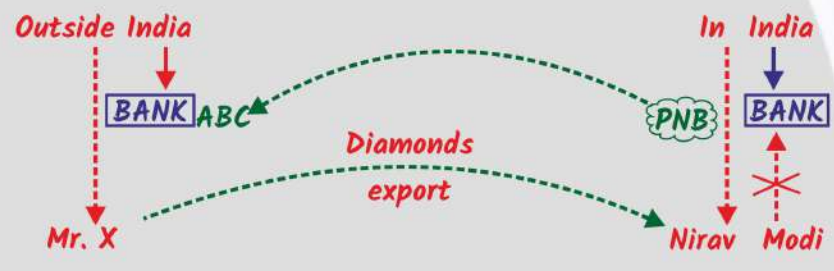
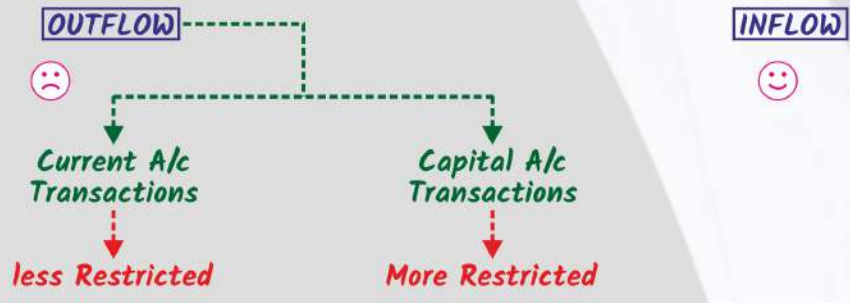
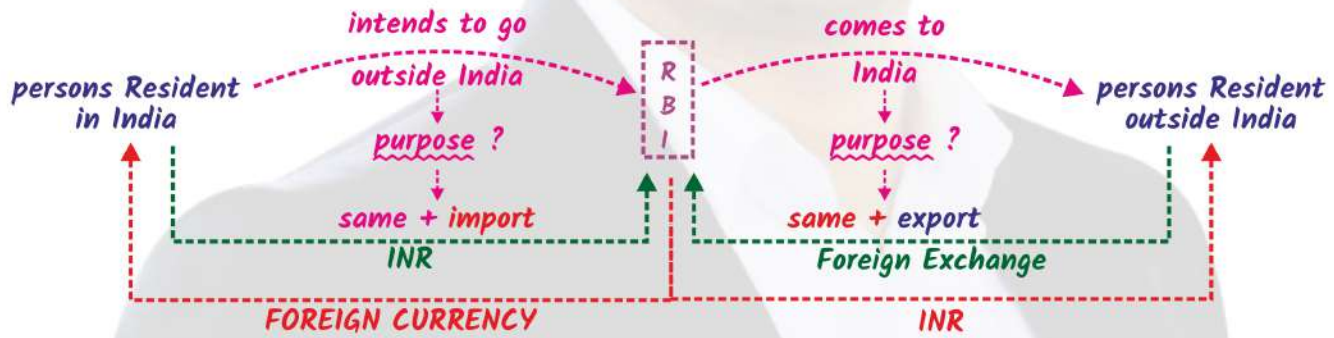
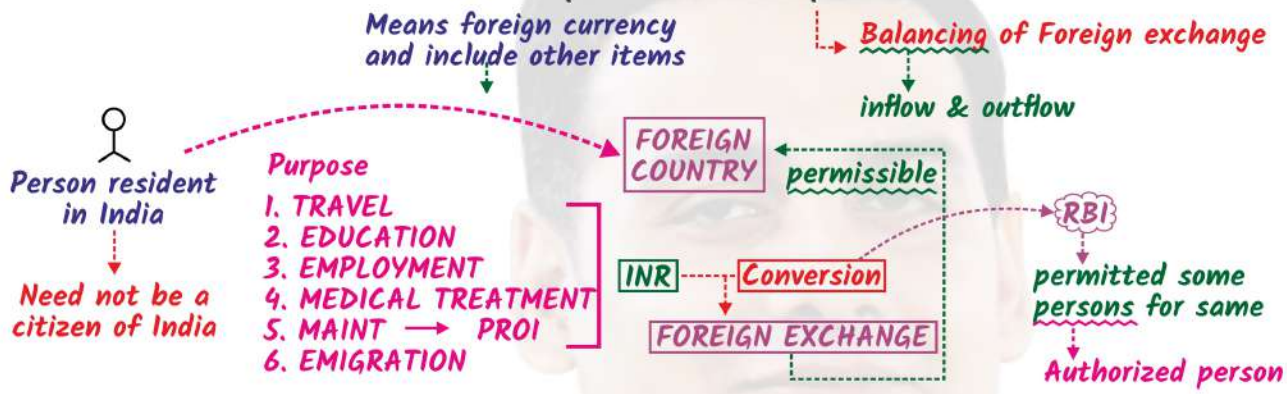
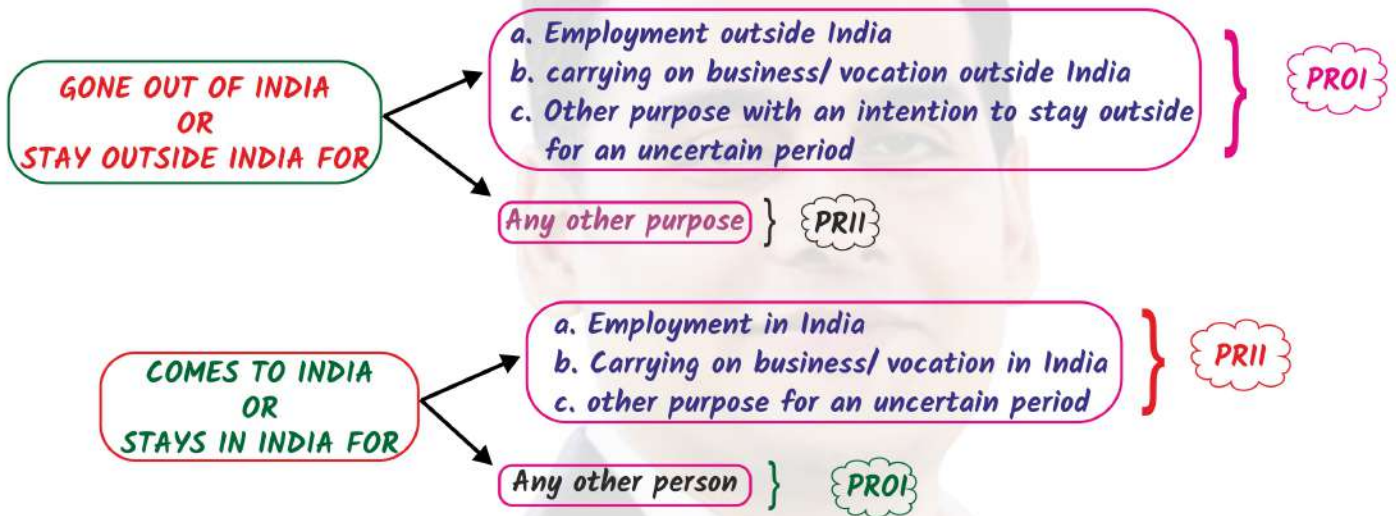


FOREIGN EXCHANGE MANAGEMENT ACT



1. PERSON RESIDENT IN INDIA Vs PERSON RESIDENT OUTSIDE INDIA

PERSON RESIDENT IN INDIA (PRII)-Sec 2(v) : Individual residing in India for more than 182 days during the previous financial year



PERSON RESIDENT OUTSIDE INDIA (PROI) : Person who is not resident in India

For Person other than Individual :

1. Any person or body corporate registered or incorporated in India
2. An office, branch or agency in India owned or controlled by a person resident outside India
3. An office, branch or agency outside India owned or controlled by a person resident in India

2. CURRENT AND CAPITAL ACCOUNT TRANSACTION - MEANING Capital Account Transactions [Sec 2(e)]



"CURRENT ACCOUNT TRANSACTIONS" [Sec 2 (j)]

MEANS	&	INCLUDES
A transactions other than a capital account Transaction		a. Payments due in connection with Foreign Trade, other current business, services and short term banking and credit facilities in the ordinary course of business b. Payments due as interest on loans and as net income from investments c. Remittances for living expenses of parents, spouse and children residing abroad, and d. Expenses in connection with foreign travel, education and medical care of parents, spouse and children

The general rule regarding permissibility of the above transaction is :

- a. Capital Account transactions are prohibited unless specifically permitted
- b. Current Account transactions are permitted, unless they are specifically prohibited

CURRENT ACCOUNT TRANSACTION

Prohibited

- * Remittance of Int. income on funds held in Non-Resident special rupee (NRSR) a/c scheme
- * Travel to Nepal or Bhutan
- * Transaction with person resident in Nepal or Bhutan
- * Remittance out of lottery winnings
- * Remittance of income from racing/riding etc. or any other hobby;
- * Remittance for purchase of lottery tickets, banned/prescribed magazines etc
- * Payment of comm. on exports made towards equity investm. in joint ventures/ wholly owned subsidiary abroad of Indian Companies
- * Remittance of dividend by any company to which the requirement of dividend balancing is applicable
- * Payment of commission on export under Rupee state credit Route
- * Payment related to 'call back services' of telephone

with approval of CoG

Cultural Tours	HRO Ministry
Advertisement abroad by any state Govt. & PSV	Ministry of finance
Remittance of freight of vessel chartered by PSV	Ministry of surface transport
Remitt. of Prize money sponsorship of sport activity abroad by a person other than Intern./National/state level sport body where amt. exceed USD 1,00,000/-	HRD Ministry
Payment for import through ocean trans. by a govt Dept or PSU on CIF basis	Ministry of Surface Transport
Multi-modal trans. operator making remitt. to their agents abroad	Reg. certificate from Director general of shipping
Remitt of hiring charges of transponders	Ministry of I & B Ministry of comm. & Info. technology
Remitt of container detention charges exceeding prescribed rates	Ministry of surface Transport
Remitt for membership of P&I club	Ministry of finance

with approval of RB

Individual

Nature of transaction	Limits upto no appr. req.
Release of exchange in 1 yr, for 1 or more pvt. visits to any country (except Nepal and Bhopal)	USD 250000 per FY
Gift by any Resident Ind or entity	USD 250000/FY to person resident outside India
Maintenance of close relatives abroad	USD 250000 per FY
Exchange facilities for per. going abroad for employment	USD 250000 per FY
Exchange facilities for emigration	USD 250000/- or amt. prescribed by country of emigration
Release of foreign exciting to per., irrespective of period of stay, for- * Business travel, or * attending conference or spl. train	USD 250000/ FY irrespective of number of trips
For accompanying as attendant to a patient going abroad for medical treatment	USD 250000 per FY
Medical Treatment Abroad	USD 250000 For amt. exceeding USD 250000 estimate from doctor in India or hospital/ doctor abroad is required to be submitted to authorized dealer
Remittance for study abroad	USD 250000/- Remitt. in excess of USD 250000 is allowed based on estimate from Institution abroad
Any other current a/c transaction	USD 250000 per FY

Non-Individual

Nature of transaction	Limits (No. approval req.)
Comm. per transa. to agents abroad for sale of residential flats/plots in India	Commission in excess 5% of inward remitt. or US 25000 which is higher
Remitt. by entity in India by way of re-imb. ursement of pre-incorp exp.	5% of invest. bought to India or US 100000/- higher
Remitt. for any consultancy services procured from abroad	USD 1,00,00,000/- per project for infrastructure project and USD 10,00,000 for other consultancy project
Donations by corporate * 1% F/E/E-IP3:YS	

CAPITAL ACCOUNT TRANSACTION

<i>Transactions with No Restriction</i>	<i>Permissible Transactions of PRI</i>	<i>Permissible Transactions of PROI</i>	<i>Prohibited Capital A/c Transaction</i>
<p><i>For amortisation of loan and for depreciation of direct investments in the ordinary course of business</i></p>	<ul style="list-style-type: none"> * <i>Investment by PRI Foreign securities;</i> * <i>Foreign currency loans raised in India and abroad by PRI;</i> * <i>Transfer of immovable property outside India by PRI;</i> * <i>Guarantees issued by a person resident in India in favour of PRI;</i> * <i>Export, Import and holding of currency;</i> * <i>Loans by PRI from PROI;</i> * <i>Maintenance of foreign currency a/c's in India and outside India by PRI;</i> * <i>Taking out of insur. policy by a PRI from an insurance company outside India;</i> * <i>Sale and purchase of foreign exchange derivatives in India and abroad and commodity derivative abroad by PRI</i> 	<ul style="list-style-type: none"> * <i>Investment in India by PROI, that is issue of security by a body corporate or in India and investment therein by a PROI;</i> * <i>Investment by way of contribution by a PROI to the capital of firm or a proprietorship or an AOP in India;</i> * <i>Acquisition and transfer of immovable property in India by PROI</i> * <i>Guarantee by a PROI in favour of, or on behalf of PRI</i> * <i>Deposits between a PRI and PROI</i> * <i>Foreign currency a/c of in India of a PROI</i> 	<p><i>No investment can be made in PROI in any entity which is engaged in business:-</i></p> <ul style="list-style-type: none"> * <i>of chit funds, or</i> * <i>as a Nidhi company, or</i> * <i>of agricultural activities,</i> * <i>of real estate, or</i> * <i>of construction of farm houses, etc</i> * <i>of trading in transferable development Rights (TDRS)</i>

MISCELLANEOUS (FEMA)

