

# **FOREIGN EXCHANGE MANAGEMENT (CURRENT ACCOUNT TRANSACTIONS) RULES, 2000**

*G.S.R..381(E), dated 3rd May 2000 — 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**

- i. These rules may be called the Foreign Exchange Management (Current Account Transactions) Rules, 2000.
- ii. 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 the 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.

The word 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 <sup>1</sup>[\* \* \*] of the 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 <sup>1</sup>[\* \* \*] of the remitter.

## **6. Restrictions on EEFC Account holders**

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 10 and 11 of Schedule II, or Items 3, 4, 11, 16 & 17 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**

*[See Rule 3]*

### **<sup>1</sup>[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/prescribed 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. <sup>2</sup>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 Scheme Account.

## SCHEDULE II

[See Rule 4]

<sup>1</sup>[Transactions which require prior approval of the Central Government]

Purpose of Remittance	Ministry/Department of Government of India whose Approval is required
1. Cultural Tours	Ministry of Human Resources Development (Department of Education and Culture)
<sup>2</sup> ·Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and International bidding (exceeding US\$ 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 <sup>3</sup> [through ocean transport] by a Government 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-model transport operators making remittance to their agents abroad.	Registration Certificate from the Director General of Shipping.
<sup>6</sup> . <sup>4</sup> [6. Remittance of hiring charges of transponders by, (a) TV Channels Ministry of Information and Broadcasting (b) Internet Service Providers Ministry of Communication and Information Technology]	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]	[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 US\$ 1,00,000.	Ministry of Human Resources Development (Department of Youth Affairs and Sports)
9. [***]	
11. Remittance for membership of P&I Club.	Ministry of Finance (Insurance Division)

### **SCHEDULE III**

*[See Rule 5]*

1. [\*\*\*]

2. Release of exchange exceeding US\$ 10,000 or its equivalent in one financial year for one or more private visits to any country (except Nepal and Bhutan).

3. Gift remittance exceeding US\$ 5,000 per financial year per remitter or donor other than resident individual.

4. (i) Donation exceeding US\$ 5,000 per financial year per remitter or donor other than resident individual;

(ii) Donations by corporate, exceeding one per cent of their foreign exchange earnings during the previous three financial years or US\$ 5,000,000, whichever is less, for,—

(a) creation of Chairs in reputed educational institutes;

(b) to funds (not being an investment fund) promoted by educational institutes; and

(c) to a technical institution or body or association in the field of activity of the donor company.

*Explanation.*—For the purposes of these item numbers 3 and 4, remittance of gift and donation by resident individuals are subsumed under the Liberalised Remittance Scheme.]

5. Exchange facilities exceeding US \$ <sup>2</sup>[100,000] for persons going abroad for employment.

6. Exchange facilities for emigration exceeding US \$ <sup>2</sup>[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—

(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 or subsidiary or joint venture in India of such foreign company,]

(ii) exceeding US\$ <sup>2</sup>[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 or deputation 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 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 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 estimates from the institution abroad or US \$ [100,000] [per academic year], whichever is higher.

11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding US \$ 25,000 or 5% of the inward remittance whichever is more.]

12. [\*\*\*]

13. [\*\*\*]

14. [\*\*\*]

15. Remittances exceeding US\$ 10,000,000 per project, for any consultancy services in respect of infrastructure projects and US\$ 1,000,000 per project for other consultancy services procured from outside India.

**Explanation.**—For the purposes of this item number ‘infrastructure project’ is those related to—

(i) Power,

(ii) Telecommunication,

(iii) Railways,

(iv) Roads including bridges,

(v) Sea port and airport,

(vi) Industrial parks, and

(vii) Urban infrastructure (water supply, sanitation and sewage).]

16. [\*\*\*]

17. Remittances exceeding five per cent of the investment brought into India or US\$ 1,00,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.

18. [\*\*\*]