

**Foreign Exchange Management Act, 1999 –
Advance Remittances for Services to be Rendered
A.P. (DIR Series) Circular No.65 (January 6, 2003)**

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai – 400 001**

A.P. (DIR Series) Circular No.65

January 6, 2003

To
All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Foreign Exchange Management Act, 1999 –
Advance Remittances for Services to be Rendered**

Attention of authorised dealers is invited to paragraph 5 of A.P. (DIR Series) Circular No.19 dated October 30, 2000 in terms of which authorised dealers are required to obtain a bank guarantee from a bank of international repute situated outside India or a guarantee from an authorised dealer in India, if such guarantee is issued against the counter guarantee of bank of international repute situated outside India, for advance remittances for any current account transaction exceeding USD 25,000 or its equivalent.

2. With a view to further liberalising the procedure for import of services, it has been decided to raise the limit of USD 25,000 to USD 100,000 or its equivalent. Accordingly, authorised dealers may, henceforth, allow advance remittance for all admissible current account transactions upto USD 100,000 without prior approval of Reserve Bank.

3. Where the advance amount exceeds USD 100,000 or its equivalent, a guarantee from a bank of international repute situated outside India, or a guarantee from an authorised dealer in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, should be obtained from the overseas beneficiary.

4. The authorised dealer should also follow-up to ensure that the beneficiary of the advance remittance fulfils his obligation under the contract or agreement with the remitter in India, failing which, the amount is repatriated to India.

5. Authorised Dealers may bring the contents of the circular to the notice of their constituents concerned.

6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

**Grace Koshie
Chief General Manager**