

General overview of limits on Foreign Exchange Transactions
(The details provided here are for general information purpose only)

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The legal framework for administration of foreign exchange transactions in India is provided by the Foreign Exchange Management Act, 1999. Under the Liberalised Remittance Scheme (Scheme), all resident individuals are allowed to freely draw/remit up to USD 250,000 per financial year (April – March) for any permissible capital or current account transaction or a combination of both.

In this context:

"*Drawal*" means drawal of foreign exchange from an authorised person and includes opening of Letter of Credit or use of International Credit Card or International Debit Card or ATM card or any other thing by whatever name called which has the effect of creating foreign exchange liability.

"*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 such as (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; (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.

"*Current account transaction*" means a transaction other than a capital account transaction and such transaction includes (a) payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business; (b) payments due as interest on loans and as net income from investments; (c) remittances for living expenses of parents, spouse and children residing abroad; and (d) expenses in connection with foreign travel, education and medical care of parents, spouse and children.

The resident individuals can avail of foreign exchange facility for the specified purposes within the limit of USD 250,000 only. The Schedule III of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 provides the specific purposes for which individuals can avail of foreign exchange facility within the limit of USD 2,50,000 and which includes: (a) Private visits to any country (except Nepal and Bhutan); (b) Gift or donation; (c) Going abroad for employment; (d) Emigration; (e) Maintenance of close relatives abroad; (f) Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment / check-up; (g) Expenses in connection with medical treatment abroad; (h) Studies abroad (i) Any other current account transaction.

Any additional drawal/remittance in excess of the said limit of USD 250,000 for the aforesaid purposes shall require prior approval of the Reserve Bank of India (RBI).

However, for the purposes mentioned at item numbers (d), (g) and (h) above, the individual may avail of exchange facility for an amount in excess of the limit prescribed under the Scheme if it is so required by a country of emigration, medical institute offering treatment or the university, respectively.

Further, if an individual drawal/remits any amount under the Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 by the amount so drawn/remitted.

For a person who is resident but not permanently resident in India and (a) is a citizen of a foreign State other than Pakistan; or (b) is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company, may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions). For the purpose of this provision, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignments, the duration of which does not exceed three years, is a resident but not permanently resident.

Schedule I of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 list down the transactions for which drawal of foreign exchange is prohibited and which includes: (a) Remittance out of lottery winnings; (b) Remittance of income from racing / riding etc. or any other hobby; (c) Remittance for purchase of lottery tickets, banned / proscribed magazines, football pools, sweepstakes etc.; (d) Payment of commission on exports made towards equity investment in Joint Ventures / Wholly Owned Subsidiaries abroad of Indian companies; (e) Remittance of dividend by any company to which the requirement of dividend balancing is applicable; (f) Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco; (g) Payment related to "Call Back Services" of telephones; (h) Remittance of interest income on funds held in Non-Resident Special Rupee Account Scheme.

Additionally, remittance/drawal facility under the Scheme is not available for the following: (a) Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty; (b) Remittances for purchase of FCCBs (Foreign Currency Convertible Bonds) issued by Indian companies in the overseas secondary market; (c) Remittance for trading in foreign exchange abroad; (d) Capital account remittances, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as "non-cooperative countries and territories", from time to time; and (e) Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank of India to the banks.

Schedule II of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 list down the transactions which require prior approval of the Central Government which includes: (a) Cultural Tours; (b) Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding US\$ 10,000) by a State Government and its Public Sector Undertakings; (c) Remittance of freight of vessel chartered by a PSU; (d) Payment of import through ocean transport by a Govt. Department or a PSU on c.i.f. basis (Cost, Insurance, and Freight basis) {i.e. other than f.o.b. (Free On Board) and f.a.s. (Free Alongside Ship) basis}; (e) Multi-modal transport operators making remittance to their agents abroad; (f) Remittance of hiring charges of transponders; (g) Remittance of

container detention charges exceeding the rate prescribed by Director General of Shipping; (h) Remittance of prize money / sponsorship of sports activity abroad by a person other than International / National / State Level sports bodies, if the amount involved exceeds US\$ 100,000; and (i) Remittance for membership of P & I (Protection and Indemnity) Club.

I/ We understand that the usage of American Express Credit Card(s) shall be strictly in accordance with the Foreign Exchange Management Act, 1999, exchange control regulations, law of the land or any directions/guidelines issued by any of the Regulatory/Government Authorities, including but not limited to, RBI, as applicable from time to time, the Card(s) will not be used for any of the prohibited transactions as mentioned above, which I/We undertake as my/our responsibilities to keep myself/ourself updated of and in the event of any failure to do so , I/We will be liable for action under the Foreign Exchange Management Act,1999 or its statutory modifications/amendments or re-enhancement thereof. I/We understand that that the onus to comply with the requirements/stipulations prescribed under the Foreign Exchange Management Act, 1999/exchange control regulations solely lies with me/us and that I/We hereby declare and affirm that I/We shall comply with all such requirements/stipulations as applicable and prescribed under the Foreign Exchange Management Act, 1999/exchange control regulations.

Please note that the foreign exchange drawal/remittance limits and other restrictions/controls in relation to foreign exchange transactions may be revised from time to time and that cardmembers are advised to keep themselves informed and educated about the current limits, stipulations, prohibitions, restrictions and compliance requirements thereof as applicable from time to time. Further, the cardmembers are also advised to track and monitor all of their foreign exchange drawal/remittance (through all the modes including spends effected on American Express Credit Card(s)) on a continuous basis to ensure that their drawal/remittances are within the prescribed limits. It is hereby clarified that the information provided herein is for general informational purpose only and should not be treated or construed as a legal advice or expert opinion and that American Express cannot be held liable any such information as provided herein and that the cardmembers should seek independent expert advice as appropriate to ensure that they comply with all the requirements/stipulations/restrictions as prescribed under the Foreign Exchange Management Act,1999, exchange control regulations or any directions/guidelines issued by any of the Regulatory/Government Authorities, including RBI.