



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI - 400 001**

RBI/ 2004/39
A.P. (DIR Series) Circular No. 64

February 4, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Liberalised Remittance Scheme of USD 25,000 for Resident Individuals

As you are aware, we have been closely monitoring the macro-economic developments of the country and initiating suitable policy changes in tune with the changing scenario. As a step towards further simplification and liberalization of the foreign exchange facilities available to residents, it has been decided **that resident individuals may freely remit upto USD 25,000 per calendar year for any purpose** for which a Scheme has been formulated as detailed below:

2. Eligibility

All resident individuals are eligible to avail of the facility under the scheme. The facility will not be available to corporates, partnership firms, HUF, Trusts, etc.

3. Purpose

3.1 This facility is available for making remittance up to USD 25,000 per calendar year for any current or capital account transactions or a combination of both.

3.2 Under this facility, resident individuals will be free to acquire and hold immovable property or shares or any other asset outside India without prior approval of the Reserve Bank. Individuals will also be able to open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the scheme without prior

approval of Reserve Bank. The foreign currency account may be used for putting through all transactions connected with or arising from remittances eligible under this scheme.

3.3 It is further clarified that the facility under the scheme is in addition to those already available for private travel, business travel, gift remittances, donations, studies, medical treatment etc as described in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000. (Annexure B).

3.4 The remittance facility under the scheme is not available for the following:

- i) Remittance for any purpose specifically prohibited under Schedule-I (like purchase of lottery/sweep stakes, tickets proscribed magazines etc) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000. (Annexure B).
- ii) Remittances made directly or indirectly to Bhutan, Nepal, Mauritius or Pakistan.
- iii) Remittances made directly or indirectly to countries identified by the Financial Action Task Force (FATF) as “non co-operative countries and territories” viz Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines and Ukraine.
- iv) Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

4. Remittance Procedure

Requirements to be complied with by the remitter

4.1 To avail of this facility, the individual will have to designate a branch of an AD through which all the remittances under the scheme will be made.

4.2 The resident individual seeking to make the remittance should furnish an application letter cum declaration in the format as indicated in Annexure–A regarding the purpose of the remittance and declaration that the funds belong to the remitter and will not be used for the purposes as detailed above.

Requirements to be complied with by the Authorised Dealers

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

4.4 The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance. If the applicant seeking to make the remittance 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 AD 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.

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

4.6 Authorised dealer should certify that the remittance is not being made directly or indirectly by /or to ineligible entities and that the remittances are made in accordance with the instructions contained herein.

5. Reporting of the transactions

The remittances made under this Scheme will be reported in the R-Return in the normal course. The ADs may also prepare and keep on record dummy Form A2, in respect of remittances exceeding USD 5000. Authorised Dealers may arrange to furnish on a quarterly basis, information on the number of applicants and total amount remitted to the Chief General Manager, External Payment Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai-400001.

6. Necessary amendments to the relevant Foreign Exchange Management Regulations, 2000 as also the relevant Notifications, issued under FEMA, 1999 are being issued separately.

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

8. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager

Encls.: As above

***Form in which the applicant should submit to the designated branch of an
Authorised Dealer in support of the request for remittance under the Scheme***

Application cum Declaration
(To be completed by the applicant)

Application for purchase of foreign exchange

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

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Date	Amount
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VI Details of the Beneficiary

- 1. Name
- 2. Address
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- * 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)
purchased from or remitted through, all sources in India during last one year, including
this application is within USD 25,000/- (US Dollar Twenty five thousands only)the
annual 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

Annexure- B
[A.P. (DIR.Series) Circular No.64
dated February 4, 2004]

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

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.
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.	Ministry of Surface Transport.

Department or a PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)	(Chartering Wing)
5. Multi-modal transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping
6. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
7. Remittances under technical collaboration agreements where payment of royalty exceeds 5per cent on local sales and 8per cent on exports and lump-sum payment exceeds USD 2 million	Ministry of Industry and Commerce
8. 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)
9. Payment for securing Insurance for health from a company abroad	Ministry of Finance, (Insurance Division)
10. Remittance for membership of P&I Club	Ministry of Finance, (Insurance Division)

**Schedule III
(See Rule 5)**

1. Remittance by artiste e.g. wrestler, dancer, entertainer etc. (This restriction is not applicable to artistes engaged by tourism related organizations in India like ITDC, State Tourism Development Corporations etc. during special festivals or those artistes engaged by hotels in five star categories, provided the expenditure is met out of EEFC account).
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 5,000 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 is a citizen of a foreign state other than Pakistan.
 - 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 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 to agents abroad for sale of residential flats/ commercial plots in India, exceeding 5 per cent of the inward remittance.
12. Short term credit to overseas offices of Indian companies.
13. Remittance for advertisement on foreign television by a person whose export earnings are less than Rs.10 lakhs during each of the preceding two years.
14. Remittance of royalty and payment of lump-sum fee under the technical collaboration agreement which has not been registered with Reserve Bank.

15. Remittance exceeding USD 1,000,000 per project, for any consultancy service procured from outside India.
16. Remittances for use and/or purchase of trade mark/franchise in India.
17. Remittance exceeding USD 100,000 by an entity in India by way of reimbursement of pre-incorporation expenses.
18. Remittance of hiring charges of transponder.