

Foreign Exchange Management Act, 1999



Disclaimers

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The presentation is for general training purpose only and does not constitute professional advice. It does not necessarily reflect the views of the presenter and should not be used without referring to the relevant law, guidelines and notifications issued in this regard.

Important Statutes And Rules

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- Foreign Exchange Management Act,1999
- Rules issued by Central Government under Sec.46 of FEMA
- Regulations issued by Reserve Bank of India under Sec.47 of FEMA
- Master Directions, Notifications, A.P.(Dir) Circulars by RBI.
- Circulars and Foreign Trade policy issued by DGFT
- FEDAI guidelines
- ICC rules including for
 1. Uniform rules for collection(URC) 522
 2. Uniform Custom and Practice for Documentary Credit (UCPDC) 600
 3. Uniform rules of Demand Guarantees (URDG), 758
 4. International Standard Banking practice for examination of documents under Documentary Credits, 745 (ISBP 745)
 5. The International Standby Practices 1998 (ISP98)
 6. Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credit (URR),725

FEMA-Overview

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- The Law came into force wef June 1, 2000

Chapters	Dealing with	Sections
I	Preliminary	1-2
II	Regulations and Management of Foreign Exchange	3-9
III	Authorised Person	10-12
IV	Contravention and Penalties	13-15
V	Adjudication and Appeal	16-35
VI	Directorate of Enforcement	36-38
VII	Miscellaneous	39-49

Extent of Law

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- It extends to the whole of India.
- It shall also apply to all branches, offices and agencies outside India owned or controlled by a person resident in India

And

also to any contravention thereunder committed outside India by any person to whom this Act applies.

Preamble

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- An Act to consolidate and amend the law relating to foreign exchange with the objective of
- facilitating external trade and payments and
- for promoting the orderly development and maintenance of foreign exchange market in India.

LIST OF SECTIONS UNDER FEMA

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CHAPTER NO	SECTION NO	NAME
I		PRELIMINARY
	Section -1	Short title, extent, application and commencement.
	Section -2	Definitions.
II		REGULATION AND MANAGEMENT OF FOREIGN EXCHANGE
	Section -3	Dealing in foreign exchange, etc.
	Section -4	Holding of foreign exchange, etc.
	Section -5	Current account transactions.
	Section -6	Capital account transactions.
	Section -7	Export of goods and services.
	Section -8	Realisation and repatriation of foreign exchange.
	Section -9	Exemption from realisation and repatriation in certain cases.
III		AUTHORISED PERSON
	Section -10	Authorised person.
	Section -11	Reserve Bank's powers to issue directions to authorised person.
	Section -12	Power of Reserve Bank to inspect authorised person.

LIST OF SECTIONS UNDER FEMA

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CHAPTER NO	SECTION NO	NAME
IV		CONTRAVENTION AND PENALTIES
	Section -13	Penalties
	Section -14	Enforcement of the orders of Adjudicating Authority.
	Section -14A	Power of recover arrears of penalty.
	Section -15	Power to compound contravention.
V		ADJUDICATION AND APPEAL
	Section -16	Appointment of Adjudicating Authority.
	Section -17	Appeal to Special Director (Appeals).
	Section -18	Appellate Tribunal.
	Section -19	Appeal to Appellate Tribunal.
	Section -20	Omitted
	Section -21	Qualifications, for appointment of Special Director (Appeals).
	Section -22	Omitted

LIST OF SECTIONS UNDER FEMA

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CHAPTER NO	SECTION NO	NAME
	Section -23	Terms and Conditions of service Special Director (Appeals).
	Section - 24,25,26	Omitted
	Section -27	Staff of Special Director (Appeals).
	Section -28	Procedure and powers of Appellate Tribunal and Special Director (Appeals).
	Section - 29,30,31	Omitted
	Section -32	Right of appellant to take assistance of legal practitioner or chartered accountant and of Government, to appoint presenting officers.
	Section -33	Officers and Employees etc., to be public servant.
	Section -34	Civil court not to have jurisdiction.
	Section -35	Appeal to High Court.
VI		DIRECTORATE OF ENFORCEMENT
	Section -36	Directorate of Enforcement
	Section -37	Power of search, seizure, etc.
	Section -37A	Special prov relating to assets held outside India in contravention of sec. 4.
	Section -38	Empowering other officers.

LIST OF SECTIONS UNDER FEMA

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CHAPTER NO	SECTION NO	NAME
VII		MISCELLANEOUS
	Section -39	Presumption as to documents in certain cases.
	Section -40	Suspension of operation of this Act.
	Section -41	Power of Central Government to give directions.
	Section -42	Contravention by companies.
	Section -43	Death or insolvency in certain cases
	Section -44	Bar of legal proceedings.
	Section -45	Removal of difficulties.
	Section -46	Power to make rules
	Section -47	Power to make regulations
	Section -48	Rules and regulations to be laid before Parliament.
	Section -49	Repeal and saving.

Rules issued by CG

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- **FEM (Current Account Transactions) Rules, 2000**

Governs the drawal of foreign exchange for personal or trade current expenses.

- **FEM (Non-debt Instruments) Rules, 2019**

Regulates FDI, equity instruments, and real estate investments.

- **Foreign Exchange (Compounding Proceedings) Rules, 2024**

• Lays down procedures to compound technical violations without prosecution.

- **FEM (Adjudication Proceedings and Appeal) Rules, 2000**

Details search, seizure, and penal adjudication mechanics.

- **FEM (Encashment of Draft, Cheque, Instrument and Payment of Interest) Rules, 2000**

Sets interest and payment terms for instruments.

- **Foreign Exchange (Authentication of Documents) Rules, 2000**

Validates foreign documents used during legal inquiries.

- **FEM (Overseas Investment) Rules, 2022**

Controls equity and sustainability structures for Indian assets going abroad

Regulations issued by RBI

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Capital & Debt Markets

- **FEM (Debt Instruments) Regulations, 2019**

Controls foreign investment in government bonds and corporate debt.

- **FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019**

- Prescribes remittance routes and reporting forms.

- **FEM (Borrowing and Lending) Regulations, 2018**

Regulates External Commercial Borrowings (ECB) and trade credits.

- **FEM (Cross Border Merger) Regulations, 2018**

Governs mergers between Indian and foreign corporations.

- **FEM (Guarantees) Regulations, 2026**

Manages corporate, bank, and personal cross-border guarantees.

- **FEM (Margin for Derivative Contracts) Regulations, 2020**

Mandates rules for cross-border derivative contract margins.

- **FEM (Foreign Exchange Derivative Contracts) Regulations, 2000**

Oversees forwards, swaps, and options trading.

Regulations issued by RBI

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Currency, Trade & Asset Holdings

- **FEM (Export of Goods and Services) Regulations, 2015:**
Mandates realization and repatriation windows for export proceeds.
- **FEM (Export and Import of Currency) Regulations, 2015**
Restricts physical cash transport across Indian borders.
- **FEM (Possession and Retention of Foreign Currency) Regulations, 2015**
Caps legal limits for holding foreign cash in India.
- **FEM (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2015**
Outlines statutory timelines to surrender unused forex.
- **FEM (Remittance of Assets) Regulations, 2016**
Controls liquidation and exit payouts for non-residents.

Regulations issued by RBI

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Property & Insurance

- **FEM (Acquisition and Transfer of Immovable Property in India) Regulations, 2018**

Outlines properties NRIs/OCIs can buy or sell locally.

- **FEM (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015**

Restricts property purchases made by residents overseas.

- **FEM (Insurance) Regulations, 2015**

Directs the holding and issuance of foreign general and life policies

.

Regulations issued by RBI

Specialized Accounts & Banking Nodes

- **FEM (Deposit) Regulations, 2016**

Governs NR bank accounts including NRE, NRO, SNRR and FCNR(B) etc

- **FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015**

- Governs RFC and EEFC and other accounts.

- **FEM (International Financial Services Centre) Regulations, 2015**

Controls trade operations out of Special Economic Zones like GIFT City.

- **FEM (Offshore Banking Unit) Regulations, 2002**

Regulates foreign banking terminals operating on Indian soil.

- **FEM (Investment in Firm or Proprietary Concern in India) Regulations, 2000** - Controls non-corporate non-resident startup stakes.

LISTS OF MASTER DIRECTIONS UNDER FEMA

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S.N O.	Name
1	RBI Master Direction No. RBI/FED/2018-19/67 FED No.5/2018-19 dated March 26, 2019 (Updated as on December 22, 2023) on “External Commercial Borrowings, Trade Credits and Structured Obligations”.
2	RBI Master Direction No. RBI/FED/2015-16/6 FED No.10/2015-16 dated January 01, 2016 (Updated as on May 18, 2021) on Establishment of Branch Office (BO)/ Liaison Office (LO)/ Project Office (PO) or any other place of business in India by foreign entities.
3	Borrowing and lending transactions in Indian Rupee between persons resident in India and non-resident Indians/ persons of Indian origin vide Master Direction No. RBI/FED/2015-16/2 FED Master Direction No. 6/2015-16 dated January 1, 2016.(updated as on February 16, 2026)
4	Liberalised Remittance Scheme (LRS) vide Master Direction No. RBI/FED/2017-18/3 FED Master Direction No. 7/2015-16 dated January 1, 2016 (Updated as on September 06, 2024).
5	Other Remittance Facilities vide Master Direction No. RBI/FED/2015-16/4 FED Master Direction No. 8/2015-16 dated January 1, 2016 (Updated as on November 28, 2025).

LISTS OF MASTER DIRECTIONS UNDER FEMA

(17)

S.NO.	Name
6	Remittance of Assets <i>vide</i> Master Direction No. RBI/FED/2015-16/8 FED Master Direction No. 13/2015-16 dated January 1, 2016 (Updated as on April 28, 2016).
7	Deposits and Accounts <i>vide</i> Master Direction No. RBI/FED/2015-16/9 FED Master Direction No. 14/2015-16 dated January 1, 2016 (Updated as on October 09, 2025).
8	Import of Goods and Services <i>vide</i> Master Direction No. RBI/FED/2016-17/12 FED Master Direction No. 17/2016-17 dated January 1, 2016 (Updated as on October 01, 2025).
9	Reporting under Foreign Exchange Management Act, 1999 <i>vide</i> Master Direction No. RBI/FED/ 2015-16/13 FED Master Direction No.18/2015-16 dated January 1, 2016 (Updated as on December 03, 2025).
10	Miscellaneous <i>vide</i> Master Direction No. RBI/FED/2017-18/14 FED Master Direction No. 19/2015-16 dated January 1, 2016 (Updated November 12, 2018).

LISTS OF MASTER DIRECTIONS UNDER FEMA

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S.NO.	Name
11	Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses vide Master Direction No. RBI/FED/2015-16/16 FED Master Direction No.2/2015-16 dated January 1, 2016 (Updated as on December 22, 2022).
12	Export of Goods and Services vide Master Direction No. RBI/FED/2015-16/11 FED Master Direction No. 16/2015-16 dated January 1, 2016 (Updated as on November 14, 2025)
13	Money Transfer Service Scheme (MTSS) vide Master Direction No. RBI/FED/2016-17/52 FED Master Direction No.1/2016-17 dated February 22, 2017 (Updated as on November 28, 2025).
14	Insurance vide Master Direction No. RBI/FED/2015-16/5 FED; Master Direction No. 9/2015-16 dated January 1, 2016 (Updated as on December 07, 2021).
15	Compounding of Contraventions under FEMA,1999 vide RBI/FED/2025-26/135 FED Master Direction No.04/2025-26 dated <u>April</u> 22, 2025 (Updated as on April 24, 2025)

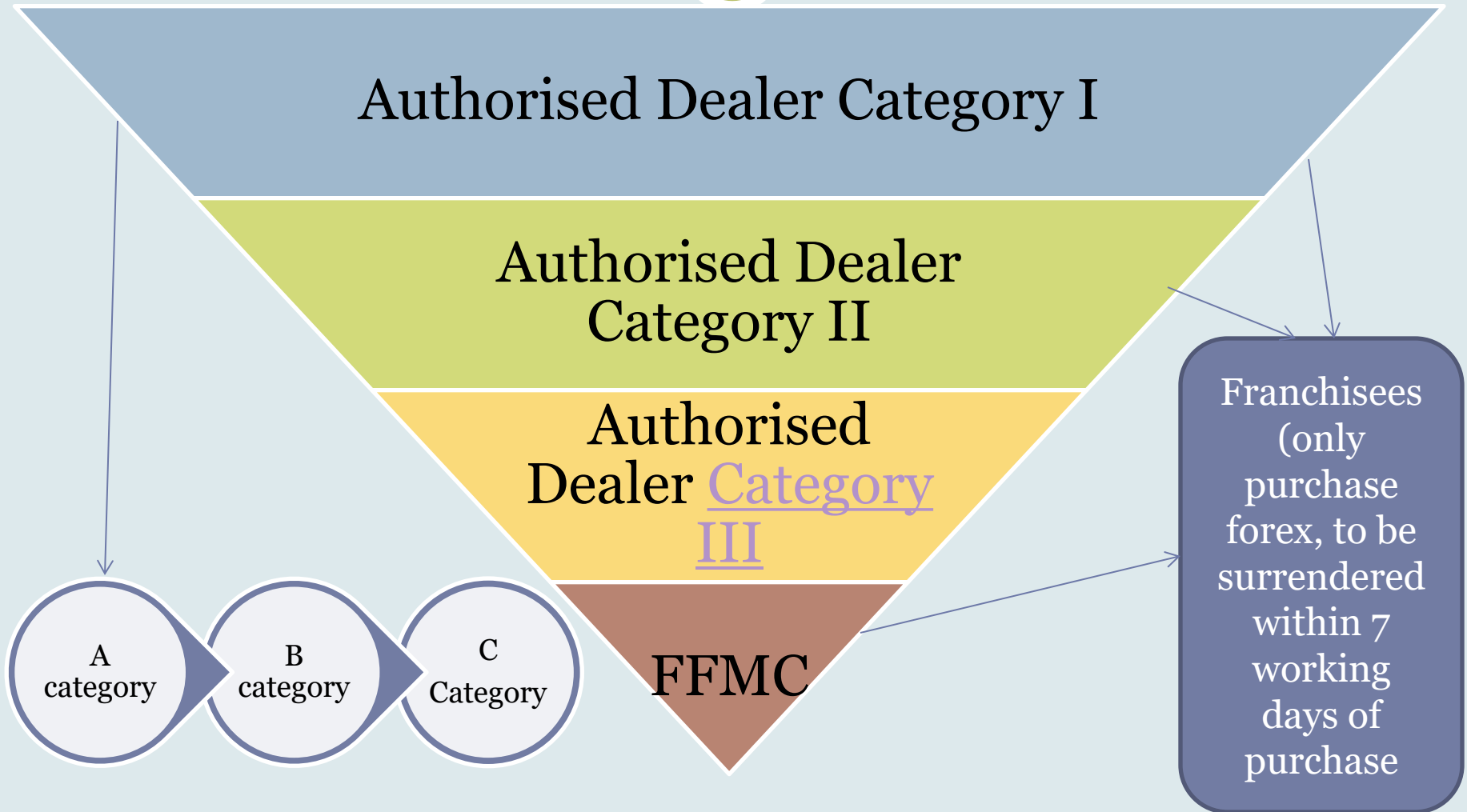
LISTS OF MASTER DIRECTIONS UNDER FEMA



16	Master Direction Overseas Investment vide circular no. RBI/FED/2024-25/121 FED Master Direction No.15/2024-25 dated July 24, 2024. (Updated as on November 28, 2025)
17	Acquisition or transfer of Immovable property under Foreign Exchange Management Act, 1999 vide Master Direction No. RBI/FED/2015-16/7 FED Master Direction No. 12/2015-16 dated January 1, 2016 (Updated as on September 01, 2022).
18	Unhedged Foreign Currency Exposure, Directions, 2022 vide circular no. RBI/2022-23/131 DOR.MRG.REC.76/00-00-007/2022-23 dated October 11, 2022.
19	Foreign Investment in India vide Master Direction No. RBI/FED/2017-18/60 FED No.11/2017-18 dated January 04, 2018 (Updated upto January 20, 2025)
20	Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 RBI/2024-25/126 FMRD.FMD.No.10/14.01.006/2024-25 Jan 07, 2025 updated April 10, 2026.

Categories of Forex Dealers

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Some Important definitions

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- **Foreign Exchange:**

Foreign Exchange means foreign currency, and includes:

- i) deposits, credits and balances payable in foreign currency,
- ii) drafts, traveller's cheques, letters of credit and bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency
- iii) drafts, travellers cheques, letters of credit or bills of exchange drawn by banks, institutions or persons outside India, but payable in Indian currency

Some Important definitions

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- **Current Account Transaction:**

Current Account Transaction means a transaction other than capital account transaction and without prejudice to the generality of the foregoing such transaction includes,

- Payment due in connection with foreign trade, other current business, services and short-term banking and credit facilities in the ordinary course of business.
- Payments due as interest on loans and as net income from investments.
- Remittances for living expenses of parents, spouse and children residing abroad, and
- Expenses in connection with foreign travel, education and medical care of parents, spouse and children.

Some Important definitions

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- **Capital Account Transaction:**

- “capital account transaction” means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India, and includes transactions referred to in sub-section (3) of section 6; which include specifically the following:

(a) transfer or issue of any foreign security by a person resident in India;

(b) transfer or issue of any security by a person resident outside India;

(c) transfer or issue of any security or foreign security by any branch, office or agency in India of a person resident outside India;

(d) any borrowing or lending in foreign exchange in whatever form or by whatever name called;

Some Important definitions

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- **Capital Account Transaction:**

(e) any borrowing or lending in rupees in whatever form or by whatever name called between a person resident in India and a person resident outside India;

(f) deposits between persons resident in India and persons resident outside India;

(g) export, import or holding of currency or currency notes;

(h) transfer of immovable property outside India, other than a lease not exceeding five years, by a person resident in India;

(i) acquisition or transfer of immovable property in India, other than a lease not exceeding five years, by a person resident outside India;

(j) giving of a guarantee or surety in respect of any debt, obligation or other liability incurred—

(i) by a person resident in India and owed to a person resident outside India; or

(ii) by a person resident outside India

Some Important definitions

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- **Person Resident in India means:**

a person residing in India for more than 182 days during the course of the preceding financial year, but does not include,

- (A) person who has gone out of India or who stays outside India, in either case –
 - (a) for or on taking up employment outside India, or
 - (b) for carrying on outside India a business or vocation outside India or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period.

Some Important definitions

26

- **Person Resident in India means:**

a person residing in India for more than 182 days during the course of the preceding financial year, but does not include,

(B) A person who has come to stay in India, in either case, or otherwise than –

(a) for or on taking up employment in India, or

(b) for carrying on in India a business or vocation in India or

(c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period.

RBI has clarified in its AP circular no. 45 dated 8th December 2003, that students will be considered as non-residents

Some Important definitions

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- **Person Resident in India means:**

- any person or body corporate registered or incorporated in India.
- an office, branch or agency in India owned or controlled by a person resident outside India.
- an office, branch or agency outside India owned or controlled by a person resident in India. (Section 2 (v) of the Act).

Some Important definitions-PRI

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Pradeep Mishra vs. Special Director, Directorate of Enforcement
(Appellate Tribunal under SAFEMA, Delhi) Decision Date: July 1, 2025

Background:

- Shri Pradeep Mishra, an NRI who returned to India in May 2012 after long-term employment abroad, purchased agricultural land in August 2012.
- At that time, his stay during the **preceding financial year** (FY 2011–12) was **less than 182 days**.

Tribunal's Findings:

- Despite his **intention to settle permanently** in India, the Tribunal held that he **did not qualify as a “person resident in India”** at the time of the purchase.
- The decision emphasized a **strict interpretation** of Section 2(v)(i) of FEMA: both the **182-day stay in the preceding financial year** and an **intent to stay indefinitely or take up employment/business** must be simultaneously satisfied

Some Important definitions

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- **person resident outside India**

means a person who is not resident in India.

- **Service**

service of any description which is made available to potential users and includes the provision of facilities in connection with banking, financing, insurance, medical assistance, legal assistance, chit fund, real estate, transport, processing, supply of electrical or other energy, boarding or lodging or both, entertainment, amusement or the purveying of news or other information, but does not include the rendering of any service free of charge or under a contract of personal service.

Recent Changes

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- Guidelines to facilitate faster cross-border inward payments. RBI/2026-27/08 CO.DPSS.ID.No.S20/06-08-017/2026-2027 dated April 9, 2026
 - a) Bank to inform customer of the receipt of cross border inward transaction immediately and message received after operating hours to be informed immediately at the start of next business day.
 - b) Banks to reconcile nostro account frequently on near real time basis and time internal to not exceed 1 hour

Recent Changes

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- Merchants Trade Transactions (MTT) – Review of time period for outlay of foreign exchange - RBI/2025-26/88 A.P. (DIR Series) Circular No. 11 dated October 1, 2025

Increase the time period for outlay of foreign exchange from four to six months.

The time limit for realization and repatriation is 15 months from the date of export.

Recent Changes

FEM (Guarantees) Regulations, 2026 dtd Jan.6, 2026

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- a) No PRI shall be a party (principal debtor, surety or a creditor) to a guarantee where any of the other parties to the guarantee is a PROI, subject to exemptions.
 - a) A) underlying transaction not prohibited under FEMA
 - b) B) surety and principal debtor are eligible to lend to and borrow from each other under FEM(Borrowing and lending) Regulations, 2018.
- b) Reporting of Guarantee by:
 - a) A) by the surety where he is a PRI, or
 - b) Principal debtor who has arranged the guarantee and surety is PROI, or
 - c) Creditor where surety and principal debtor are PROI or where creditor has arranged the guarantee.
 - d) To report issuance, subsequent changes, invocation,
 - e) Reporting to AD in form GRN every quarter within 15 calendar days for onward submission to RBI within further 15 days.

Recent Changes

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- FEMA Export and Import Regulations, 2026 effective October 01, 2026
 - EDF form to be filed for services export within 30 days from end of month, in which invoice of services has been raised. The exporter of services other than software, may submit an EDF on or before the date of receipt of payment;
 - Removal of limit for reduction in the export realization.
 - AD bank to formulate guidelines for set off export receivables against import payables and third party receipts and payments.
 - AD bank to specify thresholds for Advance payment for import, beyond which BG/SBLC shall be required.
 - Many other rationalization and most of the guidelines now delegated to AD bank to formulate their own guidelines.

Recent Changes

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- Export Data Processing and Monitoring System (EDPMS) & Import Data Processing and Monitoring System (IDPMS) – reconciliation of export / import entries – Review of Guidelines RBI/2025-26/89 A.P. (DIR Series) Circular No. 12 dated October 01, 2025

To clear old entries a special process has been prescribed for closure of each entry/bill of Rs.10 Lakh or less. Reconciliation and closure based on declaration provided by the concerned exporter about realization/importer for payment. Reduction in declared value or invoice value of shipping bill/BOE based upon declaration of concerned exporter/importer. Declarations to be received from customers on a quarterly basis in a consolidated manner.

Recent Changes

Press Note No. 2 (2026 Series)

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- **Clear Beneficial Ownership Tests:** The guidelines define "beneficial owner" (BO) by aligning FDI rules with India's anti-money laundering regulations (under the PMLA and KYC Rules). A citizen or entity from a bordering country is considered a BO if they hold rights or entitlements that exceed the prescribed thresholds or can exercise ultimate control.
- **New Mandatory Reporting:** Even for investments falling under the automatic route (not requiring prior government approval), Indian investee companies must now report these transactions under a standard operating procedure established by the DPIIT.
- **Expedited 60-Day Clearances:** Alongside PN2, the Union Cabinet established a 60-day target for processing and deciding on investment proposals in specified manufacturing sectors, such as capital goods, electronic components, and solar equipment.

Recent Changes

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- **Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 issued on 9th February, 2026**
 - **Enhanced Borrowing Limits:** The automatic route limit is now the higher of USD 1 billion or 300% of net worth per financial year. The previously strict (7:1) liability-equity ratio has been removed.
 - **Market-Driven Costs:** The rigid "all-in-cost" ceiling, including base rates and spread, has been removed. Pricing must now align with "prevailing market conditions".
 - **Expansion of Lenders and Borrowers:** The base of recognized lenders is broadened, allowing loans from any individual, and the list of eligible borrowers has been streamlined.
 - **End-Use Flexibility:** Restrictions on end-use are revised, explicitly permitting ECBs for corporate actions like mergers, demergers, and acquisition of control.

RBI (Non-resident Investment in Debt Instruments) Directions, 2025-Changes

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•NRI Investment Channels:

As per the April 10, 2026, amendment, NRIs may invest in debt instruments specified in the FEMA (Debt Instruments) Regulations, 2019, without being subject to specific investment limits.

•SRVA Holder Investments:

Special Rupee Vostro Account (SRVA) holders (overseas banks) can now invest surplus funds in non-convertible debentures, corporate bonds, and commercial papers, not just Central Government Securities.

•VRR Changes:

Effective April 1, 2026, investment limits for Foreign Portfolio Investors (FPIs) under the Voluntary Retention Route (VRR) are now subsumed into the general FPI investment limit, enabling easier management.

•FPI Liquidation Flexibility:

FPIs can now liquidate their portfolios partially or fully after a three-year minimum retention period, even if they originally committed to a longer period.

Other Changes

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- Refiling permitted after correction in the FIRMS Portal for FDI.
- Audited accounts mandatory for APR reporting in case of the IP has control.
- FLA return made mandatory in case of ODI transactions and LSF made applicable to it.

Clean Outward Remittances

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➤ Clean outward remittances

Foreign Exchange Management (Current Account Transactions) Rules, 2000.

- ❖ Prohibited transactions (Schedule I)
- ❖ Transactions requiring prior approval (Schedule II)
- ❖ Permitted remittances subject to ceilings (Schedule III)

In respect of remittance applications for miscellaneous current account transactions of amount not exceeding **USD 25,000**, Authorised Dealers may obtain simplified Application-cum-Declaration form (Form A2) if payment by debit to account of remitter or demand draft.

➤ Remittances under Liberalised Remittance Scheme.

Outward Remittances – Prohibited list

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- Remittance out of lottery winnings.
- Remittance of income from racing/riding etc. or any other hobby.
- Remittance for purchase of lottery tickets, banned /proscribed magazines, football pools, sweepstakes, etc.
- Payment of commission on exports made towards equity investment in Joint Ventures / Wholly Owned Subsidiaries abroad of Indian companies.
- Remittance of dividend by any company to which the requirement of dividend balancing is applicable.
- Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.
- Payment related to "Call Back Services" of telephones.
- Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

Schedule II Transactions which require prior approval of the Central Government

Purpose of Remittance	Ministry /Department of GOI whose approval is required
Culture Tours	Ministry of Human Resources Development, (Department of Education and Culture)
Advertisement in foreign print media other than for tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Govt. and its PSU	Ministry of Finance, (Department of Economic Affairs)
Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport,(Chartering Wing)
Payment of import through ocean transport by a Govt. Department or a PSU on c.i.f. basis	Ministry of Surface Transport, (Chartering Wing)
Multi-modal transport operators making remittance to their agent abroad	Registration Certificate from the Director General of shipping
Remittance of hiring Charges of transponders by (a) TV Channels (b) Internet Service provider	Ministry of Information and Broadcasting Ministry of Communication and Information Technology
Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
Remittance of prize/sponsorship of sports abroad by a person other than International /National/State Level sports bodies, if amount exceeds USD 100,000.	Ministry of Human Resources Development (Development of Youth Affairs and Sports)
Remittance for membership of P&I Club	Ministry of Finance (Insurance Division)

Outward remittances- Permitted Transactions

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- ❖ Donations by Corporate, upto 1% of their forex earnings during the previous 3 FY or USD 50,00,000 whichever is less for specified purposes.
- ❖ Exceeding net salary for a person resident but not permanently resident (less than 3 years) in India for remittance for maintenance of close relatives abroad.
- ❖ Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.
- ❖ Remittances exceeding US\$ 10 million per project for any consultancy services in respect of infrastructure projects and US\$ 1 million per project, for other consultancy services procured from outside India.
- ❖ Remittances exceeding 5% of investment brought into India or USD 1,00,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.

Outward remittances - Liberalised Remittance Scheme (LRS)

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- ❖ Remittances by resident individuals including minors up to USD 250,000 per financial year (was USD 75000 from 14.08.2013 till 2.6.2014 and USD 125000 wef 03.06.2014 upto June 1, 2015)
for any permitted current or capital acc transactions or combination of both.
- ❖ Clubbing is allowed for family members except for capital account transactions if they are not co-owners.
- ❖ Requirement are as follows:
 - ❖ Application-cum-declaration form
 - ❖ PAN number
 - ❖ Bank account with a bank for a minimum period of 1 year/ Copy of bank statement or IT return of latest period. (applicable only for capital account transaction)
- ❖ Free to acquire and hold immovable property or shares (of listed companies or otherwise) or debt instruments or any other asset outside India.
- ❖ Can make rupee gift/ loan to NRI/PIO who is a close relative of the resident individual.

Compounding of offences under FEMA

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- Contravention is a breach of the following:
 - Provisions
 - Rules
 - Regulations
 - Notifications
 - Orders
 - Directions
 - Circulars
- issued under Sec.15 of FEMA, 1999.

Downstream Investment



Non-resident investors

Indian Company (1st Level)
Owned and controlled by
resident

Indian Company (2nd level)
Not downstream investment

Non-resident investors

Indian company (1st Level)
Owned or controlled by non-
residents

Indian Company (2nd level)
Downstream investment

*Thank You*⁴⁶

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