Facility of International Credit Cards to residents in India

*** Who can issue International Credit Cards to residents in India?**

Banks and their subsidiaries have no restriction from Exchange Control angle to issue International Credit Cards (ICC) to residents in India.

*** Can banks issue a single card valid all over the world?**

Yes, banks can issue a single credit card which is valid in India as well as in other countries. However, in such cases card issuing organisations should keep accounts of rupee transactions segregated from foreign exchange transactions.

*** Are residents permitted to be nominated as additional/add-on cardholders on International Credit Cards by their non-resident friends /relatives?**

Yes. Residents may be nominated as additional/add-on cardholders by non-residents. However, claims arising out of use of such cards by residents should be met by the non-residents from their foreign currency funds only. In cases where the cards have been arranged by NRIs these liabilities may be met out of NRE/FCNR accounts in India also. Under no circumstances will any remittance be allowed by residents from India to settle the claims against use of such additional /add-on cards.

*** Can a Resident accept an ICC issued abroad in his favour at the request of a Non-resident/Overseas Organisation?**

Yes. Residents have been permitted by Reserve Bank to accept ICCs issued abroad at the request of a non-resident / overseas organisation provided, liabilities arising out of use of such cards are met by the non-resident/organisation arranging issue of the card. No remittance from India, under any circumstances will be allowed to meet liabilities against such cards.

*** Can non-residents be issued credit cards in India?**

Yes. Credit Cards issuing banks/organisations have been permitted by Reserve Bank to issue Credit Cards valid in India, Nepal and Bhutan to non-resident of Indian nationality and/or origin. Claims arising from use of such cards may be settled by remittance from abroad or by debit to accounts maintained with authorised dealers in India. Under no circumstances remittance from India will be permitted for settlement of dues in the event of these cards being used in other countries.

*** Do banks in India charge fees for delayed payment or annual/joining fee for membership of an overseas card organisation?**

It depends on the terms and conditions of the tie-up arrangement that the card issuing bank/subsidiary has with the overseas organisation. If the rules framed by the overseas organisation call for payment of delinquency fee/late fee for delay in payment and joining fee or annual renewal fee, the card issuing organisations in India have been permitted to charge and remit such fees.

*** Are residents permitted to use International Credit Cards for making payments for goods and services procured in India?**

Yes, residents can use ICCs for making payments for goods and services procured in India.

*** Are residents compulsorily required to pay in foreign exchange for the use of ICC in India?**

No, for use of ICC in India, the cardholders have a choice to settle such bills in rupees or foreign exchange.

*** Can a resident use International Credit Card issued in India for payment in Nepal and Bhutan also?**

International Credit Cards issued in India are valid for payment **only** in rupees in respect of liabilities created in Nepal and Bhutan. Residents are, therefore, **prohibited** from incurring foreign exchange liability against such cards in Nepal and Bhutan.

*** Is there any special facility for residents who were non-residents earlier and are maintaining foreign currency accounts in India or abroad?**

There is no restriction on end use of the cards where the claims against the International Credit Cards are settled from funds held in foreign currency accounts abroad or from Resident Foreign Currency accounts (RFC).

*** Can a resident of India buy foreign exchange with ICC for his travel abroad?**

Yes. Residents can buy foreign exchange using ICC from an authorised dealer or a full-fledged-money- changer to meet expenses for business travel or against Basic Travel Quota (BTQ). Since release of foreign exchange is not permissible for **visits to Nepal and Bhutan, no foreign exchange** should be drawn for travel to Nepal and Bhutan.

*** Is it possible to draw foreign exchange in currency notes against ICC in India?**

Residents proceedings abroad are released foreign exchange in currency notes against ICC upto US$500 or it's equivalent. Rest of the entitlement of exchange is released in the form of travellers' cheques denominated in foreign currency. However, exchange in the currency notes to the extent of the full entitlement can be sold to the travellers proceeding to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States. Exchange in currency notes is also released up to full entitlement for a period of two weeks for business visits to Libya and Iraq.

*** Is there any special obligation on residents who use ICC for drawing exchange against their Basic Travel Quota (BTQ)?**

Yes. It is the responsibility of residents who use ICC for drawing foreign exchange against their Basic Travel Quota (BTQ) that they should get their passports endorsed for the amount drawn against the credit card by an authorised dealer on their return to India.

*** How can the Cardholder find out his entitlement of exchange for any purpose?**

To find out his entitlement of exchange for various purposes, the cardholder should contact any bank authorised to deal in foreign exchange in India.

*** If some foreign exchange drawn against ICC remains unspent on return from trip abroad can it be converted into rupees in India?**

Yes. The amount of unspent exchange held in form of currency notes is required to be surrendered to an authorised dealer or full-fledged money-changer in India **within 90 days of return** to India. The unspent exchange held in the form of travellers' cheques could be surrendered within six months. However, residents have been permitted to retain with them foreign currency notes not exceeding US$2000 or its equivalent that they can utilise during their subsequent visits abroad.
Residents who have availed of exchange against ICC in respect of their BTQ entitlement are advised, to request authorised dealer/full-fledged money-changer to endorse on their passports the unspent foreign exchange sold to authorised dealer/full-fledged moneychanger in India.

*** Is it necessary for cardholders to settle their dues through a designated branch of authorised dealer only?**

No. Cardholders are free to settle their dues by making payment through any authorised dealer.
* Can the International Credit Cards issued to residents in India be used for all types of payment for international transactions?

No, ICCs can be used only for those personal purposes for which release of exchange is permitted under the extant regulations. However, the eligible amount of exchange and documents required would be same as if the payment was being made through normal banking channel i.e. through an authorised dealer in India.
Residents should not use ICC for purposes for which release of exchange is not admissible under the current exchange regulations. For example under the extant regulations, release of foreign exchange is not permitted for buying foreign lottery tickets; therefore, the ICC should not be used for buying such lottery tickets.

*** Can ICC be used for making advance payments for personal imports?**

International Credit Cards can be used for payment of advance for personal imports for an amount not exceeding US$15,000 or its equivalent. The physical import of the goods or services so paid for should be as per the extant EXIM policy and procedures.

*** Are residents free to use ICC for incurring liabilities on Internet?**

ICCs can be used for obtaining only such information or database from Internet for which release of exchange is permissible under the extant exchange control regulations. The card holder is, however, required to produce documents to the authorised dealer at the time of settling credit card dues arising out of such use. For instance if a card holder has used ICC for paying charges for downloading of database from internet, at the time of settling the bill, he will be required to submit details of the database downloaded and also give a declaration that he has received the data.

*** Is it essential that in all cases invoice/bill for payment should be produced?**

Normally, invoice/bill should be submitted at the time of settlement of dues. Authorised dealers have, however, been authorised to allow remittances not exceeding US$250 or its equivalent, without insisting on bills/invoices, provided they are satisfied about the purpose of remittance and bonafides of the customer.

*** Do software engineers get any special facility for their software assignments abroad?**

Yes. Software engineers can get an ICC to meet their expenses during software assignment abroad provided, the bills arising out of such use of the card are met out of their own foreign currency accounts or EEFC accounts of their employers.

*** Is there any situation when the cardholder is obliged to surrender his card before he /she proceeds abroad?**

International Credit Cards are issued in India to residents only. Therefore, when a cardholder is proceeding abroad for employment or on emigration he is required to surrender his card to the issuing organisation.

*** What will happen if a Cardholder uses it for a purpose for which it should not have been used?**

ICCs in India are issued subject to compliance with the rules, regulations and notifications framed / issued under the Foreign Exchange Regulation Act, 1973 (46 of 1973) and. All cases of unauthorised utilisation are required to be reported to the Reserve Bank.

For further details/clarification please approach any bank authorised to deal in foreign exchange or contact offices of the Exchange Control Department of the Reserve Bank of India.