADs on their own account.   | Advertising, trade fair, market research and public opinion polling service  |
|  |  | S1008  |
| S0016                                    | Sale of a foreign currency against another foreign currency  | Research & Development services  |
|  |  | S1009  |
| S0017                                    | Purchase of intangible assets like patents, copyrights, trade marks etc.                                   | Architectural, engineering and other technical services  |
|  |  |  |
| S0018                                    | Other capital payments not included elsewhere  |  |

**Transportation (02)**

S0201

Payments for surplus freight/passenger fare by foreign shipping companies operating in India.

S0202

Payment for operating expenses of Indian shipping companies operating abroad.

S0203

Freight on imports - Shipping companies

S0204

Freight on exports - Shipping companies

S0205

Operational leasing (with crew) -Shipping companies

S0206

Booking of passages abroad -Shipping companies

S0207

Payments for surplus freight/passenger fare by foreign Airlines companies operating in India,

S0208

Operating expenses of Indian Airlines companies operating abroad

S0209

Freight on imports - Airlines companies

S0210

Freight on exports - Airlines companies

S0211

Operational leasing (with crew) -Airlines companies

S0212

Booking of passages abroad - Airlines companies

S0213

Payments on account of stevedoring, demurrage, port handling charges etc.

**Travel (03)**

S0301

Remittance towards Business travel.

S0302

Travel under basic travel quota (BTQ)

S0303

Travel for pilgrimage

S0304

Travel for medical treatment

S0305

Travel for education (including fees, hostel expenses etc.)

S0306

Other travel (international credit cards)

**Communication Services (04)**

S0401

Postal services

S0402

Courier services

S0403

Telecommunication services

S100

Agricultural, mining and on-site processing services-protection against insects &amp; disease, increasing of harvest yields, forestry services, mining services like analysis of ores etc.

S101

Payments for maintenance of offices abroad

S102

Distribution services

S103

Environmental services

S1019

Other services not included elsewhere

**Personal, Cultural and Recreational Services (11)**

S1101

Audio-visual and related services -services and associated fees related to production of motion pictures, rentals, fees received by actors, directors, producers and fees for distribution rights.

S1102

Personal, cultural services such as those related to museums, libraries, archives and sporting activities; fees for correspondence courses abroad.

**Government not included elsewhere (g.n.i.e.) (12)**

S1201

Maintenance of Indian embassies abroad

S1202

Remittances by foreign embassies in India

**Transfers (13)**

S1301

Remittance by non-residents towards family maintenance and savings

S1302

Remittance towards personal gifts and donations

S1303

Remittance towards donations to religious and charitable institutions abroad

S1304

Remittance towards grants and donations to other governments and charitable institutions established by the governments.

S1305

Contributions/donations by the Government to international institutions

S1306

Remittance towards payment / refund of taxes.

**Income (14)**

S1401

Compensation of employees

S1402

Remittance towards interest on Non-Resident deposits (FCNRB/NRERA/ NRNRD/NRSR etc.)

S1403

Remittance towards interest on loans from Non-Residents (ST/MT/LT loans)

S1404

Remittance of interest on debt securities -debentures /bonds/FRNs etc.

|                                   |  |                    |   |
|-----------------------------------|--|--------------------|---|
| S0404                             | Satellite services   | S1405              | Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c)   |
| <b>Construction Services (05)</b> |  | S1406              | Repatriation of profits   |
| S0501,                            | Construction of projects abroad by Indian companies including import of goods at project site  | S1407              | Payment/ repatriation of dividends  |
| S0502                             | Payments for cost of construction etc. of projects executed by foreign companies in India.   | <b>Others (15)</b> |   |
| <b>Insurance Services (06)</b>    |  | S1501              | Refunds / rebates / reduction in invoice value on account of exports  |
| S0601                             | Payments for Life insurance premium  | S1502              | Reversal of wrong entries, refunds of amount remitted for non exports   |
| S0602                             | Freight insurance - relating to import & export of goods   | S1503              | Payments by residents for international bidding   |
| S0603                             | Other general insurance premium  | S1504              | Notional sales when export bills negotiated/ purchased/ discounted are dishonoured/ crystallized/ cancelled of bills and reversed from suspense accounts. |
| S0604                             | Reinsurance premium  |                    |   |
| S0605                             | Auxiliary services (commission on insurance)   |                    |   |
| S0606                             | Settlement of claims   |                    |   |
| <b>Financial Services (07)</b>    |  |                    |   |
| S0701                             | Financial intermediation except investment banking - Bank charges, collection charges, LC charges, cancellation of forward contracts, commission on financial leasing etc. |                    |   |
| S0702                             | Investment banking - brokerage, underwriting commission etc.   |                    |   |
| S0703                             | Auxiliary services - charges on operation & regulatory fees, custodial services, depository services etc.  |                    |   |

### **Annex-3**

## **Application cum Declaration for purchase of foreign exchange under the Liberalised Remittance Scheme of USD 25,000 for Resident Individuals** (To be completed by the applicant)

### **I Details of the applicant**

- a. Name .....
- b. Address .....
- c. Account No.....
- d. PAN No.....

**II Details of the foreign exchange required**

- 1. Amount (Specify currency).....
- 2. Purpose .....

**III Source of funds:** .....

**IV Nature of instrument**

Draft.....  
 Direct remittance.....

**V Details of the remittance made under the scheme in the calendar year**  
 .....

|      |        |
|------|--------|
| Date | Amount |
|------|--------|

**VI Details of the Beneficiary**

- 1. Name .....
- 2. Address .....
- .....
- \* 3. Name and address of the bank.....
- \* 4. Account No.....

(\* Required only when the remittance is to be directly credited to the bank account of the beneficiary)  
*This is to authorize you to debit my account and effect the foreign exchange remittance/issue a draft as detailed above. (strike out whichever is not applicable).*

**Declaration**

*I, ....., hereby declare that the total amount of foreign exchange (Name)  
 exchange purchased from or remitted through, all sources in India during the current calendar year as per item No. V of the Application, is within the limit of USD 25,000/- (US Dollar Twenty Five Thousand only), which is the limit prescribed by the Reserve Bank for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.*

Signature of the applicant  
 (Name)

**Certificate by the authorised dealer**

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions contained in Reserve Bank A.P.(DIR Series) Circular No.64 dated February 4, 2004.

Name and designation of the authorized official:

Place:  
 Date:

Signature  
 Stamp and seal of the AD branch

**FORM & APPLICATION FOR REMITTANCE U/S 195 OF THE INCOME TAX ACT**

|    |   |  |
|----|---|--|
| 1. | Name and Address of the Applicant and principal place of business                                 |  |
| 2. | Name and Address of the Assessing Officer having jurisdiction over the remitters                  |  |
| 3. | Applicant's PAN Number  |  |
| 4. | Name and address of the beneficiary of the remittance and the country to which remittance is made |  |
| 5. | Amount and nature of remittance   |  |
| 6. | Rate of Deduction of Tax at Source  |  |
| 7. | Reference to Provision of Act/DTAA under which the rate has been determined                       |  |

**8. Certificate**

- (i) I/we propose to make the above remittance as per deduction of tax at source indicated above. We have obtained a certificate from M/s. \_\_\_\_\_ who is an accountant as defined in the Section 288 of the I.T. Act, certifying the amount, nature and correctness of deduction of tax at source.
- (ii) In case the I.T. authority at any time finds that tax actually deductible on the amount of remittance has either not been paid or not paid in full, I/we undertake to pay the said amount of tax along with interest due.
- (iii) I/we shall also be subjected to the provisions of penalty for the said default as per the provisions of I.T. Act.
- (iv) I/we undertake to submit the requisite documents etc. for enabling the I.T. Authorities to determine the nature and amount of income of the beneficiary of the above remittance as well as documents required for determining our liabilities under the I.T. Act as a person responsible for deduction of tax at source.
- (v) The information given above is true to the best of my/our knowledge and belief and no relevant information has been concealed.

---

Name and Signature

[To be signed by a person responsible for signing the return of income (as to provisions of section 139(A) of the Income-tax Act) of the person making the remittance]





## CERTIFICATE

I/we have examined the agreement (wherever applicable) between M/s \_\_\_\_\_ (remitters) and M/s \_\_\_\_\_ (beneficiary) requiring the above remittance as well as the relevant documents and books of accounts required for ascertaining the nature of remittance and for determining the rate of deduction of tax at source as per provisions of section 195. We hereby certify the following :

|    |   |                        |                  |                   |
|----|---|------------------------|------------------|-------------------|
| 1. | Name and address of the beneficiary of the remittance and the name of the foreign country to which remittance is being made.  |                        |                  |                   |
| 2. | Amount of remittance in foreign currency indicating the proposed date/month and bank through which remittance is being made.  |                        |                  |                   |
| 3. | Details of tax deducted at source, rate at which tax has been deducted and date of deduction.   |                        | Foreign Currency | Indian @ Currency |
|    |   | Amount to be remitted  |                  |                   |
|    |   | Tax deducted at source |                  |                   |
|    |   | Actual amount remitted |                  |                   |
|    |   | Rate at which deducted |                  |                   |
|    | Date of Deduction   |                        |                  |                   |
| 4. | In case the remittance as indicated in (2) above is net of taxes, whether tax payable has been grossed up? If so, computation thereof may be indicated.   |                        |                  |                   |
| 5. | If the remittance is for royalties, fee for technical services, interest, dividend, etc., the clause of the relevant DTAA under which the remittance is covered along with reasons and the rate at which tax is required to be deducted in terms of such clause of the applicable DTAA. |                        |                  |                   |
| 6. | In case the tax has been deducted at a rate lower than the prescribed under the applicable DTAA, the reasons thereof.   |                        |                  |                   |
| 7. | In case remittance is for supply of articles or things (e.g. plant, machinery, equipment, etc.) or computer software, please indicate:-   |                        |                  |                   |

|    |  |  |
|----|--|--|
|    | <p>(i) Whether there is any permanent establishment in India through which the beneficiary of the remittance is directly or indirectly carrying on such activity of supply of articles or things?</p> <p>(ii) Whether such remittance is attributable to or connected with such permanent establishment?</p> <p>(iii) If so, the amount of income comprised in such remittance which is liable to tax.</p> <p>(iv) If not, the reasons in brief thereof.</p> |  |
| 8. | <p>In case remittance is on account of business income please indicate :-</p> <p>(i) Whether such income is liable to tax in India?</p> <p>(ii) If so, the basis for arriving at the rate of deduction of tax.</p> <p>(iii) If not, the reasons thereof.</p>   |  |
| 9. | <p>In case tax is not deducted at source for any other reason, details thereof.</p>  |  |

(Attach separate sheet duly authenticated wherever necessary).

\_\_\_\_\_  
Name, Address and registration numbers

(To be signed and verified by an Accountant as defined in Section 288 of the Income-tax Act).



**Appendix**

List of circulars, which have been consolidated in the Master Circular.

**Miscellaneous Remittances from India - Facilities for Residents**

| <b>Sl. No.</b> | <b>Circular No.</b>   | <b>Date</b>                            |
|----------------|---|--|
| 1.             | A.P.(DIR Series) Circular No.1  | June 1, 2000                           |
| 2.             | A.P.(DIR Series) Circular No.19                                       | October 30, 2000                       |
| 3.             | A.P.(DIR Series) Circular No.20                                       | November 16, 2000                      |
| 4.             | A.P.(DIR Series) Circular No.11                                       | November 13, 2001                      |
| 5.             | A.P.(DIR Series) Circular No.12                                       | November 23, 2001                      |
| 6.             | EC.CO.FMD.599/18.08.01/2001-02  | January 21,2002                        |
| 7.             | A.P.(DIR Series) Circular No.53                                       | June 27,2002                           |
| 8.             | A.P.(DIR Series) Circular No.16                                       | September 12,2002                      |
| 9.             | AP (DIR Series) Circular No.17  | September 12, 2002                     |
| 10.            | AP (DIR Series) Circular No.37  | November 1, 2002                       |
| 11.            | A.P.(DIR Series) Circular No.51                                       | November 18, 2002                      |
| 12.            | AP (DIR Series) Circular No.53  | November 23, 2002                      |
| 13.            | AP (DIR Series) Circular No.54  | November 25, 2002                      |
| 14.            | AP (DIR Series) Circular No.56  | November 26,2002                       |
| 15.            | AP (DIR Series) Circular No.64  | December 24, 2002                      |
| 16.            | AP (DIR Series) Circular No.65  | January 6, 2003                        |
| 17.            | AP (DIR Series) Circular No.73  | January 24, 2003                       |
| 18.            | AP (DIR Series) Circular No.103                                       | May 21, 2003                           |
| 19.            | AP (DIR Series) Circular No.3   | July 17,2003                           |
| 20.            | AP (DIR Series) Circular No.7   | August 12,2003                         |
| 21.            | AP (DIR Series) Circular No.8   | August 16,2003                         |
| 22.            | AP (DIR Series) Circular No.33  | November 13,2003                       |
| 23.            | AP (DIR Series) Circular No.55  | December 23,2003                       |
| 24.            | AP (DIR Series) Circular No.64  | February 4,2004                        |
| 25.            | AP (DIR Series) Circular No.71  | February 20,2004                       |
| 26.            | AP (DIR Series) Circular No.76  | February 24,2004                       |
| 27.            | AP (DIR Series) Circular No.77  | March 13,2004                          |
| 28.            | AP (DIR Series) Circular No.86  | April 17,2004                          |
| 29.            | AP (DIR Series) Circular No.90  | May 3, 2004                            |
| 30.            | AP (DIR Series) Circular No.20  | October 25,2004                        |
| 31.            | AP (DIR Series) Circular No.38  | March 31,2005                          |
| 32.            | AP (DIR Series) Circular No.46  | June 14,2005                           |
| 33.            | AP (DIR Series) Circular No.25  | March 6, 2006                          |
| 34.            | Foreign Exchange Management (Current Account Transactions) Rules,2000 | May3, 2000 (and subsequent amendments) |