

Foreign Exchange Management (Current Account Transactions) Rules, 2000

CONTENTS

1. Short title and commencement
2. Definitions
3. Prohibition on drawal of foreign Exchange
5. Prior approval of Reserve Bank
6. .
7. Use of International Credit Card while outside India.

SCHEDULE 1 :- Schedule

SCHEDULE 2 :- Schedule

SCHEDULE 3 :- Schedule

Foreign Exchange Management (Current Account Transactions) Rules, 2000

In exercise of the powers conferred by section 5 and sub-section (1) of 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 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 rule:

(d) The words and expressions not defined in these rules but defined in the Act shall have the same meaning 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 1: or

(b) a travel to Nepal and/or Bhutan; or

(C) a transactio;n with a person resident in Nepal or Bhutan:

Provided that the prohibition in clause(c) may be exempted by RBI subject to such in Resident Foreign Currency (RFC) Account or Exchange Earner's Foreign Currency (EEFC) Account of remitter.

5. Prior approval of Reserve Bank :-

No person shall draw foreign exchange for a transaction included in the Schedule III without prior approval of the Reserve Bank: Provided that this rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account or Exchange Earner's Foreign Currency (EEFC) Account the remitter.

6. . :-

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7. Use of International Credit Card while outside India. :-

1 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.

Rule 7 shall be inserted by Foreign Exchange Management (Current Account Transaction) (Amendment) Rules, 2003. , Gaz. of India, Exty., Pt. II-Sec. 3(i), No. 23, dt. 16.1.2003, p. 1.

SCHEDULE 1

Schedule

<p>2 In Schedule I, brackets, words and figure "(See Rule 3)" the following words, brackets and figure shall be substituted by the Foreign Exchange Management (Current Account Transaction) Amendment Rules, 2005. 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 tor purchase of lottery tickets, banned/prescribed magazines, football poots, sweepstakes etc. 4. Payment of commission on exports made towards equity investment in Joint Venture/Wholly Owned Subsidiaries abroad of India companies. 5.</p>

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 Rupee Scheme aid

SCHEDULE 2

Schedule

. ³ In Schedule II, for the brackets, words and figure "(See Rule 4)", the following words, brackets and figure shall be substituted by the Foreign Exchange Management (Current Account Transaction) Amendment Rules, 2005. 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 abroad by any Ministry of Finance (Department of Economic PSU/State and Central Affairs) Government 3. Remittance of freight of vessel Ministry of Surface Transport chartered by a PSU (Chartering Wing) 4. Payment of import by a Govt. Ministry of Surface Transport Department or a PSU on c.i.f. (Chartering Wing) basis (i.e. other than f.o.b. and f.a.s. basis) . 5. Multi-modal transport operators Registration Certificate from the making remittance to their Director General of Shipping agents abroad 6. ⁴ in Schedule II, Item 6 and the entries relating thereto shall be omitted from "Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2002" W.E.F 2nd November, 2002 7. Remittance of container Ministry of Surface Transport (Director detention charge exceeding the (Director General of Shipping) rate prescribed by Director General of Shipping 8. Remittance under technical Ministry of Industry and Commerce. collaboration agreements where payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds US\$ 2 million. 9. Remittance of prize money/ Ministry of Human Resources Development sponsorship of sports activity (Department of Youth Affairs and Sports) abroad by a person other than International/National/State Level Sports bodies, if the amount involved exceed US\$ 100,000. 10. Payment for securing Insurance Ministry of Finance (Insurance Division) for health from a company abroad, 11. Remittance for membership of Ministry of Finance (Insurance Division) PandI Club

SCHEDULE 3

Schedule

\\ \\ (See Rule 5) . 1. Remittance by artiste e.g. wrestler, dancer, entertainer etc, (This restriction is not applicable to artistes engaged by tourism related organisations 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 ⁵ In Scheduled III, Item 2, the letters and figures "US \$ 5000" shall be substituted by Foreign Exchange Management (Current Account Transaction) (2nd Amendment) Rules, 2002. , Gaz. of India, Exty., Pt. II-Sec. 3(i), No. 579, dt. 20.12.2002, p. 1. ["US \$ 10000"] or its equivalent in one calendar year, for one or more private visits to any country (except Nepal and Bhutan). 3. Gift remittance exceeding US\$ 5,000 per annum per beneficiary. 4. Donation exceeding US\$ 5,000 per annum per beneficiary. 5. Exchange facilities exceeding "US

\$ 100,000" for persons going abroad for employment. 6. Exchange facilities for emigration exceeding "US \$ 100,000" or amount prescribed by country of emigration. 7. Remittance for maintenance of close relatives abroad exceeding "US \$ 100,000" per year per recipient. "(i) exceeding net salary (after deduction of taxes, contribution to provident fund and other deductions) of a person who is resident but not permanently resident in India and (a) \is a citizen of a foreign State other than Pakistan; or is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign com pany", 8. Release of foreign exchange, exceeding US\$ 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 pateitn 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 studis abroad exceeding the estimates from the institution abroad or "US \$ 100,000", whichever is higher. 11. Commission to agents abroad for sale of residential flats/commercial plots in India, exceeding 5% 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. Remittances of royalty and payment of lump-sum tee under the technical collaboration agreement which has not been registered with Reserve Bank. 15. Remittances exceeding " US \$ 1,000,000" for architectural/consultancy services procured from abroad. 16.⁶ In the Foreign Exchange Management (Current Account Transaction) Rules, 2000, in Schedule III, item number 16 and the entry relating thereto shall be omitted as follows :- "16. Remittances for use and/or purchase of trade mark/franchise in India." by the Foreign Exchange Management (Cuurent Account Transaction) (Amendment) Rules, 2006.[***] 17.⁷ in Schedule III, after Item 17, the following item shall be substituted from "Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2002" W.E.F 2nd November, 2002 18. Remittance of hiring charges of transponders