

**1. Section 5 of FEMA, 1999**

**Current Account Transactions**

Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction:

Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed. **(para A.1.1 of Master Circular)**

**2. Rule 3 of FEM (CAT) Rules, 2000**

**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.

**(para A.1.4 of Master Circular)**

**3. Sub-section (5) of Section 10 of the FEMA, 1999**

An authorized person shall before undertaking any transaction in foreign exchange on behalf of any person, require that person to make such declaration and to give such information as will reasonably satisfy him that the transaction will not involve, and is not designed for the purpose of any contravention or evasion of the provisions of this Act or of any rule, regulation, notification, direction or order made there under and where the said person refuses to comply any such requirement or makes only unsatisfactory compliance therewith , the authorized person shall refuse in writing to undertake the transaction and shall , if he has reason to believe that any such contravention or evasion as aforesaid is contemplated by the person, report the matter to the Reserve Bank. **(para A.14.1 of Master Circular)**

-----