

Residential Status of Indian Students Abroad Revised

December 8, 2003

The Reserve Bank of India has been receiving representations from Indian students studying abroad requesting that they may be treated as non-residents under FEMA. The purport of their argument is that though they are students, they are, in reality, not dependent for a dominant part of their expenses on remittances from their households in India. Often they are permitted to work and have to undertake certain related financial transactions. They urge, therefore, that the definition needs to be revised.

Taking into account the definition of resident under FEMA and the intention of the student to stay abroad for uncertain period though not for permanent settlement, it has been decided to treat them henceforth as non-residents from the FEMA angle. As non-residents, students will, in any case, be eligible for receiving remittances from India, as follows : (i) up to USD 100,000 from close relatives from India on self-declaration towards maintenance, which could include remittances towards their studies also, (ii) up to USD 1 million out of sale proceeds/balances in their account maintained with an AD in India, (iii) all other facilities available for NRIs under FEMA, (iv) educational and other loans which were availed (as residents in India) by students would be allowed to continue.

It is also clarified that these instructions do not dilute in any way the utilisation of the existing foreign exchange remittance facilities to students in regard to their academic pursuits.

**Ajit Prasad
Manager**

Press Release : 2003-2004/710