

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

Notification No. FEMA 14(R)/2016-RB

**May 02, 2016
(Amended upto March 04, 2020)
(Amended upto November 13, 2019)**

Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in supersession of [Notification No. FEMA.14/ 2000-RB dated May 3, 2000](#), as amended from time to time, dealing with Manner of Receipt and Payment, [Notification No. FEMA.16/2000-RB dated May 3, 2000](#), as amended from time to time, dealing with Receipt from and Payment to a person Resident outside India and [Notification No. FEMA. 17/ 2000-RB dated May 3, 2000](#), as amended from time to time, dealing with Transactions in Indian Rupees with Residents of Nepal and Bhutan, the Reserve Bank of India makes the following Regulations in respect of Manner of Receipt and Payment, namely

1. Short title and commencement :

- (i) These Regulations may be called the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016.
- (ii) They shall come into effect from the date of their publication in the Official Gazette.

2. Definitions :

In these Regulations, unless the context requires otherwise, -

- (i) 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999);
- (ii) 'Authorised Dealer' means a person authorized as an authorized dealer under subsection (1) of Section 10 of the Act
- (iii) 'Authorised Bank' means a bank, other than an authorized dealer, authorized by the Reserve Bank to accept deposits from persons resident outside India;
- (iv) 'FCNR / NRE account' means an FCNR or NRE account opened and maintained in accordance with the Foreign Exchange Management (Deposits) Regulations, 2016;
- (v) ¹'SNRR account' means a Special Non- Resident Rupee account referred to in sub. regulation (4) of regulation 5 of Foreign Exchange Management (Deposit) Regulations, 2016.

The words and expressions used but not defined in these Regulations shall have the same meaning respectively assigned to them in the Act.

3. Manner of Receipt in Foreign Exchange : -

- (1) Every receipt in foreign exchange by an authorized dealer, whether by way of remittance from a foreign country or by way of reimbursement from his branch or correspondent outside India against payment for export from India, or against any other payment, shall be as mentioned below:
 - (A) ²Members of the Asian Clearing Union (ACU)
 - (i) Bangladesh, Myanmar, Pakistan, Sri Lanka & Republic of Maldives -

¹ Inserted vide [FEMA 14\(R\)/\(1\)/2019-RB dated November 13, 2019](#)

² Inserted vide [Notification FEMA 14\(R\)/\(2\)/2020-RB dated March 04, 2020](#)

- a) Receipt for export of eligible goods and services by debit to the ACU Dollar account and / or ACU Euro account and / or ²ACU Japanese Yen account in India of a bank of the member country in which the other party to the transaction is resident or by credit to the ACU Dollar account and / or ACU Euro Account and / or ²ACU Japanese Yen account of the authorized dealer maintained with the correspondent bank in that member country;
 - b) Receipt may also be made in any freely convertible currency in all other cases.
 - c) In respect of exports from India to Myanmar, payment may be received in any freely convertible currency or through ACU mechanism from Myanmar.
- (ii) Nepal and Bhutan –
- (a) Receipt may be in Rupees
 - (b) Receipts for export of goods to Nepal may be made in free foreign exchange, provided the importer resident in Nepal has been permitted by the Nepal Rashtra Bank to make payment in free foreign exchange. However such receipts shall not be routed through the ACU mechanism.
- (iii) Islamic Republic of Iran
- (a) Receipt for export of eligible goods and services, in any freely convertible currency and / or in accordance with the directions issued by the Reserve Bank to the authorized dealers from time to time.
 - (b) Receipt in any freely convertible currency and / or in accordance with the directions issued by the Reserve Bank to the authorized dealers from time to time in all other cases.
- (B) All countries other than those mentioned in A above
- (i) Receipt in rupees from the account of a bank situated in any country other than a member country of the Asian Clearing Union.
 - (ii) Receipt in any freely convertible currency.
- (2) (a) In respect of an export from India, receipt shall be made in a currency appropriate to the place of final destination as mentioned in the declaration form irrespective of the country of residence of the buyer.
- (b) Any other mode of receipt of export proceeds for an export from India in accordance with the directions issued by the Reserve Bank of India to authorized dealers from time to time.
- (3) Authorised dealers have been permitted to allow receipts for export of goods/ software to be received from a Third party (a party other than the buyer) as per the guidelines issued by the Reserve Bank.

4. Manner of Receipts in certain cases :-

- (1) Notwithstanding anything contained in Regulation 3, receipt for export may also be made by the exporter as under, namely :
 - (i) in the form of a bank draft, cheque, pay order, foreign currency notes/ travelers cheque from a buyer during his visit to India, provided the foreign currency so received is surrendered within the specified period to the authorized dealer of which the exporter is a customer ;

- (ii) ³by debit to FCNR/ NRE/ SNRR account maintained by a person resident outside India (overseas buyer) with an Authorised Dealer or an Authorised Bank in India, as specified in Foreign Exchange Management (Deposits) Regulations, 2016;
 - (iii) in rupees from the credit card servicing bank in India against the charge slip signed by the buyer where such payment is made by the buyer through a credit card;
 - (iv) from a rupee account held in the name of an Exchange House with an authorized dealer if the amount does not exceed fifteen lakh rupees per export transaction or an amount prescribed by RBI, in consultation with Government of India in this regard;
 - (v) In accordance with the directions issued by the Reserve Bank to Authorised Dealers, where the export is covered by the arrangement between the Central Government and the Government of a foreign country or by the credit arrangement entered into by the Exim Bank with a financial institution in a foreign state;
 - (vi) in the form of precious metals i.e. gold/ silver/ platinum equivalent to value of jewellery exported by Gem & Jewellery units in Special Economic Zones and Export Oriented Units on the condition that the sale contract provides for the same and the value is declared in the relevant EDF.
- (2) In addition to 4 (1) (i) & (iii) above, any person resident in India may also receive any payment for other than exports by means of postal order issued by a post office outside India or by a postal money order issued by such post office.
- (3) ⁴Payment may also be received in rupees by a person resident in India from SNRR Account of person resident outside India after ensuring that the underlying transactions are in conformity with the provisions of the Foreign Exchange Management Act, 1999 and the rules, regulations and directions issued thereunder

5. Manner of payment in foreign exchange :-

- (1) A payment in foreign exchange by an Authorised Dealer, whether by way of remittance from India or by way of reimbursement to his branch or correspondent outside India against payment for import into India, or against any other payment, shall be as mentioned below :
 - (A) ⁵Members of the Asian Clearing Union (ACU)
 - (i) **Bangladesh, Myanmar, Pakistan, Sri Lanka & Republic of Maldives –**
 - (a) Payment for import of eligible goods and services by credit to ACU Dollar account and / or ACU Euro account and / or ⁵ACU Japanese Yen account in India of a bank of the member country in which the other party to the transaction is resident or by debit to the ACU Dollar account and / or ACU Euro account and / or ⁵ACU Japanese Yen account of the authorized dealer maintained with the correspondent bank in that member country;
 - (b) Payment may also be made in any freely convertible currency in all other cases.
 - (c) In respect of imports to India from Myanmar, payment may be made in any freely convertible currency or through ACU mechanism from Myanmar.

³ Substituted vide [FEMA 14\(R\)/\(1\)/2019-RB dated November 13, 2019](#). Prior to amendment it read as “by debit to FCNR/NRE account maintained by the buyer with an Authorised Dealer or an Authorised Bank in India”

⁴ Inserted vide [FEMA 14\(R\)/\(1\)/2019-RB dated November 13, 2019](#)

⁵ Inserted vide [Notification FEMA 14\(R\)/\(2\)/2020RB dated March 04, 2020](#)

(ii) Nepal and Bhutan –

Payment may be in Rupees

(iii) Islamic Republic of Iran

- (a) Payment for import of eligible goods and services, in any freely convertible currency and / or in accordance with the directions issued by the Reserve Bank to the authorized dealers from time to time.
- (b) Payment in any freely convertible currency and / or in accordance with the directions issued by the Reserve Bank to the authorized dealers from time to time in all other cases.

(B) All countries other than those mentioned in A above.

- (i) Payment in rupees from the account of a bank situated in any country other than a member country of the Asian Clearing Union
- (ii) Payment in any freely convertible currency.

(2) In respect of import into India –

- (a) Where the goods are shipped from a member country of the Asian Clearing Union (other than Nepal and Bhutan) but the supplier is resident of a country other than a member country of the Asian Clearing Union, payment may be made in a manner specified for countries in Group B of Regulation 5;
 - (b) In all other cases, payment shall be made in a currency appropriate to the country of shipment of goods;
 - (c) Any other mode of payment in accordance with the directions issued by the Reserve Bank of India to authorized dealers from time to time.
- (3) Authorised Dealers have been permitted to allow payments for import of goods/ software to be made to a Third Party (a party other than the supplier) as per the guidelines issued by the Reserve Bank.

6. Manner of Payment in certain cases :-

- (1) Notwithstanding anything contained in Regulation 5, a person resident in India may make payment for import of goods.

In foreign exchange through an international card held by him/ in rupees from international credit card/ debit card through the credit/ debit card servicing bank in India against the charge slip signed by the importer/ as prescribed by Reserve Bank from time to time.

Provided that –

- (a) the transaction for which the payment is so made is in conformity with the provisions of the Act, rules and regulations made thereunder; and
 - (b) the import is also in conformity with the provision of the Foreign Trade Policy in force.
- (2) Any person resident in India may also make payment as under :
- (i) in rupees towards meeting expenses on account of boarding, lodging and services related thereto or travel to and from and within India of a person resident outside India who is on a visit to India;
 - (ii) by means of a crossed cheque or a draft as consideration for purchase of gold or silver in any form imported by such person in accordance with the terms and conditions imposed under any order issued by the Central Government under the Foreign Trade (Development and

Regulations) Act, 1992 or under any other law, rules or regulations for the time being in force;

- (iii) a company or resident in India may make payment in rupees to its non whole time director who is resident outside India and is on a visit to India for the company's work and is entitled to payment of sitting fees or commission or remuneration, and travel expenses to and from and within India, in accordance with the provisions contained in the company's Memorandum of Association or Articles of Association or in any agreement entered into by it or in any resolution passed by the company in general meeting or by its Board of Directors, provided the requirement of any law, rules, regulations, directions applicable for making such payments are duly complied with.
- (iv) ⁶by credit to SNRR account maintained by a person resident outside India (overseas seller) with an Authorised Dealer or an Authorised Bank in India for imports into India, as specified in Foreign Exchange Management (Deposit) Regulations, 2016
- (v) ⁴in rupees to SNRR account of the person resident outside India after ensuring that the underlying transactions are in conformity with the provisions of the Foreign Exchange Management Act, 1999 and the rules, regulations and directions issued thereunder.

(Ajay Kumar Misra)
Chief General Manager-in-Charge

Foot Note: The Principal Regulations were published in the Official Gazette vide No. G.S.R. 480(E) dated May 3, 2016 and subsequently amended as under:-

[No. FEMA 14\(R\)/\(1\)/2019-RB dated November 13, 2019](#)

[No. FEMA 14\(R\)/\(2\)/2020-RB dated March 04, 2020](#)

⁶ Inserted vide [FEMA 14\(R\)/\(1\) /2019-RB dated November 13, 2019](#)