

[Liberalised Remittances Scheme](#) [Transactions which are Prohibited](#)

Who is a resident? [Transactions which require prior approval of the Central Government](#)

A 'person resident in India' is defined in Section 2(v) of FEMA, 1999 as:

A person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include –

- **A**

a person who has gone out of India or who stays outside India, in either case:
for or on taking up employment outside India, or
for carrying on outside India a business or vocation outside India, or
for any other purpose, in such circumstances as would indicate his
intention to stay outside India for an uncertain period;

- **B**

a person who has come to or stays in India, in either case, otherwise than – for or on taking up employment
for carrying on in India a business or vocation in India, or
for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
any person or body corporate registered or incorporated in India,
an office, branch or agency in India owned or controlled by a person resident outside India,
an office, branch or agency outside India owned or controlled by a person resident in India;

That is to qualify as a resident the person concerned will have to fulfill the

criterion regarding

- the duration of stay and

- the purpose of stay.

The term Person Resident Outside India is defined in the Act as a person who is not a person resident in India.

Who is an Authorised Dealer?

An Authorised Dealer is normally a bank specifically authorised by the Reserve Bank under Section 10(1) of FEMA,1999, to deal in foreign exchange or foreign securities (List available on www.fedai.org.in).

If you are a Resident of India :

You can buy foreign exchange without taking permission from Reserve Bank of India for:

Purpose

Eligible amount

Business trip

Visits in connection with attending of an international conference, seminar, specialised training, study tour

- Up to USD 25000 for a business trip to any country other than Nepal & Bhutan.

Medical treatment

- Up to USD 100,000 on self declaration basis
- For amount exceeding the limit as per estimate of medical expenses from Doctor/Hospital abroad
- For medical treatment, additional USD25,000 can be drawn for meeting boarding/lodging/travel ex

Study abroad

- Foreign exchange up to USD 100,000 per academic year or estimate from the institution abroad w

Private visits

- Up to USD 10000 in any financial year to any country except Nepal & Bhutan
- For Nepal & Bhutan, Indian Currency only without any limit except currency notes of denomination
- Amount can be released on the basis of self-declaration

Employment abroad

- Up to USD 100,000

Emigration

- Up to USD 100,000

Gifts & donations (Individuals)

- Under the liberalised remittance scheme upto USD200,000 per financial year..

Gifts & donations(others)

- Other residents like corporates, partnership firms, trusts etc., are free to remit up to USD 5000 per

International Credit Cards(ICC)

- ICC can be used for meeting expenses/making purchases while abroad and for making payment in

International Debit Cards (IDC)

- IDC can be used for drawing cash or making payment to a merchant establishment. IDC can be used

Endorsement on Passport

- Not mandatory. However, if requested by the traveler, Authorised Dealer may record under their stamp

Purchase of Foreign Exchange

- Foreign exchange can be purchased from any bank branch dealing in foreign exchange or full-fledged moneychangers provided they are also permitted to release exchange for business & private visits.

- Foreign exchange up to USD 10000 can be obtained for one or more visits provided the aggregate foreign exchange availed of in one financial year does not exceed the prescribed ceiling of USD 10,000.

Travelers are allowed to purchase foreign currency notes/coins up to USD 3000. The balance amount can be taken in the form of travelers' cheques or bank drafts.

This limit of \$10,000 per financial year can be availed of by a person along with foreign exchange for travel abroad for any purpose, including for employment or immigration or studies.

- Exceptions to this are (a)travellers proceeding to Iraq and Libya can draw foreign exchange in the form of foreign currency notes and coins not exceeding USD 5000 or its equivalent. (b) travellers proceeding to the Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States can draw entire foreign exchange released in the form of foreign currency notes or coins. However, no foreign exchange is available for visit to Nepal and/or Bhutan for any purpose.

- If the rupee equivalent exceeds Rs.50,000/- the entire payment has to be made by way of crossed cheque/banker's cheque/pay order/demand draft only.

- Foreign exchange can be bought 60 days ahead of the journey date. In case it is not possible to use the foreign exchange within a period of 60 days, it should be surrendered to the Bank.

Surrender of Foreign Exchange on return

- Foreign exchange up to USD 2,000 in the form of foreign currency notes or travelers cheques can be retained indefinitely for future use.

- Amounts in excess of USD 2,000 have to be surrendered to a bank within 180 days of return

- Facility to credit the amounts to Rupee Foreign Currency (Domestic) account is also available. Foreign coins can be retained indefinitely without any limit.

Carrying of Indian Currency while proceeding abroad

- Residents are permitted to take outside India (other than Nepal & Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount of Rs.5,000/- per person. A person can take or send out of India to Nepal & Bhutan, currency notes other than notes of denomination of above Rs.100.

Carrying Indian Currency while coming to India.

- A person coming into India from abroad can bring in with him Indian currency notes within the limits given below:

- a. up to Rs. 5,000 from any country other than Nepal or Bhutan, and
- b. any amount in denomination not exceeding Rs.100 from Nepal or Bhutan

Carrying foreign exchange while coming to India

A person coming into India from abroad can bring with him foreign exchange **without any limit**. However, if the aggregate value of the foreign exchange in the form of currency notes, bank notes or travellers cheques brought in exceeds USD 10,000/- or its equivalent and/or the value of foreign currency exceeds USD 5,000/- or its equivalent, it should be declared to the Customs Authorities at the Airport in the Currency Declaration Form (CDF), on arrival in India.

Liberalised Remittances Scheme

What is the Liberalised Remittance Scheme of USD 200,000?

This is a facility extended to all resident individuals under which, they may freely remit upto **USD 200,000 per financial year** for any permissible current or capital account transaction or a combination of both.

Is there any frequency for the remittance?

There is no restriction on the frequency. However, the total amount of foreign exchange purchased from or remitted through, all sources in India during the **current financial year** should be within the limit of USD 200,000/-.

What are the purpose/s for which remittance can be made under the Scheme?

This facility is available for making remittance/s for any permissible current or capital account transaction or a combination of both. It is not available for purposes specifically prohibited (Schedule I) or regulated by the Government of India (Schedule II) of Foreign Exchange Management (Current Account Transactions) Rules, 2000.

Can residents avail of this facility for acquiring immovable property and other assets abroad?

Yes. Individuals are free to use this Scheme to acquire and hold immovable property, shares or any other asset outside India without prior approval of Reserve Bank.

Can individuals open foreign currency account abroad for making remittance under the Scheme?

Yes. Individuals are free to open, hold and maintain foreign currency accounts with a bank outside India for making remittances under the Scheme without the prior approval of Reserve Bank. The account can be used for putting through any transaction connected with or arising from remittances under the Scheme.

Can an individual send remittance under the Scheme to any country?

Remittance cannot be made directly or indirectly to Bhutan, Nepal, Mauritius or Pakistan. The facility is also not available for making remittances directly or indirectly to countries identified by the Financial Action Task Force (FATF) as 'non-co-operative Countries or Territories, from time to time.

For the current list of such countries/ territories please visit www.fatf-gafi.org .

Further, remittance under the facility cannot be made to individuals and entities identified as posing significant risk or committing acts of terrorism as advised to banks by Reserve Bank from time to time.

What are the requirements to be complied with by the remitter?

The individual will have to designate a branch of an AD through which all the remittances under the Scheme will be made. The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance. He has to furnish an application-cum-declaration in the specified format regarding the purpose of the remittance and declare that the funds belong to him and will not be used for purposes prohibited or regulated under the Scheme.

If an investment of USD 200,000 rises in value within the year, can one book profits and invest abroad again?

The investor is free to book profit or loss abroad and to invest abroad again. He is under no obligation to repatriate the funds remitted abroad.

Can an individual, who has repatriated the amount remitted during the financial year, avail of the facility once again?

Once a remittance is made for an amount upto USD 200,000 during the financial year, he would not be eligible to make any further remittances under this route, even if the proceeds of the investments have been brought back into the country.

Can remittances be made only in US Dollars?

The remittances can be in any currency equivalent to USD 200,000 in a financial year.

Can bankers open foreign currency accounts in India for residents under the Scheme?

No. Banks in India can not open foreign currency accounts in India for residents under the Scheme.

Can an Offshore Banking Unit (OBU) in India be treated on par with a branch of the bank outside India for the purpose of opening of foreign currency accounts by residents under the scheme?

No. For the purpose of the Scheme, an OBU in India is not treated as an overseas branch of a bank in India.

'Know Your Customer"guidelines and Anti-Money Laundering Rules in force should be complied with.

Remittances to non-residents will be allowed to be made by the authorised dealers on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the format prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India.

[Click here to view details from RBI](#)

Transactions which are Prohibited

Schedule 1 I

Transactions which are Prohibited

1. Remittance out of lottery winnings.
2. Remittance of income from racing/riding etc. or any other hobby.
3. Remittance for purchase of lottery tickets, banned/proscribed magazines, football pools, sweepstakes, etc.
4. Payment of commission on exports made towards equity investment in Joint Ventures/ Wholly Owned Subsidiaries abroad of Indian companies.
5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.
6. Payment of commission on exports under Rupee State Credit Route, except commission upto 10% of invoice value of exports of tea and tobacco.
7. Payment related to 'Call Back Services' of telephones.
8. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

Transactions which require prior approval of the Central Government

Schedule II

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 investment

Ministry of Finance, (Department of Economic Affairs)

3. Remittance of freight of vessel chartered by a PSU

Ministry of Surface Transport, (Chartering Wing)

4. Payment of import by a Govt. Department or a PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)

Ministry of Surface Transport, (Chartering Wing)

5. Multi-modal transport operators making remittance to their agents abroad

Registration Certificate from the Director General of Shipping

6. Remittance of hiring charges of transponders by

(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. Remittances under technical collaboration agreements where payment of royalty exceeds 5% on local

Ministry of Industry and Commerce

9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International

Ministry of Human Resources Development (Department of Youth Affairs and Sports)

10. Remittance for membership of P& I Club

Ministry of Finance, (Insurance Division)

