

To

All Category - I Authorised Dealer Banks

Madam/Sir,

Liberalised Remittance Scheme of USD 50,000 for Resident Individuals

Attention of Authorised Dealer Category I (AD – Category I) banks is invited to the A.P. (DIR Series) Circular No. 64 dated February 4, 2004, Foreign Exchange Management (Current Account Transactions) Rules, 2000 (Rules) as amended from time to time and A.P. (DIR Series) Circular No.66 dated January 13, 2003.

In terms of the above mentioned Rules and directions –

- a resident individual is permitted to remit up to USD 25,000 per calendar year under the Liberalised Remittance Scheme of USD 25,000 (the Scheme) for any current or capital account transactions or a combination of both subject to specified terms and conditions including remittance facility not being made available for certain purposes,
- in terms of the Current Account Transactions Rules
 - a resident individual is permitted to remit upto USD 5000 per remitter/ donor per annum towards gift ,
 - a resident individual is permitted to remit upto USD 5000 per remitter/ donor per annum towards donation,
- a resident individual is permitted to invest in overseas companies (a) listed on a recognised stock exchange abroad and (b) which has the shareholding of at least 10 per cent in an Indian company listed on a recognised stock exchange in India (as on 1st January of the year of the investment).

2. With a view to simplifying the procedures and providing greater flexibility in foreign exchange transactions, the Liberalised Remittance Scheme of USD 25,000 (the Scheme) is liberalised further by enhancing the limit of USD 25,000

per **calendar** year to USD 50,000 per **financial** year (April- March) for any current or capital account transactions or a combination of both. In addition, as a measure of rationalization, it has also been decided that

- limit of USD 50,000 under the Scheme would also include remittances towards gift and donation by a resident individual.
- investment by resident individual in overseas companies would be subsumed under the Scheme of USD 50,000. The requirement of 10 per cent reciprocal shareholding in the listed Indian companies by such overseas companies has been dispensed with.

Accordingly, AD – Category I banks may allow remittance of USD 50,000 per financial year (April- March) by a resident individual under the revised Scheme. The other terms and conditions as stipulated in the A. P. (DIR Series) Circulars No. 64 dated February 4, 2004 and No. 80 dated March 18, 2004 would continue as hitherto.

3. In addition, the existing facility of release of exchange by Authorised Persons up to USD 10,000 or its equivalent in one calendar year on a declaration basis for one or more private visits to any country (except Nepal and Bhutan) will continue to be available on a self-declaration basis. However, the facility would be now available on a **financial** year (April-March) basis.

4. As indicated in A.P (DIR Series) Circular No.80 dated March 18, 2004, soliciting of deposits etc. under the Scheme by entities which do not have an operational presence in India, gives rise to supervisory concerns. It is therefore clarified that all banks, both Indian and foreign, including those not having an operational presence in India should seek prior approval from the Reserve Bank for the schemes being marketed by them in India to residents either for soliciting foreign currency deposits for their foreign/overseas branches or for acting as agents for overseas mutual funds or any other foreign financial services company.

5. The resident individual seeking to make the remittance should furnish an Application –cum- Declaration in the revised format as at Annex-1.

6. AD - Category I banks may arrange to furnish information on the number of applicants and total amount remitted under the Scheme, on a quarterly basis, in the Format at Annex-2, to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (EPD), Reserve Bank of India, Central Office, Mumbai-400001 within 10 days of the reporting quarter. A soft copy of the statement (in Excel format) may also be sent by e-mail.

7. Necessary amendments to (i) Foreign Exchange Management (Current Account Transactions) Rules, 2000 (ii) Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 and (iii) Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2000 are being notified separately.

8. AD - Category I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

9. The directions contained in this Circular have been issued under Section 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

**Application cum Declaration for purchase of foreign exchange under the
Liberalised Remittance Scheme of USD 50,000**

(To be completed by the applicant)

I. Details of the applicant

- a. Name
- b. Address.....
- c. Account No.....
- d. PAN No.....

II. Details of the foreign exchange required

- 1. Amount (Specify currency).....
- 2. Purpose

III. Source of funds:

IV. Nature of instrument

- Draft.....
- Direct remittance.....

**V. Details of the remittance made under the Scheme in the financial
year (April- March) 200...**

Date :..... Amount :.....

VI. Details of the Beneficiary

- 1. Name
- 2. Address
- 3. Country
- 4*. Name and address of the bank.....
- 5*. Account No.....

(* Required only when the remittance is to be directly credited to the bank account of the beneficiary)

This is to authorize you to debit my account and effect the foreign exchange remittance/issue a draft as detailed above. (strike out whichever is not applicable).

Declaration

I,(Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year as per item No. V of the Application, is within the limit of USD 50,000/-(US Dollar Fifty Thousand only), which is the limit prescribed by the Reserve Bank for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.

Signature of the applicant
(Name)

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Place:

Date:

Signature
Stamp and seal

Annex-2

[A.P.(DIR Series) Circular No.24
dated December 20, 2006]

Format

Statement indicating the details of remittances made by resident individuals
under the Liberalised Remittance Scheme for the quarter ended ----- 200--

Name of the Bank:

| Sl.No. | Purpose of remittance | No. of applicants | Amount remitted in USD |
|--------|--------------------------------|-------------------|------------------------|
| 1. | Deposit | | |
| 2. | Purchase of immovable property | | |
| 3. | Investment in equity/debt | | |
| 4. | Gift | | |
| 5. | Donation | | |
| 6. | Others | | |
| Total | | | |

Name and designation of the authorised official:

Place:

Date:

Signature
Stamp and seal