

FEMA 1999

FERA VS FEMA

Objective	Conserve	Promote
Residential STATUS	Citizenship	No. of days stay in india
Strictness	Unless permitted All are prohibited	Unless prohibited All are permitted
MENS REA [GUILTY MIND]	EXISTED	NOT EXISTED
COMPOUNDING OF OFFENCE	☒	☒

APPLICABILITY WHOLE OF INDIA
BRANCH / OFFICE / AGENCY [B / O / I A]
OUTSIDE INDIA [CONTROLLED BY PRI]

DEFINITION:

1) PRI

INDIVIDUAL

→ 182 DAYS

Preceding F.Y

IRRESPECTIVE OF ABOVE CONDITION
PERSON TREATED AS PRI
if person came to india. For

IF PERSON WENT OUTSIDE INDIA
FOR, shall be treated as PRI
IRRESPECTIVE OF ABOVE CONDITION

- Business
 - Employment
 - Uncertain
- (HIGHER STUDIES IS INCLUDED Employment)

↓
RBI CLARIFICATION

VISITS INDIA - NOT CONSIDERED AS PRI (GENERALLY)

VISITS
O/S INDIA - NOT CONSIDERED AS PRI (GENERALLY)

INTERNATIONAL CREDIT CARD → CAN BE NO USED → RESTRICTION

ARTIFICIAL PERSON

INDIA

- B/O I A O/S INDIA
BUT OWNED/
CONTROLLED
BY INDIA

- B/O A IN INDIA
OWNED/CONTROLLED
FROM O/S INDIA

CURRENT ACCOUNT TRANSACTION

OTHER THAN
(CAPITAL ACCOUNT
TRANSACTIONS)

WITHOUT PREJUDICE
(ABOVE)

THE BELOW TRANSACTIONS
TREATED AS
CURRENT ACCOUNT
TRANSACTIONS

- FOREIGN TRADE
- SHORT-TERM (< 6m)
- BANKING FACILITY
(in ORDINARY COURSE
OF BUSINESS)
- INTEREST ON LOAN
PAID
- INTEREST ON INVESTMENTS
RETURNS/ RECEIVED
- LIVING EXPENSES
o/s INDIA
- TRAVEL/MEDICAL/EDUCATION
TO SPOUSE/ PARENTS/ CHILDREN

CAPITAL ACCOUNT TRANSACTION

↓
AICTE

PRI

ASSET
OR
LIABILITIES
o/s
INDIA
[INCLUDING
CONTINGENT
LIABILITIES]

PROI

ASSET
OR
LIABILITIES
IN
INDIA

→ AUTHORIZED PERSON → OFFSHORE BANKING UNIT

DEALER
BANK

MONEY CHANGER

FOREIGN CURRENCY
EXCHANGER

OTHERS
AUTHORIZED v/s 10

→ FOREIGN SECURITY

↓
DENOMINATED IN FOREIGN CURRENCY & IRRESPECTIVE OF DENOMINATION
while Redemption/
RETURNS

→ PERSON - INDIVIDUAL HUF / AOP / BOI / ASP

INCLUDES B / O / A OF THAT PERSON

→ FOREIGN EXCHANGE SMP *

- DEPOSITS, CREDITS, BALANCES PAYABLE IN FOREIGN CURRENCY
- DRAFTS, TRAVELLER CHEQUES, LETTER OF CREDITS, BILLS OF EXCHANGE
 - IN FOREIGN CURRENCY
 - DRAWN BY A PERSON O/S INDIA IN INDIAN CURRENCY

→ CURRENCY

- NOTES, POSTAL NOTES, POSTAL ORDERS, MONEY ORDER, CHEQUES, DRAFTS, LETTER OF CREDITS, BILLS OF EXCHANGE & PROMISSORY NOTES ETC

3 DEAL IN FOREX:

- ↓ NO PERSON SHALL
 - ↳ DEAL IN FOREX OTHERWISE THAN THROUGH AUTHORIZED PERSON (AP)
 - ↳ Remittance from O/S INDIA
 - ONLY THROUGH AP IS ALLOWED (INWARD REMITTANCE)
- ↑ TRANSACTION RELATED TO ACQUISITION OF ASSETS (IN INDIA) S
- ↑ MAKE PAYMENT L CREDIT OF PROI (O/S INDIA)

4 PRI — FOREX
— FOREIGN SECURITY
— IMMOVABLE PROPERTY

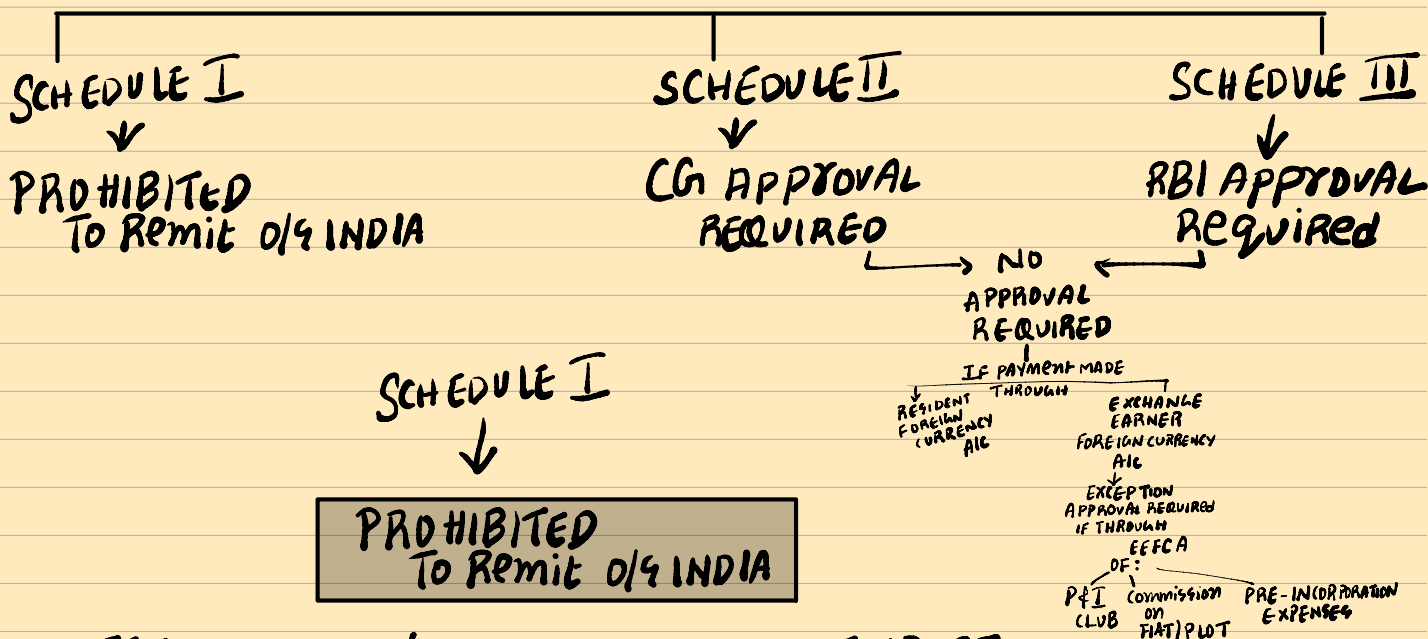
} CAN'T BE MADE O/S INDIA } UNLESS FOLLOWING FEMA ACT 1999

5 CURRENT A/C TRANSACTIONS

↓
RESTRICTIONS CAN BE MADE
BY

↓
CENTRAL GOVERNMENT + CONSULTATION WITH
RBI

FIM (CURRENT A/C TRANSACTIONS) RULES, 2000



SCHEDULE I
↓

PROHIBITED
TO REMIT O/S INDIA

- LOTTERY WINNING
- WINNING IN HORSE RACE
- SWEEPSTAKES
- BANNED MAZAKINES
- PURCHASE OF LOTTERY, & FOOTBALL POOLS
- DIVIDEND BALANCING
- CALL-BACK SERVICES
- NR SPECIAL RUPEE — INTEREST ACCOUNT SCHEME

— EXPORT



CM/O = MINISTER OF

SCHEDULE - II



CG APPROVAL REQUIRED

IF FORM T DURING
EXAM
↳ WRITE = APPROVAL
OF
CONCERNED
MINISTRY
IS REQUIRED

— CULTURAL TOUR

M/O HUMAN RESOURCE
DEPARTMENT

— ADVERTISEMENT
BY SC/ PSU OF SC

M/O FINANCE

↓
FOREIGN PRINT MEDIA

↓
> \$10000
(REQUIRED
APPROVAL)

EXCEPTION — INTERNATIONAL BIDDING
FOREIGN INVESTMENT
↓ TOURISM
(NO RESTRICTION)

— FREIGHT OF VESSEL
(F)

M/O SURFACE
TRANSPORT

— IMPORT BASED ON CIF →
↓ FREIGHT (COST-INSURANCE-FREIGHT)

— Multi-modal Transport Operator
Payment → Agent

Registration
Certificate
↓
From Director
General of
Shipping

— HIRING CHARGE- TRANSPONDER
(FOR TV/INTERNET)

TV - M/O INFO &
BROADCASTING
INTERNET - M/O COMM. & IT

- DETENTION CHARGES

M/O SURFACE
TRANSPORT

(SPORTS)
- PRIZE MONEY (OR) SPONSORSHIP
(+) FOR SPORTS
NOT NATIONAL / INTERNATIONAL
BODY
↓
> \$100K

M/O HUMAN
Resource
Department

- PROTECTION & INDEMNITY
↓
MEMBERSHIP fee CLUB

M/O FINANCE

SCHEDULE - III

INDIVIDUAL

ARTIFICIAL PERSON

⇒ INDIVIDUAL
CRBI APPROVAL
> \$250000

- PRIVATE VISIT

- Donation / Gift

- Emigration

- Study

- medical

- Other

- Emigration
- Study
- medical

EXCEPTION: ↓

IF THE
SERVICE
PROVIDERS
ASK > \$250000
IN WRITING
↓
NO RBI APPROVAL
REQUIRED

- PRI BUT NOT
PERMANENT
(MAX - 3 YEARS
STAY IN INDIA)
↓
NO RBI APPROVAL
REQUIRED
↓
UPTO AMOUNT
≤ NET SALARY

→ (~~\$250000 limit~~) NOT APPLICABLE

⇒ ARTIFICIAL PERSON [LIMIT EXCEEDS

— DONATION

↓
RBI APPROVAL
Required]

↓
LIMIT - 1% OF FOREX EARNINGS
IN PRECEDING 3 F.Y. } WEL
EXCEEDS
RBI
APPROVAL
Required
(OR)
\$ 5 million

— COMMISSION

ON SALE
OF FLAT/PLOT
IN INDIA

↓
5% OF INWARD REMITTANCE } WEH
OR
\$ 25000

— CONSULTANCY — INFRA CO. — ≤ \$ 10 million
— OTHER — ≤ \$ 1 million

— PRE - INCORPORATION EXPENSES

5% of investment } WEH
(OR)
\$ 100K

FEM (PERMISSIBLE CAT) REGULATIONS, 2000

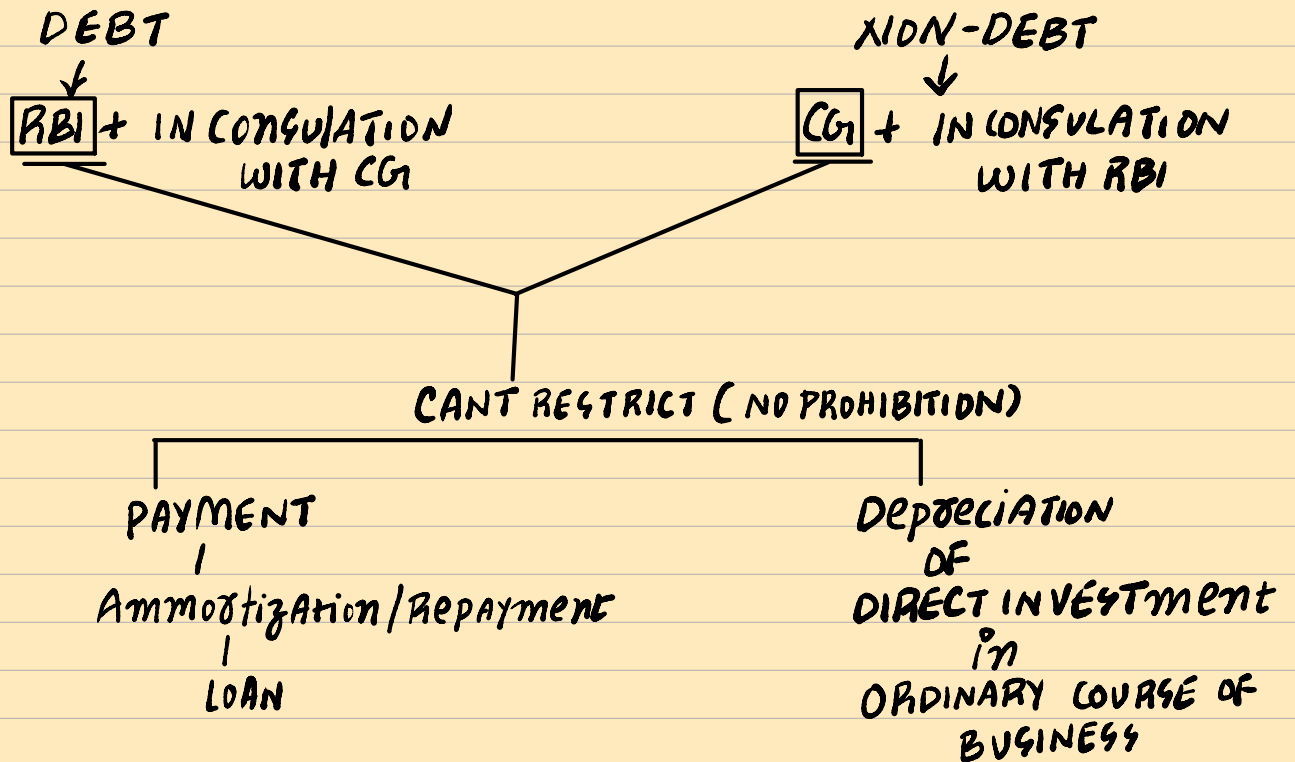
FEM (CURRENT ALL TRANSACTIONS) RULES, 2000

↓
Unless
permitted
All are
prohibited

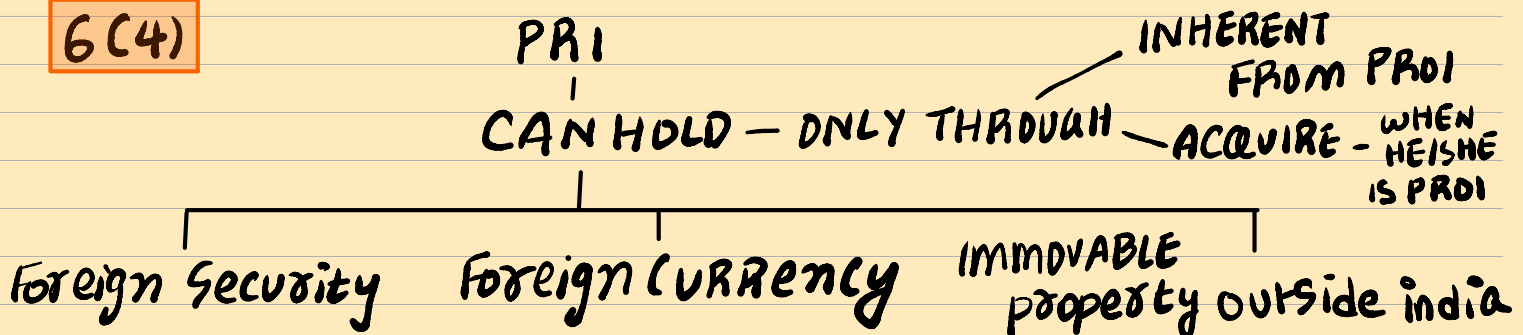
↓
Unless
prohibited
All are
permitted

6

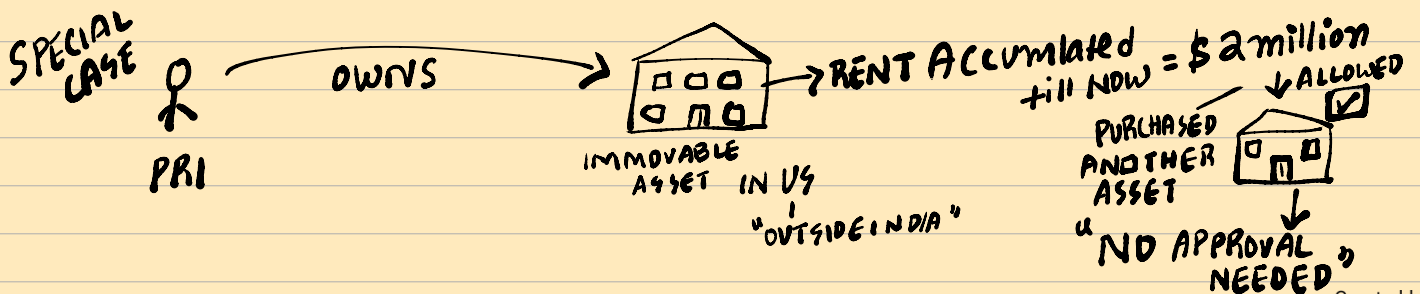
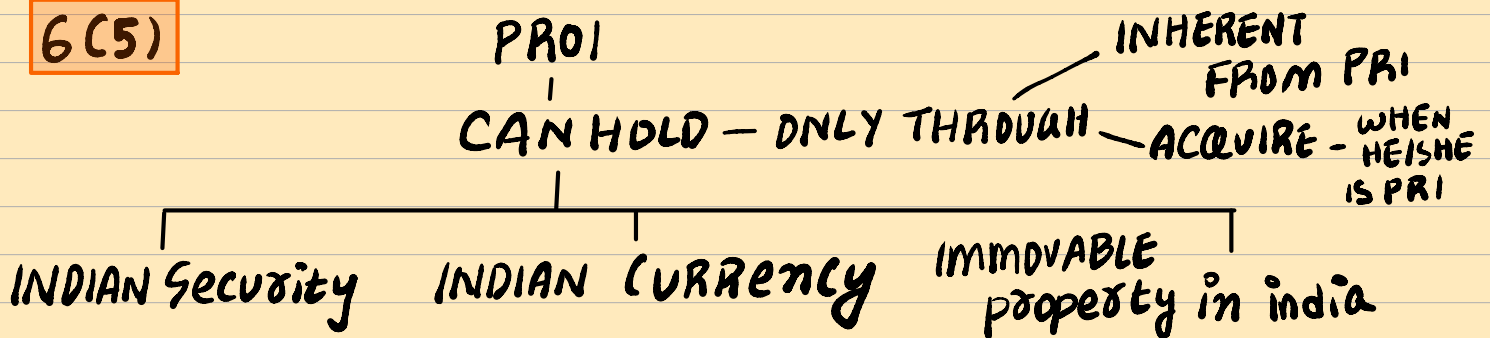
CAPITAL A/C TRANSACTION



6(4)



6(5)



FEM (PERMISSIBLE CAT) RULES, 2000

SCHEDULE I

↓
PRI

SCHEDULE II

↓
PROI

REGULATION 4

↓
SOME CAT PROHIBITED

PROI

- CHIT FUND
- NIDHI COMPANY
- AGRICULTURE / PLANTATION
- REAL ESTATE (EXCLUDE - TOWNSHIP
INVESTMENT RESIDENTIAL /
IN REIT'S COMMERCIAL
ROADS / BRIDGES
- FARM HOUSE
- TRANSFERRABLE DEVELOPMENT RIGHTS

↳ [Real Estate Investment Trust]

PRI - ☒ NORTH KOREA
NO TRANSACTIONS

GMP NOTE

↓
LIMIT OF LRS \$ 250000
IS FOR:

[SCHEDULE III] + [SCHEDULE I]
CVAT CAT