



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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July 1, 2015

To,

All Authorised Persons 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. G.S.R 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-1.

3. This Master Circular is being updated from time to time as and when the fresh instructions are issued. The date up to which the Master Circular has been updated is suitably indicated.

4. This Master Circular may be referred to for general guidance. The Authorised Persons and the Authorised Dealer Category – I banks may refer to respective circulars/ notifications for detailed information, if so needed.

Yours faithfully,

(B.P. Kanungo)
Principal Chief General Manager

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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 Dealer banks are to be guided by the Rules made by the Government of India under Section 5 of the Foreign Exchange Management Act, 1999 (as indicated in item 1 of Appendix 2) which are detailed in the Foreign Exchange Management (Current Account Transactions) Rules, 2000 (hereinafter referred to as the Rules) notified by the Government of India vide Notification No. G.S.R.381 (E) dated May 3, 2000, (Annex-1) as amended from time to time. In terms of the said Rules, drawal of foreign 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 Dealer banks provided the applicant has secured the approval from the Ministry/Department of the Government of India as specified therein. In respect of transactions included in Schedule III to the Rules, prior approval of the Reserve Bank would be required for remittance exceeding the specified limits. The release of foreign exchange up to the threshold ceilings specified in Schedule III stands delegated to the Authorised Dealer banks. All applications for release of foreign exchange exceeding the limits as prescribed in Schedule III to the Rules should be referred to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the applicant is functioning / residing.

1.2 “Drawal” of foreign exchange also includes use of International Credit Cards (ICC), International Debit Cards (IDC), ATM cards, etc. “Currency”, *interalia*, 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, the Reserve Bank has decided to grant licenses to certain entities by authorising them as Authorised Dealer – Category II to undertake a range of non-trade current account transactions. Accordingly, 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 Organisations.

1.4 Release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan. (cf. Clause (b) of Rule 3 of the Rules ***(as indicated in item 2 of Appendix 2)***).

A.2 Sale of Exchange

2.1 Authorised Persons may release foreign exchange for travel purposes on the basis of a declaration given by the traveller regarding the amount of foreign exchange availed of during the financial year. 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, signature and details of foreign exchange sold for travel.

2.2 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. Authorised Dealers may, if requested by the traveller, record under their stamp and signature details of foreign exchange sold for travel, other than the private visit abroad. In case of a child travelling on a parent's passport, the endorsement should be made on the joint passport.

2.3 Out of the overall foreign exchange (USD 250, 000) 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 3000 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.
- (iv) Travellers proceeding for Haj/Umrah pilgrimage- full amount of BTQ entitlement in cash or up to the cash limit as specified by the Haj Committee of India, may be released.

2.4 A resident Indian is allowed to take INR of denomination of Rs.100 or lesser denomination, to Nepal and Bhutan, without any limits. For denominations of Rs 500 and Rs1,000, the limit is Rs 25,000.

2.5 The form A2 relating to sale of foreign exchange should be retained for a period of one year by the Authorised Persons, together with the related documents, for the purpose of verification by their Internal Auditors. For effecting current account remittances not exceeding USD 25,000 Authorised Dealers need only a simple letter from the applicant containing the basic information, viz., names and the addresses of the applicant and the beneficiary, amount to be remitted and the purpose of remittance. However, this is subject to the condition that the payment is made by a cheque drawn on the applicant's bank account or by a Demand Draft. AD banks shall prepare dummy A-2 so as to enable them to provide purpose of remittance for statistical inputs for Balance of Payment

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 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 Ministry concerned, to the extent and subject to conditions indicated therein.

A.4 Private visits

4.1 For private visits abroad, other than to Nepal and Bhutan, any resident individual can obtain foreign exchange up to an aggregate amount of USD 2,50,000, from an Authorised Dealer or FFMC, in any one financial year, irrespective of the number of visits undertaken during the year. This limit has been subsumed under the Liberalised Remittance Scheme w.e.f. May 26, 2015. If an individual has already remitted any amount under the Liberalised Remittance Scheme in a financial year, then the applicable limit for travelling purpose for such individual would be reduced from USD 250,000 by the amount so remitted.

4.2 The resident individual shall have to fill Form A2 and 'Application cum declaration for purchase of foreign exchange under Liberalised Remittance Scheme of USD

250,000' while availing foreign exchange for travelling purposes from AD banks and FFMCs.

A.5 Gift/ donation

5.1 Any resident individual/entity (trust; company; partnership firm, etc.), may remit up-to USD 2,50,000 in one financial year as gift to a person residing outside India or as donation to an organization outside India. Remittances exceeding the limit of USD 2,50,000 will require prior permission from the Reserve Bank. For a resident individual, this limit has been subsumed under the Liberalised Remittance Scheme w.e.f. May 26, 2015. If an individual remits any amount under the Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so remitted.

5.2 General permission is available to persons other than individuals' to remit towards donations up-to one per cent of their foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for (a) creation of Chairs in reputed educational institutes, (b) contribution to funds (not being an investment fund) promoted by educational institutes; and (c) contribution to a technical institution or body or association in the field of activity of the donor Company. Any additional remittance in excess of the same shall require prior approval of the Reserve Bank of India.

A. 6 Going abroad on employment

6.1 A person going abroad for employment can draw foreign exchange up to USD 2,50,000 per financial year from any Authorised Dealer in India on the basis of self-declaration in Form A2 and 'Application cum declaration for purchase of foreign exchange under LRS of USD 250,000'. This limit has been subsumed under the Liberalised Remittance Scheme w.e.f. May 26, 2015. If an individual remits any amount under the Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so remitted.

A.7 Emigration

A person going abroad on emigration can draw foreign exchange from AD Category I bank and AD Category II bank up to the amount prescribed by the country of emigration or USD 250,000. This amount is only to meet the incidental expenses in

the country of emigration. Further, this remittance is not for undertaking any capital account transactions such as overseas investment in government bonds; land; commercial enterprise; etc. No amount of foreign exchange can be remitted outside India to become eligible or for earning points or credits for immigration.

A.8 Maintenance of close relatives abroad

A resident individual can remit up-to USD 250,000 per financial year towards maintenance of close relatives [‘relative’ as defined in Section 6 of the Indian Companies Act, 1956] abroad. This limit has been subsumed under the Liberalised Remittance Scheme w.e.f. May 26, 2015. If an individual remits any amount under the Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so remitted.

A.9 Business trip

9.1 For business trips to foreign countries, resident individuals/ individuals having proprietorship firms can avail of foreign exchange up to USD 2,50,000 in a financial year irrespective of the number of visits undertaken during the year. This limit has been subsumed under the Liberalised Remittance Scheme w.e.f. May 26, 2015.

9.2 Visits in connection with attending of an international conference, seminar, specialised training, apprentice training, etc., are treated as business visits. Release of foreign exchange exceeding USD 2,50,000 for business travel abroad, irrespective of the period of stay, by residents require prior permission from the Reserve Bank.

9.3 However, if an employee is being deputed by a company and the expenses are borne by the company, then such expenses shall be treated as residual current account transactions and may be permitted by the AD bank, without any limit, subject to verifying the bonafides of the transaction.

A.10 Medical treatment abroad

10.1 With a view to enable resident individuals to avail of foreign exchange for medical treatment abroad without any hassles and any loss of time, Authorised Dealers may release foreign exchange up to an amount of USD 2,50,000 or its equivalent, on the basis of self-declaration in Form A2 and ‘Application cum

declaration for purchase of foreign exchange under LRS of USD 250,000' without insisting on any estimate from a hospital/doctor.

10.2 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.

10.3 A person who has fallen sick after proceeding abroad may also be released foreign exchange by an Authorised Dealer for medical treatment outside India.

10.4 In addition to the above, an amount up to USD 250,000 per financial year is allowed to a person for accompanying as attendant to a patient going abroad for medical treatment/check-up.

A. 11 Facilities available to students for pursuing their studies abroad.

11.1 AD Category I banks and AD Category II, may release foreign exchange up to USD 2,50,000 or its equivalent to resident individuals for studies abroad on self-declaration basis in Form A2 and 'Application cum declaration for purchase of foreign exchange under LRS of USD 250,000', without insisting on any estimate from the foreign University. However, AD Category I bank and AD Category II may allow remittances exceeding USD 250,000 based on the estimate received from the institution abroad.

11.2 Students going abroad for studies are treated as Non-Resident Indians (NRIs) and are eligible for all the facilities available to NRIs under FEMA, 1999. Educational and other loans availed of by students as residents in India can be allowed to continue. A student holding NRO account may withdraw and repatriate up to USD 1 million per financial year from his NRO account. USD 3000 or its equivalent may be carried by the student in the form of foreign currency (which shall be within the overall limit of USD 2,50,000 or the estimate received from the institution abroad) while going for study abroad.

A.12 'Any other current account transaction' as given at item no. (ix) of para 1 of Schedule III to FEM (CAT) Amendment Rules, 2015

"Any other current account transaction" as given at item no. (ix) of Rules *ibid* is to cover any other current account transactions which were available to individuals in

the erstwhile Schedule III to FEM (CAT) Rules, 2000 dated May 3, 2000, and which do not appear in Schedule III to FEM (CAT) Amendment Rules, 2015.

A.13 Period of surrender of foreign exchange

13.1 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 Rules / Regulation.

13.2 General permission is available to any resident individual to surrender received / realised / unspent / unused foreign exchange to an Authorised Person within a period of 180 days from the date of receipt / realisation / purchase / acquisition / date of return of the traveller, as the case may be.

Note: *Where a person approaches an Authorised Person for surrender of unspent/ unutilized foreign exchange after the prescribed period of 180 days, Authorised Person should not refuse to purchase the foreign exchange merely on the ground that the prescribed period has expired.*

13.3 The liberalized uniform time limit of 180 days is applicable only to resident individuals and in areas other than export of goods and services.

13.4 In all other cases, the regulations / directions on surrender requirement shall remain unchanged. (cf. Notification No. FEMA 9/2000-RB dated May 3, 2000, as amended from time to time).

A.14 Unspent Foreign Exchange

14.1 As stated above, unspent foreign exchange brought back to India by a resident individual should be surrendered to an Authorised Person within 180 days from the date of return of the traveller.

14.2 However, a returning traveller is permitted to retain with him, foreign currency; travellers cheques and currency notes up to an aggregate amount of USD 2000 and foreign coins without any ceiling beyond 180 days. (cf. **Notification No. FEMA 11/2000-RB dated May 3, 2000**). Foreign exchange so retained, can be utilized by the traveller for his subsequent visit abroad.

14.3 A resident individual 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. The eligible credits to the Resident Foreign Currency (Domestic) Account, are as under :-

- a) 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
- b) from any person not resident in India and who is on a visit to India, as honorarium or gift or for services rendered or in settlement of any lawful obligation; or
- c) by way of honorarium or gift while on a visit to any place outside India; or
- d) represents the unspent amount of foreign exchange acquired by him from an authorised person for travel abroad.

e) as gift from a close relative;

Explanation: For the purpose of this clause, "close relative" means relative as defined in Section 6 of the Indian Companies Act, 1956.

- f) by way of earning through export of goods/services, or as royalty, honorarium or by any other lawful means;
- g) representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/GDRs under the Sponsored ADR/GDR Scheme approved by the Foreign Investment Promotion Board of Government of India.
- h) by way of earnings received as the proceeds of life insurance policy claims/maturity/surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.

Debits to the account shall be for payments towards a current account transaction in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time and towards a capital account transaction permissible under the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000.

A.15 Remittances for Tour Arrangements

15.1 Authorised Dealers may remit foreign exchange up to 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 or for making other tour arrangements for travellers from India, provided in each case the Authorised Dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the traveller concerned from an Authorised Person (including exchange drawn for private travel abroad), in accordance with the Rules, Regulations and Directions in force.

15.2 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 travel from India, provided the Authorised Dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the traveller concerned from an Authorised Person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.

15.3 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.

15.4 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.

15.5 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 neighbouring countries for services rendered by travel agents and hoteliers in these countries. Authorised Dealer 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.16 Payment in Rupees

Authorised Dealers may accept payment in cash for amounts which do not exceed the amount equivalent to 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:

- (i) a crossed cheque drawn on the applicant's bank account, or
- (ii) a crossed cheque drawn on the bank account of the firm/company sponsoring the visit of the applicant, or Banker's Cheque/ Pay Order/ Demand Draft or
- (iii) Debit/Credit/pre-paid cards provided
 - (a) KYC/AML guidelines are complied with.
 - (b) Sale of foreign currency / issue of foreign currency TCs is within the limits (credit /-prepaid cards) prescribed by the bank.
 - (c) The purchaser of foreign currency / foreign currency TCs and the credit/debit/prepaid card holder is one and the same person.

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.17 Issue of Guarantee – Import of service

17.1 With a view to further liberalise the procedure (other than in respect of a Public Sector Company or a Department/ Undertaking of the Government of India/ State Governments) for import of services, it has been decided to increase the limit for issue of guarantee by AD Category-I Banks from USD 100,000 to USD 500,000.

Accordingly, AD Category-I banks are now permitted to issue guarantee for amount not exceeding USD 500,000 or its equivalent in favour of a non-resident service provider, on behalf of a resident customer who is a service importer, provided:

- (a) The AD Category-I bank is satisfied about the bonafides of the transaction.
- (b) The AD Category-I bank ensures submission of documentary evidence for import of services in the normal course.
- (c) The guarantee is to secure a direct contractual liability arising out of a contract between a resident and a non-resident.

17.2 In the case of a Public Sector Company or a Department/ Undertaking of the Government of India/ State Governments, approval from the Ministry of Finance, Government of India for issue of guarantee for an amount exceeding USD 100,000 (USD One hundred thousand) or its equivalent would be required.

17.3 In case of invocation of the guarantee issued for import of services, the Authorised Dealer is required to submit to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (EPD), Reserve Bank of India, Central Office, Mumbai- 400001 a report on the circumstances leading to the invocation of the guarantee.

A.18 Liberalised Remittance Scheme (LRS) of USD 2,50,000 for Resident individuals

18.1 Under the Liberalised Remittance Scheme, (hereinafter referred to as the Scheme) Authorised Dealers may freely allow remittances by resident individuals up to USD 2,50,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both.

18.2 The Scheme is available to all resident individuals including minors. In case of remitter being a minor, the LRS declaration form must be countersigned by the minor's natural guardian.

18.3 Remittances under the Scheme can be consolidated in respect of family members subject to individual family members complying with its terms and conditions.

18.4 Remittances under the Scheme are allowed only in respect of permissible current or capital account transactions or a combination of both. All other transactions which are otherwise not permissible under FEMA and those in the nature of remittance for margins or margin calls to overseas exchanges/ overseas counterparty are not allowed under the Scheme.

18.5 Under the Scheme, Resident individuals are free to acquire and hold shares or debt instruments or any other asset including immovable property outside India without prior approval of the Reserve Bank.

18.6 The limit of USD 2,50,000 under the Scheme also includes remittances for current account transactions available to resident individuals under Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015. If an individual remits any amount under the said Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so remitted.

18.7 Remittances under the Scheme can be used for purchasing objects of art subject to the provisions of other applicable laws such as the extant Foreign Trade Policy of the Government of India.

18.8 The Scheme can also be used for remittance of funds for acquisition of ESOPs. The Scheme is in addition to acquisition of ESOPs linked to ADR / GDR and acquisition of qualification shares.

18.9 A resident individual can invest in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes, etc. under this Scheme. Further, the resident can invest in such securities out of the bank account opened abroad under the Scheme (see 12.13).

18.10 An individual who has availed of a loan abroad while as a non-resident can repay the same on return to India under the Scheme as a resident.

18.11 The Scheme can be used for outward remittance in the form of a DD either in the resident individual's own name or in the name of beneficiary with whom he intends putting through the permissible transactions at the time of private visit abroad, against self-declaration of the remitter in the format prescribed.

18.12 With effect from August 05, 2013, this Scheme, can be used by Resident individuals to set up Joint Ventures (JV)/ Wholly Owned Subsidiaries (WOS) outside India for bonafides business activities within the limit of USD 2,50,000 subject to the terms & conditions stipulated in FEMA Notification No.263.

18.13 Individuals can also open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the Scheme without prior approval 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.

18.14 Banks should not extend any kind of credit facilities to resident individuals to facilitate capital account remittances under the Scheme.

18.15 The scheme is not available for remittances for any purpose specifically prohibited under Schedule I or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transaction) Rules, 2000.

18.16 The Scheme is not available for capital account remittances to countries identified by Financial Action Task Force (FATF) as non-co-operative countries and territories as available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank.

18.17 For undertaking transactions under the Scheme, resident individuals may use the Form A-2 as at Annex-2 and Application-cum-Declaration Form as at Annex-3. It is mandatory to have PAN number to make remittances under the Scheme.

18.18 Investor, who has remitted funds under LRS can retain, reinvest the income earned on the investments.

18.19 AD Category – I banks are required to furnish the information on remittances made under this scheme on a monthly basis, on or before the fifth of the following month to which it relates through Online Returns Filing System (ORFS) for which purpose they have been given user ID and password by the Reserve Bank. Where there is no data to furnish, AD banks are advised to upload 'nil' figures in the ORFS system.

A.19 Facility to grant loan to NRI/ PIO close relative under Liberalised Remittance Scheme (LRS):

Resident individual is permitted to lend to a Non-resident Indian (NRI)/ Person of Indian Origin (PIO) close relative [means 'relative' as defined in Section 6 of the Indian Companies Act, 1956] by way of crossed cheque/ electronic transfer subject to the following conditions:

- (i) the loan is free of interest and the minimum maturity of the loan is one year;
- (ii) the loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 2,50,000 per financial year available for a resident individual. It would be the responsibility of the lender to ensure that the amount of loan is within the Liberalised Remittance Scheme limit of USD 2,50,000 during the financial year;
- (iii) the loan shall be utilized for meeting the borrower's personal requirements or for his own business purposes in India.
- (iv) the loan shall not be utilized, either singly or in association with other person for any of the activities in which investment by persons resident outside India is prohibited, namely:
 - a. The business of chit fund, or
 - b. Nidhi Company, or
 - c. Agricultural or plantation activities or in real estate business, or construction of farm houses, or
 - d. Trading in Transferable Development Rights (TDRs).

Explanation: For the purpose of item (c) above, real estate business shall not include development of townships, construction of residential/ commercial premises, roads or bridges.

- (v) the loan amount should be credited to the NRO a/c of the NRI / PIO. Credit of such loan amount may be treated as an eligible credit to NRO a/c;
- (vi) the loan amount shall not be remitted outside India; and
- (vii) repayment of loan shall be made by way of inward remittances through normal banking channels or by debit to the Non-resident Ordinary (NRO) / Non-resident External (NRE) / Foreign Currency Non-resident (FCNR) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.

A.20 Documentation

20.1 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 authorized dealers is drawn to sub-section (5) of Section 10 of the FEMA, 1999 (*as indicated in item 3 of Appendix 2*) which provides that an authorised person shall require any person desiring 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 FEMA or any rule, regulation, notification, direction or order issued there under.

20.2 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 the Reserve Bank.

20.3 All the facilities (including private/business visits) for release of exchange/remittances for current account transactions available to resident individuals under Para 1 of Schedule III to FEM (CAT) Amendment Rules, 2015, have been subsumed under the overall limit of USD 250,000. However, for emigration; expenses in connection with medical treatment abroad and studies abroad, individuals may avail of exchange facility for an amount in excess of the overall limit prescribed under the LRS, if it is so required by a country of emigration; medical institute offering treatment or the university respectively.

20.4 The resident individuals shall be required to fill up Form A2 and Application cum declaration for purchase of foreign exchange under LRS of USD 250,000.

A.21 International Credit Cards

21.1 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.

21.2 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 software or import of any other item permissible under Foreign Trade Policy (FTP).

21.3 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.

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

21.5 Resident individuals maintaining foreign currency accounts 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.

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

21.7 Use of ICC for payment in foreign exchange in Nepal and Bhutan is not permitted.

A.22 International Debit Cards

22.1 Banks authorised to deal in foreign exchange 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 limits as mentioned in the Schedules to the Rules, as amended from time to time, are equally applicable to payments made through use of these cards.

22.2 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.23 Store Value Cards/ Charge Cards/ Smart Cards, etc.

Certain Authorised Dealer 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 the 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 FEM (CAT) Rules, 2000, as amended from time to time.

A.24 Redemption of unutilized balance on prepaid travel cards:

24.1 As per the practice followed by issuers, resident Indians who purchase their travel cards, are permitted refund of the unutilized foreign exchange balance only after 10 days from the date of last transaction and accordingly, this condition is stated in the “user guide”. Since these cards are expected to act as substitutes for cash/ Travellers Cheques, the facilities available to the user will have to be similar. Accordingly, all such Authorised Persons shall redeem the unutilized balance outstanding in the cards immediately upon request by the resident Indians to whom the cards are issued subject to retention of: -

- a) The amounts that are authorized and remain unclaimed/ not settled by the acquirers as of the date of redemption till the completion of the respective settlement cycle;
- b) A small balance not exceeding US\$ 100, for meeting any pipeline transactions till the completion of the respective settlement cycle; and
- c) Transaction fees / service tax payable in India in Rupees.

24.2 For the amount that are authorized but unclaimed/ not settled by the acquirer, the issuer of such cards can hold such amounts until such transactions are processed/ settled by the acquirers within the prescribed settlement timeframe.

A.25 Acquisition of foreign securities under Employees Stock Option (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 per cent 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.26 Income- tax clearance

Reserve Bank of India will not issue any instructions under the FEMA, regarding the procedure to be followed in respect of deduction of tax at source while allowing remittances to the non-residents. It shall be mandatory on the part of Authorised Dealers to comply with the requirement of the tax laws, as applicable.

(Para A. 1.1 of Master Circular)

**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 1st 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 Government 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

Every drawal of foreign exchange for transactions included in Schedule III shall be governed as provided therein.

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 11 of Schedule II, or item 1(ii), 2(i), 2(ii) & 2(iv) 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

Transactions which are Prohibited (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 up to 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

Transactions which require prior approval of the Central Government (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 through ocean transport 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 (a) TV Channels (b) Internet Service providers	Ministry of Information and Broadcasting 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. omitted	
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)

Notified by GOI Notification No. G.S.R 426(E) dated May 26, 2015

Facilities for individuals—

1. Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of the Reserve Bank of India.

- (i) Private visits to any country (except Nepal and Bhutan).
- (ii) Gift or donation.
- (iii) Going abroad for employment.
- (iv) Emigration.
- (v) Maintenance of close relatives abroad.
- (vi) Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.
- (vii) Expenses in connection with medical treatment abroad.
- (viii) Studies abroad.
- (ix) Any other current account transaction

Provided that for the purposes mentioned at item numbers (iv), (vii) and (viii), the individual may avail of exchange facility for an amount in excess of the limit prescribed under the Liberalised Remittance Scheme as provided in regulation 4 to FEMA Notification 1/2000-RB, dated the 3rd May, 2000 (here in after referred to as the said Liberalised Remittance Scheme) if it is so required by a country of emigration, medical institute offering treatment or the university, respectively:

Provided further that if an individual remits any amount under the said Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 (US Dollars Two Hundred and Fifty Thousand Only) by the amount so remitted:

provided also that for 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 of a foreign company or subsidiary or joint venture in India of such foreign company,

may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions).

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 assignments, the duration of which does not exceed three years, is a resident but not permanently resident:

provided also that a person other than an individual may also avail of foreign exchange facility, mutatis mutandis, within the limit prescribed under the said Liberalised Remittance Scheme for the purposes mentioned herein above.

Facilities for persons other than individual -

2. The following remittances by persons other than individuals shall require prior approval of the Reserve Bank of India.

- (i) Donations exceeding one per cent. of their foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for-
 - (a) creation of Chairs in reputed educational institutes,
 - (b) contribution to funds (not being an investment fund) promoted by educational institutes; and
 - (c) contribution to a technical institution or body or association in the field of activity of the donor Company.

- (ii) Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or five percent of the inward remittance whichever is more.

- (iii) Remittances exceeding USD 10,000,000 per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 per project, for other consultancy services procured from outside India.

Explanation:—For the purposes of this sub-paragraph, the expression “infrastructure’ shall mean as defined in explanation to para 1(iv)(A)(a) of Schedule I of FEMA Notification 3/2000-RB, dated the May 3, 2000.

- (iv) Remittances exceeding five per cent of investment brought into India or USD 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.”

3.Procedure

The procedure for drawal or remit of any foreign exchange under this schedule shall be the same as applicable for remitting any amount under the said Liberalised Remittance Scheme.

Note: The principal rules were published in Part II, Section 3, Sub-section (i) of Gazette of India, Extraordinary, vide G.S.R. 381(E), dated the 3rd May, 2000.

Annex-2

(Para A 2.4 of Master Circular)

FORM - A 2

(To be completed by the applicant)

FORM A2

(For payments other than imports and remittances covering intermediary trade)

AD Code No. _____
Form No. _____
(To be filled in by the Authorised Dealer)
Serial No. _____
(For use of Reserve Bank of India)
Currency _____ Amount _____
Equivalent to Rs. _____
(To be completed by Authorised Dealer)

Application for Remittance Abroad

I/We

_____ (Name of applicant remitter)

authorize

_____ (Name of AD branch)

Savings Bank/ Current/ RFC/ EEFC A/c. No. _____ together with their 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 travelers cheques for _____

* d) Issue foreign currency notes for _____

* (Strike out whichever is not applicable)
for the purpose indicated below

(Remitter should put a tick (√) against an appropriate purpose code. In case of doubt/difficulty, the AD bank should be consulted).

Date : _____

Signature
Name :

Sr. No.	Purpose Group Name	Purpose Code	Description

As per the Annex

**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 :

Annex to Form A 2				
Purpose Codes for Reporting under FETERS				
A. Payment Purposes_(for use in BOP file)				
Gr. No.	Purpose Group Name	Purpose Code	Description	
0	Capital Account	S0017	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government	
		S0019	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government	
		S0026	Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government	
		S0027	Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non-Government	
		S0099	Other capital payments not included elsewhere	
	Financial Account			
	Foreign Direct Investments		S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
			S0004	Indian Direct investment abroad (in subsidiaries and associates) in debt instruments
			S0005	Indian investment abroad – in real estate
			S0006	Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares
			S0007	Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt instruments

		S0008	Repatriation of Foreign Direct Investment made by overseas Investors in India – in real estate
Foreign Portfolio Investments		S0001	Indian Portfolio investment abroad – in equity shares
		S0002	Indian Portfolio investment abroad – in debt instruments
		S0009	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares
		S0010	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments
External Commercial Borrowings		S0011	Loans extended to Non-Residents
		S0012	Repayment of long & medium term loans with original maturity above one year received from Non-Residents
Short term Loans		S0013	Repayment of short term loans with original maturity up to one year received from Non-Residents
Banking Capital		S0014	Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc)
		S0015	Repayment of loans & overdrafts taken by ADs on their own account.
		S0016	Sale of a foreign currency against another foreign currency
Financial Derivatives and Others		S0020	Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions.
		S0021	Payments made on account of sale of share under Employee stock option
		S0022	Investment in Indian Depositories Receipts (IDRs)
		S0023	Remittances made under Liberalised Remittance Scheme (LRS) for Individuals
External Assistance		S0024	External Assistance extended by India. e.g. Loans and advances extended by India to Foreign governments under various agreements

		S0025	Repayments made on account of External Assistance received by India.
1	Transport	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/Rental of Vessels (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 / Rental of Vessels (with crew) – Airline companies
		S0212	Booking of passages abroad – Airlines companies
		S0214	Payments on account of stevedoring, demurrage, port handling charges etc.(Shipping companies)
		S0215	Payments on account of stevedoring, demurrage, port handling charges, etc.(Airlines companies)
		S0216	Payments for Passenger - Shipping companies
		S0217	Other payments by Shipping companies
S0218	Payments for Passenger - Airlines companies		
S0219	Other Payments by Airlines companies		

		S0220	Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0221	Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0222	Postal & Courier services by Air
		S0223	Postal & Courier services by Sea
		S0224	Postal & Courier services by others
2	Travel	S0301	Business travel.
		S0303	Travel for pilgrimage
		S0304	Travel for medical treatment
		S0305	Travel for education (including fees, hostel expenses etc.)
		S0306	Other travel (including holiday trips and payments for settling international credit cards transactions)
3	Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad
		S0502	Cost of construction etc. of projects executed by foreign companies in India.
4	Insurance and Pension Services	S0601	Life Insurance premium except term insurance
		S0602	Freight insurance – relating to import & export of goods
		S0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		S0605	Auxiliary services including commission on insurance
		S0607	Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)
		S0608	Life Insurance Claim Settlements
		S0609	Standardised guarantee services
		S0610	Premium for pension funds
		S0611	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		S0612	Invoking of standardised

			guarantees
5	Financial Services	S0701	Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.
		S0702	Investment banking – brokerage, under writing commission etc.
		S0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.
6	Telecommunication, Computer & Information Services	S0801	Hardware consultancy/implementation
		S0802	Software consultancy / implementation
		S0803	Data base, data processing charges
		S0804	Repair and maintenance of computer and software
		S0805	News agency services
		S0806	Other information services- Subscription to newspapers, periodicals
		S0807	Off-site software imports
		S0808	Telecommunication services including electronic mail services and voice mail services
		S0809	Satellite services including space shuttle and rockets etc.
7	Charges for the use of intellectual property n.i.e	S0901	Franchises services
		S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
8	Other Business Services	S1002	Trade related services – commission on exports / imports
		S1003	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies
		S1004	Legal services
		S1005	Accounting, auditing, book-keeping services
		S1006	Business and management consultancy and public relations services
		S1007	Advertising, trade fair service
		S1008	Research & Development services

		S1009	Architectural services
		S1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		S1011	Payments for maintenance of offices abroad
		S1013	Environmental Services
		S1014	Engineering Services
		S1015	Tax consulting services
		S1016	Market research and public opinion polling service
		S1017	Publishing and printing services
		S1018	Mining services like on-site processing services analysis of ores etc.
		S1020	Commission agent services
		S1021	Wholesale and retailing trade services.
		S1022	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies
		S1023	Other Technical Services including scientific/space services.
		S1099	Other services not included elsewhere
9	Personal, Cultural & Recreational services	S1101	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.
		S1103	Radio and television production, distribution and transmission services
		S1104	Entertainment services
		S1105	Museums, library and archival services
		S1106	Recreation and sporting activities services
		S1107	Education (e.g. fees for correspondence courses abroad)
		S1108	Health Service (payment towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)
		S1109	Other Personal, Cultural & Recreational services
10	Govt. not included elsewhere (G.n.i.e.)	S1201	Maintenance of Indian embassies abroad

		S1202	Remittances by foreign embassies in India
11	Secondary Income	S1301	Remittance for 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.
		S1307	Outflows on account of migrant transfers including personal effects
12	Primary Income	S1401	Compensation of employees
		S1402	Remittance towards interest on Non-Resident deposits (FCNR(B)/NR(E)RA, etc.)
		S1403	Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.
		S1405	Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)
		S1408	Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)
		S1409	Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares
		S1410	Payment of interest by FDI enterprises in India to their Parent company abroad.
		S1411	Remittance of interest income on account of Portfolio Investment in India
		S1412	Remittance of dividends on account of Portfolio Investment in India on equity and investment

			fund shares
13	Others	S1501	Refunds / rebates / reduction in invoice value on account of exports
		S1502	Reversal of wrong entries, refunds of amount remitted for non-exports
		S1503	Payments by residents for international bidding
		S1504	Notional sales when export bills negotiated/ purchased/ discounted are dishonored/ crystallised/ cancelled and reversed from suspense account
		S1505	Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)
14	Maintenance and repair services n.i.e	S1601	Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.
		S1602	Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts, helicopters, etc.
15	Manufacturing services (goods for processing)	S1701	Payments for processing of goods

(Para 12.18 of Master Circular)**Application cum Declaration for purchase of foreign exchange under the Liberalised Remittance Scheme of USD 250, 000**

(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. Sources of funds:**IV. Nature of instrument**

- Draft.....
- Direct remittance.....
- Others

V. Details of the Beneficiary

- 1. Name
- 2. Address
- 3. Country
- 4*. Name and address of the bank.....
- 5*. 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).

VI. Details of the remittances made/transactions effected under the Scheme in the current financial year (April- March)

Sl. No.....Date :.....Amount :..... Name and address of AD branch/FFMC through which the transaction has been effected.

Declaration

I,(Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year as per item No.....of the Application, is within the overall limit of USD 250, 000/- (US Dollar Two hundred and Fifty Thousand only), which is the limit prescribed by the Reserve Bank of India for the purpose and certify that the source

of funds for making the said remittance belongs to me and the foreign exchange 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 issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:
Stamp and seal

Signature:

Date:

Place:

**Operational Instructions for Authorised Dealer Banks
Master Circular on Miscellaneous Remittances from India –
Facilities for Residents**

1. General

Authorised Dealers may carefully study the provisions of the Act / Regulations / Notifications issued under Foreign Exchange Management Act, 1999.

Reserve Bank will not prescribe the documents which should be verified by the Authorised Dealers while permitting remittances for various transactions, particularly of current account.

In terms of the provisions contained in sub-section 5 of section 10 of the Act, before undertaking any transaction in foreign exchange on behalf of any person, an Authorised Dealer is required to obtain a declaration and such other information from the person (applicant) on whose behalf the transaction is being undertaken that will reasonably satisfy him that the transaction is not designed to contravene or evade the provisions of the Act or any of the Rules or Regulations made or Notifications or directions or orders issued under the Act. Authorised Dealers should preserve the information / documents obtained by them from the applicant before undertaking the transactions for verification by the Reserve Bank.

In case the person on whose behalf the transaction is being undertaken refuses or does not give satisfactory compliance of the requirements of an authorised person, he shall refuse in writing to undertake the transactions. Where an authorized person has reasons to believe that a contravention or evasion of the Act or the Rules or Regulations made or Notifications issued there under was contemplated in the transaction that he has refused to undertake, he shall report the matter to the Reserve Bank.

With a view to maintaining uniform practices, Authorized Dealers may consider requirements or documents to be obtained by their branches to ensure compliance with provisions of sub-section (5) of section 10 of the Act. In terms of the Rule 3 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time, drawal of foreign exchange for the transactions included in Schedule I thereto is prohibited.

Authorised Dealers may release foreign exchange for transactions included in Schedule II to the Rules, provided the applicant has secured the approval from the Ministry/Department of Government of India indicated against the transaction.

In respect of transactions included in Schedule III, individuals can avail of foreign exchange facility for the transactions included in Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015, within the limit of USD 2,50,000 only. If an individual remits any amount under the Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so remitted. However, for emigration; expenses in connection with medical treatment abroad and studies abroad, individuals may avail of exchange facility for an amount in excess of the overall limit prescribed under the LRS, if it is so required by a country of emigration; medical institute offering treatment or the university respectively.

Authorised Dealers may allow remittances up to USD 2,50,000 under LRS on the basis of submission of Application cum declaration for purchase of foreign exchange under LRS of USD 250,000 and Form A2.

Authorised Dealers should also ensure that payment for purchase of foreign exchange is made by the applicant by means of cheque or demand draft or by debit to his/her account. Authorised Dealer may also accept the payment through credit /debit/prepaid card of the card holder as stipulated in our A.P. (DIR Series) Circular No.40 dated December 10, 2008.

2. Small Value Remittances

Authorized dealers may release foreign exchange not exceeding USD 25,000 or its equivalent, for all permissible current account transactions. Authorised Dealers may obtain a simple letter from the applicant containing the basic information, viz., names and the addresses of the applicant and the beneficiary, amount to be remitted and the purpose of remittance.

3. Liberalized Remittance Scheme for Resident Individuals

The remittance under the Scheme is available to the resident individuals for any permitted current or capital account transactions or a combination of both.

Drawal of foreign exchange by resident individuals as per Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 dated May 26, 2015 shall be subsumed within the limit of USD 2,50,000 under the Liberalised Remittance Scheme.

Under the scheme, resident individuals can acquire and hold immovable property. Individuals can acquire shares or debt instruments or any other assets outside India, without prior approval of the Reserve Bank. They can also open, maintain and hold foreign currency accounts with banks outside India. However remittance from India for margin or margin calls to overseas exchanges/overseas counterparty are not allowed under the scheme.

The individual will have to designate a branch of an AD through which all the remittances under the scheme will be made. It is mandatory to have PAN number to make remittances under the Scheme.

While allowing the facility to resident individuals, Authorised Dealers are required to ensure that “Know Your Customer” guidelines have been implemented in respect of bank accounts. They should also comply with the Anti-Money Laundering Rules in force while allowing the facility.

The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittances for capital account transactions. If the applicant seeking to make the remittances is a new customer of the bank, Authorised Dealers should carry out due diligence on the opening, operation and maintenance of the account. Further, the Authorised Dealers should obtain bank statement for the previous year from the applicant to satisfy themselves regarding the source of funds. If such a bank statement is not available, copies of the latest Income Tax Assessment Order or Return filed by the applicant may be obtained.

The Authorised Dealer should ensure that the payment is received out of funds belonging to the person seeking to make the remittances, by a cheque drawn on the applicant's bank account or by debit to his account or by Demand Draft / Pay Order.

The banks should not extend any kind of credit facilities to resident individuals to facilitate remittances under the Scheme.

The remittances made under this Scheme will be reported in the R-Return in the normal course. The Authorised Dealers may also prepare and keep on record dummy Form A2, in respect of remittances less than USD 25,000. In addition, Authorised Dealers would also furnish information on the number of applicants and total amount remitted under the Scheme, on a monthly basis, to the Reserve Bank of India, through the Online Return Filing System (ORFS).

APPENDIX-1

**List of circulars, which have been consolidated in the Master Circular-
Miscellaneous Remittances from India – Facilities for Residents**

http://www.rbi.org.in/Scripts/BS_ApCircularsDisplay.aspx

http://www.rbi.org.in/Scripts/Bs_FemaNotifications.aspx

Sl. No.	Circular No.	Title	Date
1.	A.P.(DIR Series) Circular No.1	Foreign Exchange Management Act (FEMA), 1999	June 1, 2000
2.	A.P.(DIR Series) Circular No.19	Foreign Exchange Management Act , 1999 - Foreign Travel	October 30, 2000
3.	A.P.(DIR Series) Circular No.20	Foreign Exchange Management Act , 1999 Foreign Travel	November 16, 2000
4.	A.P.(DIR Series) Circular No.11	Release of Foreign Exchange for visits abroad - Currency Component	November 13, 2001
5.	A.P.(DIR Series) Circular No.12	Release of Foreign Exchange for private visit abroad - Endorsement on Passport	November 23, 2001
6.	A.P.(DIR Series) Circular No.53	Use of Credit Cards	June 27, 2002
7.	A.P.(DIR Series) Circular No.16	Release of Foreign Exchange for Small Value Remittances	September 12, 2002
8.	A.P. (DIR Series) Circular No.17	Liberalisation of Release of Foreign Exchange for Medical Treatment Abroad	September 12, 2002
9.	A.P. (DIR Series) Circular No.37	Resident Foreign Currency (Domestic) Account - Facility for Resident Individuals	November 1, 2002
10.	A.P.(DIR Series) Circular No.51	Increase in release of foreign exchange for private visits abroad	November 18, 2002
11.	A.P. (DIR Series) Circular No.53	Resident Foreign Currency (Domestic) Account - Facility for Resident Individuals	November 23, 2002
12.	A.P. (DIR Series) Circular No.54	Remittance of Foreign Exchange for Miscellaneous purposes	November 25, 2002
13.	A.P.	Income Tax Clearance Certificate/No	November

Sl. No.	Circular No.	Title	Date
	(DIR Series) Circular No.56	Objection Certificate from Income Tax Authorities – Revision of format of undertaking and certificate	26,2002
14.	A.P. (DIR Series) Circular No.64	Resident Foreign Currency (Domestic) Account – Facility for Resident Individuals	December 24, 2002
15.	A.P. (DIR Series) Circular No.65	Foreign Exchange Management Act, 1999 – Advance Remittances for Services to be Rendered	January 6, 2003
16.	A.P. (DIR Series) Circular No.73	Foreign Exchange Management Act, 1999 – Current Account Transactions – Use of International Credit Cards abroad	January 24, 2003
17.	A.P. (DIR Series) Circular No.103	International Credit Cards - Liberalisation of Facilities for Residents	May 21, 2003
18.	A.P. (DIR Series) Circular No.3	Current Account Transactions - Liberalisation	July 17, 2003
19.	A.P. (DIR Series) Circular No.7	Current Account Transactions - Liberalisation - Clarifications	August 12, 2003
20.	A.P. (DIR Series) Circular No.8	Foreign Exchange Management Act, 1999	August 16, 2003
21.	A.P. (DIR Series) Circular No.33	Foreign Exchange Management Act, 1999 - Current Account Transactions – Liberalisation	November 13, 2003
22.	A.P. (DIR Series) Circular No.55	Release of Foreign Exchange for Miscellaneous Remittances	December 23, 2003
23.	A.P. (DIR Series) Circular No.64	Liberalised Remittance Scheme of USD 25,000 for Resident Individuals	February 4, 2004
24.	A.P. (DIR Series) Circular No.71	Export of Goods to Russia against Repayment of State Credits in Rupees – Payment of Agency Commission	February 20, 2004
25.	A.P. (DIR Series) Circular No.76	Foreign Exchange Management Act (FEMA), 1999 – Current Account Transactions – Liberalisation	February 24, 2004
26.	A.P. (DIR Series) Circular No.77	Foreign Exchange Management Act, 1999 - Guidelines for Compilation of R>Returns	March 13, 2004

Sl. No.	Circular No.	Title	Date
27.	A.P. (DIR Series) Circular No.86	FEMA 1999 – Current Account Transactions – Remittance for maintenance of close relatives abroad- Requests of Indian Nationals on deputation to India from Overseas Companies	April 17, 2004
28.	A.P. (DIR Series) Circular No.90	Acquisition of Foreign Securities by Resident Individuals under ESOP Scheme	May 3, 2004
29.	A.P. (DIR Series) Circular No.20	Foreign Exchange Management Act (FEMA), 1999 – Current Account Transactions – Remittance of Hiring Charges of Transponders – Procedural Changes	October 25, 2004
30.	A.P. (DIR Series) Circular No.38	Liberalised Remittance Scheme of USD 25,000 for Resident Individuals	March 31, 2005
31.	A.P. (DIR Series) Circular No.46	Use of International Debit Cards/Store Value Cards/Charge Cards/Smart Cards by Resident Indians while on a visit outside India	June 14, 2005
32.	A.P. (DIR Series) Circular No.25	Authorised Persons- Categorisation	March 6, 2006
33.	A.P. (DIR Series) Circular No.13	Issue of Bank Guarantee on behalf of service importers	November 17, 2006
34.	A.P. (DIR Series) Circular No. 14	Foreign Exchange Management Act (FEMA), 1999 – Current Account Transactions – Liberalisation	November 28, 2006
35.	A.P. (DIR Series) Circular No. 24	Liberalised Remittance Scheme of USD 50,000 for Resident Individuals	December 20, 2006
36.	A.P. (DIR Series) Circular No. 38	Foreign Exchange Management Act (FEMA), 1999 Current Account Transaction Rules – Amendment	April 5, 2007
37.	A.P. (DIR Series) Circular No. 58	Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000	May 18, 2007
38.	A.P. (DIR Series) Circular No. 9	Liberalised Remittance Scheme for Resident Individuals- Enhancement of limit from USD 100,000 to USD 200,000	September 26, 2007
39.	A.P. (DIR Series) Circular No. 36	Liberalised Remittance Scheme for Resident Individuals - Reporting	April 4, 2008
40.	Foreign Exchange		May 3, 2000

Sl. No.	Circular No.	Title	Date
	Management (Current Account Transactions) Rules,2000		
41.	A.P. (DIR Series) Circular No.15	Foreign Exchange Management Act, 1999 – Advance Remittances for Import of Services	September 8, 2008
42.	A.P. (DIR Series) Circular No.40 A.P. (F. L. Series) Circular No.03	Foreign Exchange Management Act, 1999 – Foreign Travel – Mode of payment in Rupees	December 10, 2008
43.	A.P. (DIR Series) Circular No.10	Foreign Exchange Management Act, 1999 – Advance Remittance for import of Services	October 5, 2009
44.	A.P. (DIR Series) Circular No.11	Issue of Bank Guarantee on behalf of service importers	October 5, 2009
45.	A.P. (DIR Series) Circular No. 50 A.P.(FL Series) Circular No. 7	Release of Foreign Exchange for Visits Abroad – Currency Component	May 4, 2010
46.	A.P. (DIR Series) Circular No.52	Foreign Exchange Management Act (FEMA), 1999 Current Account Transactions – Liberalisation	May 13, 2010
47.	A.P. (DIR Series) Circular No.29	Use of International Debit Cards/ Store Value Cards/Charge Cards/Smart Cards by resident Indians while on a visit outside India	December 22, 2010
48.	A.P. (DIR Series) Circular No. 48	Acquisition of credit card/debit card transactions in India by overseas banks - payments for airline tickets	April 5, 2011
49.	A.P. (DIR Series) Circular No. 17	Gift in Rupees by Resident Individuals to NRI close relatives	September 16, 2011
50.	A.P. (DIR Series) Circular No. 18	Loans in Rupees by resident individuals to NRI close relatives	September 16, 2011
51.	A.P. (DIR Series) Circular No. 32	Liberalised Remittance Scheme for Resident Individuals- Revised Application cum Declaration form	October 10, 2011
52.	A.P. (DIR Series) Circular No. 37	(i) Repatriation of income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement (ii) repatriation of income and sale proceeds of assets acquired abroad through remittances under Liberalised Remittance Scheme - Clarification	October 19, 2011
53.	A.P. (DIR Series)	Clarification - Liberalised Remittance	March 6,

Sl. No.	Circular No.	Title	Date
	Circular No. 90	Scheme for Resident Individuals	2012
54.	A.P. (DIR Series) Circular No. 102	Use of International Debit Cards/Store Value Cards/Charge Cards/Smart Cards by Resident Indians while on a visit outside India	April 2, 2012
55.	A.P. (DIR Series) Circular No. 118	Release of Foreign Exchange for Miscellaneous Remittances	May 7, 2012
56.	A.P. (DIR Series) Circular No. 106	Liberalised Remittance Scheme for Resident Individuals – Reporting	May 23, 2013
57.	A.P. (DIR Series) Circular No.24	Liberalised Remittance Scheme for Resident Individuals- Reduction of limit from USD 200,000 to USD 75,000	August 14, 2013
58.	A.P. (DIR Series) Circular No. 32	Liberalized Remittance Scheme – Clarifications	September 4, 2013
59.	A.P. (DIR Series) Circular No. 138	LRS for resident individuals-Increase in the limit from USD 75,000 to USD 125,000	June 3, 2014
60.	A.P.(DIR Series) Circular No. 5	LRS for resident individuals-Increase in the limit from USD 75,000 to USD 125,000	July 17, 2014
61.	A.P. (DIR Series) Circular No. 19	Liberalised Remittance Scheme for resident individuals-clarification	August 11, 2014
62.	A.P. (DIR Series) Circular No. 40	Release of Foreign Exchange for Haj/ Umrah pilgrimage	November 21, 2014
63.	A.P.(DIR Series) Circular No. 106	I. LRS for resident individuals- increase in the limit from USD 125,000 to USD 250,000 and rationalisation of current account transactions. II. Remittance facilities for persons other than individuals	June 01, 2015

1. Section 5 of FEMA, 1999

Current Account Transactions

Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction:

Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed. **(para A.1.1 of Master Circular)**

2. Rule 3 of FEM (CAT) Rules, 2000 (as amended from time to time)

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.

(para A.1.4 of Master Circular)

3. Sub-section (5) of Section 10 of the FEMA, 1999

An authorized person shall before undertaking any transaction in foreign exchange on behalf of any person, require that person to make such 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 this Act or of any rule, regulation, notification, direction or order made there under and where the said person refuses to comply any such requirement or makes only unsatisfactory compliance therewith , the authorized person shall refuse in writing to undertake the transaction and shall , if he has reason to believe that any such contravention or evasion as aforesaid is contemplated by the person, report the matter to the Reserve Bank.
