

**W I R C**  
**PRESENTATION**  
**ON**  
**BASICS OF FEMA**

**DATE : 23rd August , 2014**

**BY**

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**CHARTERED ACCOUNTANT**

## MEANING OF NRI / PIO / NR

- ❖ PIO means Person of Indian Origin, which is defined differently under different notifications issued by RBI for applicable Capital Account transactions like Notification No.13,21,24 etc., so care needs to be taken while interpreting the meaning of PIO while undertaking the respective capital account transaction.
- ❖ NRI means Non-Resident Indian being citizen of India or PIO.
- ❖ NR means Non-Resident which includes NRI, Non NRI(Foreigners of Non Indian Origin), Foreign Companies, Foreign Partnership Firms and all Other Foreign Incorporated Entities.
- ❖ RESIDENT MEANS PERSON RESIDENT IN INDIA AS USED IN FEMA CIRCULARS / NOTIFICATIONS / ACT ETC.
- ❖ NON-RESIDENT MEANS PERSON REISDNT OUTSIDE INDIA AS USED IN FEMA CIRCULARS/NOTIFICATIONS / ACT ETC.

# APPLICABILITY OF FEMA

## TRANSACTION BETWEEN

R & NR

NR & R

R & R

NR & NR

# APPLICABILITY OF FEMA

## TRANSACTION BETWEEN

**R & NR**

**(YES)**

**NR & R**

**(YES)**

**R & R**

**(YES, IF THE  
SUBJECT  
MATTER  
IS LOCATED  
OUTSIDE INDIA)**

**NR & NR**

**(YES, IF THE  
SUBJECT  
MATTER  
IS LOCATED IN  
INDIA)**

# PROHIBITED CAPITAL ACCOUNT TRANSACTIONS

## FEMA NOTIFICATION -1

**No person resident outside India shall make investment in India in any form in any company or partnership firm or proprietary concern or any entity whether incorporated or not which is engaged or proposes to engage.**

- 1) In the business of chit fund, or**
- 2) As Nidhi Company, or**
- 3) In Agricultural or Plantation Activities, or**
- 4) In Real Estate Business, or Construction of Farm Houses, or**
- 5) In Trading in Transferable Development Rights (TDRs).**

**Explanation: For the purpose of this regulation “Real Estate Business” shall not include Development of Townships, Construction of Residential / Commercial Premises, Roads or Bridges.**

# PERSON UNDER FEMA U/s 2 (U)

- INDIVIDUAL
- HUF
- COMPANY
- AOP OR BOI, INCORPORATED OR NOT
- ARTIFICIAL JUDICIAL PERSON
- ANY AGENCY, OFFICE OR BRANCH OWNED AND CONTROLLED BY SUCH PERSON

# RESIDENTIAL STATUS UNDER FEMA

**INDIVIDUAL**

**OTHERS**

- HUF
- PARTNERSHIP FIRM
- COMPANY
- ARTIFICIAL JUDICIAL PERSON
- BRANCH, OFFICE OF NR IN INDIA
- BRANCH, OFFICE OF R OUTSIDE INDIA

# RESIDENTIAL STATUS OF INDIVIDUAL U/S 2(V) OF FEMA

RESIDENT FOR THE **CURRENT FINANCIAL YEAR** IF SUCH  
INDIVIDUAL PHYSICALLY STAYED IN INDIA FOR MORE  
THAN 183 DAYS DURING **PREVIOUS YEAR**



# RESIDENTIAL STATUS OF INDIVIDUAL U/S 2(V) OF FEMA

- BUT THE CRITERIA OF PHYSICAL STAY NOT CONSIDERED IF SUCH INDIVIDUAL GOES OUTSIDE INDIA FOR EITHER:
  1. EMPLOYMENT OR
  2. BUSINESS/ PROFESSION/ VOCATION OR
  3. ANY OTHER PURPOSES WHERE CIRCUMSTANCES INDICATES THE INTENTION TO STAY ABROAD FOR AN UNCERTAIN PERIOD.

BECOMES NON-RESIDENT FROM THE DAY ONE HE /SHE LEAVES INDIA

# RESIDENTIAL STATUS OF INDIVIDUAL U/S 2(V) OF FEMA

SIMILARLY WHEN AN INDIVIDUAL COMES TO INDIA FOR  
EITHER :

1. EMPLOYMENT OR
2. BUSINESS/ PROFESSION/ VOCATION OR
3. ANY OTHER PURPOSES WHERE CIRCUMSTANCES  
INDICATES THE INTENTION TO STAY ABROAD FOR  
AN UNCERTAIN PERIOD.

BECOMES RESIDENT FROM THE DAY ONE HE/SHE  
COMES TO INDIA

INDIAN STUDENTS GOING ABROAD FOR STUDY  
CONSIDERED AS NON-RESIDENT ONLY W.E.F  
08.12.2003. ( AP ( DIR Series) Circular No. 45

# PERSONS RESIDENT IN INDIA OTHER THAN INDIVIDUAL

TREATED “PERSON RESIDENT IN INDIA” UNDER FEMA

- HUF, PARTNERSHIP FIRM, COMPANY ARTIFICIAL JUDICIAL PERSON ETC. IF REGISTERED IN INDIA.
- OVERSEAS BRANCH, OFFICE, AGENCY ETC OWNED & CONTROLLED BY A PERSON RESIDENT IN INDIA.
- INDIAN BRANCH, OFFICE, AGENCY ETC. OWNED & CONTROLLED BY A NON-RESIDENT.

PERSON RESIDENT OUTSIDE INDIA U/s 2(W)  
MEANS ONE WHO IS NOT RESIDENT IN INDIA

# CHANGE IN RESIDENTIAL STATUS FROM

## FROM RESIDENT TO NON-RESIDENT (EMMIGRANT INDIANS)

- ALL BANK ACCOUNTS TO BE CONVERTED TO NRO A/C
- INVESTMENT IN SECURITIES – ALL CONCERNED COMPANIES TO BE INTIMATED FOR THE CHANGE IN STATUS.
- IMMOVABLE PROPERTIES – ALLOWED TO BE RETAINED u/ S 6(5).
- JEWELLERIES, MOTOR CARS, GADGETS / OTHER ASSETS – NO SPECIAL PERMISSION IS REQUIRED FROM RBI TO HOLD SUCH ASSETS
- CONTINUATION AS A PARTNER OR PROPRIETOR IN FIRM IN INDIA.  
( Allowed to continue if not engaged into prohibited activities to NR/NRI).
- CONTINUATION AS A DIRECTOR OR TRUSTEE  
( Allowed to continue without RBI permission)
- CONTINUATION WHEN RUPEE LOAN GIVEN TO RESIDENT  
(allowed to continue, Just intimate borrower about change in status )
- CONTINUATION OF LOAN / OVERDRAFT ETC BORROWED  
(Allowed till maturity & no fresh amount can be given by Lender)

# CHANGE IN RESIDENTIAL STATUS FROM NON –RESIDENT TO RESIDENT ( RETURNING INDIANS)

- ALL BANK ACCOUNTS TO BE CONVERTED TO LOCAL A/CS.  
NRE & FCNR FIXED DEPOSITS ALLOWED TO BE CONTINUED TILL MATURITY.
- IMMOVABLE PROPERTIES – ALLOWED TO BE RETAINED U/s 6(4).
- JEWELLERIES, MOTOR CARS, GADGETS /OTHER ASSETS – THERE IS NO GENERAL PERMISSION GIVEN HENCE ADVISABLE TO OBTAIN SPECIAL PERMISSION FROM RBI.
- CONTINUATION AS A PARTNER OR PROPRIETOR IN FOREIGN FIRM.  
( NO GENERAL PERMISSION GIVEN ,HENCE , SPECIAL PERMISSION OF RBI IS REQUIRED).
- CONTINUATION AS A DIRECTOR OR TRUSTEE  
( Allowed to continue without RBI permission)
- INCOME EARNED ON FOREIGN ASSETS TO BE REPATRIATED TO INDIA WITHIN 90 DAYS WHEN SHARES/SECURITIES /IMMOVABLE PROPERTIES SOLD & 7 DAYS IN ALL OTHER CASES.

# TYPES OF TRANSACTIONS

## CURRENT ACCOUNT

SIMILAR TO ITEMS OF PAYMENTS  
DEBITED/CREDITED TO P & L A/C

- INTEREST
- PROFESSIONAL FEE
- ROYALTY
- FEES FOR TECHNICAL SERVICE
- PAYMENT FOR IMPORTS
- RECEIPT AGAINST EXPORTS ETC.

## CAPITAL ACCOUNT

SIMILAR TO ITEMS OF  
BALANCE SHEET

- INVESTMENT IN SHARES
- ACQUISITION OF PROPERTY
- INVESTMENT IN WOS/JV
- BORROWING ( ECB)
- LENDING ( GIVING LOAN)
- ACQUISITION OF PLANT & MACHINERIES

# DEFINATION OF CAPITAL ACCOUNT TRANSACTION U/S 2(e) OF ACT

Capital account transaction means a transaction which

- Alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or ( Means the Resident's Assets or Liabilities outside India is either increased or decreased).
- Alters assets or liabilities in India of persons resident outside India, ( Means the Non-Resident's Assets or Liabilities in India is either increased or decreased).

and

- Includes transactions referred to in subsection (3) of section 6

## Capital Account Transactions Specified in Section 6(3)

Reserve Bank may, by regulations, prohibit, restrict or regulate the following types of transactions,

- 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 & a person resident outside India.
- f) Deposits between persons resident in India & 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 5 years, by a person resident in India.
- i) Acquisition or transfer of immovable property in India, other than a lease not exceeding 5 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 & owed to a person resident outside India, or
  - ii) by a person resident outside India.

# **SOME OF THE COMMONLY UNDERTAKEN PERMISSIBLE CAPITAL ACCOUNT TRANSACTIONS**

## **PERMITTED TO RESIDENTS / NON-RESIDENTS:**

- **OVERSEAS INVESTMENT BY RESIDENT IN WOS OR JV WITH NON-RESIDENT**  
(RBI Notification- 120)
- **OPENING AN OVERSEAS BRANCH OFFICE, LIASION OFFICE BY RESIDENT**
- **BORROWING IN FOREIGN EXCHANGE BY RESIDENT (INCLUDING ECB)**  
(RBI Notification- 3)
- **INVESTMENT IN INDIA BY NON-RESIDENT THROUGH WOS OR JV WITH  
RESIDENT OF INDIA** (RBI Notification- 20)
- **OPENING A BRANCH OFFICE, LIASION OFFICE, PROJECT OFFICE IN INDIA  
BY NON-RESIDENT** (RBI Notification- 22)
- **ACQUISITION & TRANSFER OF IMMOVEMBLE PROPERTY IN INDIA BY NON-  
RESIDENT** (RBI Notification- 21)

# DEFINATION OF CURRENT ACCOUNT TRANSACTION U/S 2(j)

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

**i) Payments due in connection with**

- **Foreign Trade,**
- **Other Current Business,**
- **Services, and**
- **Short Term Banking and Credit Facilities in the ordinary course of business (for a period below 12 months),**

**ii) Payments due as**

- **Interest on loans and**
- **Net Income from investments,**

# DEFINATION OF CURRENT ACCOUNT TRANSACTION U/S 2(j)

iii) Remittances for living expenses of parents, spouse and children residing abroad, and

iv) Expenses in connection with

- Foreign Travel,
- Education and
- Medical Care of Parents, Spouse and Children;

# PERMISSIBLE AND PROHIBITED CURRENT ACCOUNT TRANSACTIONS

## Rules issued by Central Government on Current Account Transactions

- **Schedule 1** : List of all prohibited transactions
- **Schedule 2** : List of transactions permissible with the permission of concerned Ministry, Government of India.
- **Schedule 3** : List of transactions permissible upto certain monetary limits. Beyond which RBI permission is required.

# SCHEDULE 1

## TRANSACTIONS WHICH ARE PROHIBITED

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

# SCHEDULE 2

## Transactions which require prior approval of the Central Government

Purpose of Remittance	Ministry/Department of Govt. of India whose approval is required
1. Cultural Tours	Ministry of Human Resources Development, (Department of Education & Culture)
2. Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments & international bidding (exceeding USD 10,000) by a State Government & its Public Sector Undertakings	Ministry of Finance, (Department of Economic Affairs)
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport (Chartering Wing)

4. Payment of import through ocean transport by a Govt Department or a PSU on c.i.f. basis (i.e. other than f.o.b. & f.a.s. basis)	Ministry of Surface Transport, (Chartering Wing)
5. Multi-model transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping.
6. Remittance of hiring charges of transponders by a) TV Channels b) Internet Service Providers	Ministry of information & broadcasting Ministry of communication & Information Technology
7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
8. Remittance for membership of P & I Club	Ministry of Finance (Insurance Division)



9. 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

Ministry of Human Resources Development (Department of Youth Affairs and Sports)

# SCHEDULE 3

## Transactions requiring Approval from RBI if drawal in in excess of the specified limits

- 1 Release of exchange exceeding US \$ 10,000 or its equivalent in one financial year for one or more private visits to any country(Except Nepal & Bhutan)
- 2 Gift remittance exceeding US \$ 5,000 per financial year per remitter or donor other than resident individual.
  - i) Donation exceeding US \$ 5,000 per financial year per remitter or donor other than resident individual.
  - ii) Donations by corporate, exceeding 1% of their foreign exchange earnings during the previous 3 financial years or US \$ 5,000,000 whichever is less, for-
    - (a) creation of Chairs in reputed educational institutes
    - (b) to funds (not being an investment fund) promoted by educational institutes and,

(c) To a technical institution or body or association in the field of activity of the donor company

3 Exchange facilities exceeding US \$ 100,000 for persons going abroad for employment.

4 Exchange facilities for emigration exceeding US \$ 100,000 or amount prescribed by country of emigration.

5 Remittance for maintenance of close relatives abroad,

i) exceeding net salary (after deduction of taxes, contribution to PF & other deductions) of a person who is resident but not permanently resident in India &

a) is a citizen of a foreign state other than Pakistan

b) is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign company

ii) exceeding US \$ 100,000 per year, per recipient, in all other cases.

- 6 Release of foreign exchange, exceeding US \$ 25,000 to a person, irrespective of period of stay, for business travel, or attending a conference or specialized training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment.
- 7 Release of exchange for meeting expenses for meeting expenses for medical treatment abroad exceeding the estimate from the doctor in India or hospital/doctor abroad.
- 8 Release of exchange for studies abroad exceeding the estimate from the institution abroad or US \$ 100,000, per academic year, whichever is higher.
- 9 Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India, exceeding US \$ 25,000 or 5% of the inward remittance whichever is more.

10 Remittances exceeding US \$ 10,000,000 ( 10 Mn) per project, for any consultancy services in respect of infrastructure projects & US \$ 1,000,000 ( 1 Mn) per project for other consultancy services procured from outside India.

- ***Explanation:- For the purposes of this item number 'infrastructure project'***
- ***is those related to –***
- ***(i) Power,***
- ***(ii) Telecommunication,***
- ***(iii) Railways,***
- ***(iv) Roads including bridges,***
- ***(v) Sea port and air port,***
- ***(vi) Industrial parks, and***
- ***(vii) Urban Infrastructure (water supply, sanitation and sewage***

11 Remittances exceeding 5% of the investment brought into India or US \$ 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses

# **GOLDEN RULE APPLICABLE TO CURRENT & CAPITAL ACCOUNT TRANSACTION**

**ALL THE CURRENT ACCOUNT TRANSACTIONS ARE PERMITTED  
UNLESS SPECIFICALLY PROHIBITED / RESTRICTED**

**AND**

**ALL THE CAPITAL ACCOUNT TRANSACTIONS ARE PROHIBITED  
UNLESS SPECIFICALLY PERMITTED**

# ASSETS OF NON RESIDENTS OUTSIDE INDIA (RETURNING INDIANS)

**SECTION 6(4) OF THE ACT**, PERMITS, IN GENERAL TO A PERSON RESIDENT IN INDIA, TO HOLD, OWN, TRANSFER OR INVEST IN FOREIGN CURRENCY, FOREIGN SECURITY OR ANY IMMOVABLE PROPERTY SITUATED OUTSIDE INDIA IF SUCH CURRENCY, SECURITY OR PROPERTY WAS ACQUIRED, HELD OR OWNED BY SUCH PERSON WHEN HE WAS RESIDENT OUTSIDE INDIA OR INHERITED FROM A PERSON WHO WAS RESIDENT OUTSIDE INDIA.

# ASSETS OF RESIDENTS IN INDIA (EMIGRENT INDIANS)

SIMILARLY **SECTION 6(5) OF THE ACT**, PERMITS IN GENERAL TO A PERSON RESIDENT OUTSIDE INDIA, TO HOLD, OWN, TRANSFER OR INVEST IN INDIAN CURRENCY, SECURITY OR ANY IMMOVABLE PROPERTY SITUATED IN INDIA IF, SUCH CURRENCY, SECURITY OR PROPERTY WAS ACQUIRED, HELD OR OWNED BY SUCH PERSON WHEN HE WAS RESIDENT IN INDIA OR INHERITED FROM A PERSON WHO WAS RESIDENT IN INDIA.



# AVAILABLE TO RESIDENT OF INDIA REMITTANCE UNDER US \$ 1,25,000 SCHEME

## SALIENT FEATURES:

- AVAILABLE ONLY TO INDIVIDUAL RESIDENT OF INDIA INCLUDING MINOR.
- THE LIMIT OF US \$ 1,25,000 IS PER FINANCIAL YEAR
- IT IS AVAILABLE FOR PERMISSIBLE CURRENT ACCOUNT AS WELL AS CAPITAL ACCOUNT TRANSACTION:

ACQUIRING SHARES OF FOREIGN COMPANY/INVESTMENT IN WOS/JV

INVESTMENT IN IMMOVABLE PROPERTY OUTSIDE INDIA

RETAINING IN FOREIGN CURRENCY IN ANY BANK OUTSIDE INDIA

INVESTMENT IN SHARES / SECURITIES ETC ISSUED BY FOREIGN COMPANY/ FOREIGN GOVERNMENT ETC

# WHAT IS NOT PERMITTED OUT OF US \$ 1,25,000 SCHEME

PROHIBITED FOR UNDERTAKING CURRENT ACCOUNT TRANASACTONS LISTED INSCHEDULE-I & SCHEDULE-II

- ❖ REMITTANCES MADE DIRECTLY OR INDIRECTLY TO BHUTAN, NEPAL, MAURITIUS OR PAKISTAN.
- ❖ REMITTANCES MADE DIRECTLY OR INDIRECTLY TO COUNTRIES IDENTIFIED BY THE FINANCIAL ACTION TASK FORCE (FATF) AS “NON CO-OPERATIVE COUNTRIES AND TERRITORIES” VIZ COOK ISLANDS, EGYPT, GUATEMALA, INDONESIA, MYANMAR, NAURU, NIGERIA, PHILIPPINES AND UKRAINE ( BRIEFLY ALL BLACK LISTED COUNTRIES)
- ❖ 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 TO THE BANKS ( BRIEFLY REMITTANCE TO BLACK LISTED PERSONS)

# **US \$ 1 MILLION SCHEME ( AVAILABLE TO NON-RESIDENT)**

**FACILITIES FOR REMITTANCE OF ASSETS HELD IN INDIA BY NON-RESIDENTS  
OUT OF HIS /HER NRO A/C IN INDIA.**

**NRI/PIO ARE ELIGIBLE FOR THE REMITTANCE**

**NRI/PIO WHO ACQUIRED THE ASSETS OUT OF RUPEE RESOURCES WHEN HE  
WAS IN INDIA OR BY WAY OF LEGACY/INHERITANCE FROM A PERSON WHO  
WAS A RESIDENT IN INDIA.**

**REMITTANCE OF US \$ 1 MILLION ALLOWED EVERY YEAR**

## **PURPOSE OF REMITTANCE**

**THE LIBERALIZED REMITTANCE FACILITY IS AVAILABLE FOR ANY BONAFIDE PURPOSE.**

## **GENERAL CONDITIONS TO BE SATISFIED FOR REPATRIATION OF ASSETS**

- **DOCUMENTARY EVIDENCE IN SUPPORT OF THE ACQUISITION OF THE FUNDS/ASSETS PROPOSED TO BE REMITTED.**
- **UNDERTAKING AND CERTIFICATION RELATING TO TAX COMPLIANCE REQUIRED LIKE 15 CB & 15 CA CERTIFICATES**

# OUTBOUND INVESTMENT BY RESIDENT

- REGISTERED P'SHIP FIRM AND CORPORATE UNDER AUTOMATIC ROUTE (FORM ODA)
- OTHERS PERMITTED WITH SPECIAL APPROVAL OF R B I
- OVERSEAS INVESTMENT PERMITTED IN ONLY CORPORATES (WOS / JV)
- INVESTMENT LIMITS – UPTO 400 % OF NET WORTH OF INDIAN INVESTORS
- SHARE CERTIFICATES OF FOREIGN CORPORATES TO BE SUBMITTED TO R.B.I.
- EVERY YEAR ANNUAL PERFORMANCE REPORT IN ODI TO BE SUBMITTED TO R.B.I.

# OVERSEAS BRANCH BY RESIDENT

- PROPRIETORSHIP, PARTNERSHIP, CORPORATES – ELIGIBLE
- PLAIN APPLICATION TO BE FILED WITH AUTHORIZED DEALER
- INITIAL REMITTANCE UPTO 15% OF AVERAGE ANNUAL TURNOVER OF LAST TWO F.Y.  
OR 25% OF NET WORTH WHICHEVER IS HIGHER
- REMITTANCE UPTO 10 % OF AVERAGE ANNUAL TURNOVER PERMITTED FOR MEETING  
RECURRING/MAINTENANCE EXPENSES EVERY YEAR
- NO RBI PERMISSION REQUIRED FOR ACQUIRING F & F, OFFICE EQUIPMENTS, GIVING  
LEASE DEPOSIT, ETC.

# INBOUND INVESTMENT IN INDIA BY NON RESIDENT

- THROUGH WOS OR JV WITH RESIDENT
- CERTAIN ACTIVITY NOT PERMITTED TO NON RESIDENT
- CERTAIN ACTIVITIES PERMITTED TO NON RESIDENT WITH PRIOR APPROVAL OF F.I.P.B. GOVT. OF INDIA
- CERTAIN ACTIVITIES PERMITTED TO NON RESIDENT UNDER AUTOMATIC ROUTE UPTO CERTAIN SECTORIAL CAP (i.e. % OF INVESTMENT BY NON RESIDENT) .
- R.B.I. TO BE INTIMATED WITHIN 30 DAYS FROM THE DATE OF RECEIPT OF FOREIGN REMITTANCE IN ANNEXURE-6.  
SHARES TO BE ALLOTTED WITHIN 180 DAYS FROM THE DATE OF RECEIPT OF FUNDS.
- FORM FC-GPR TO BE SUBMITTED TO R.B.I. WITHIN 30 DAYS FROM THE DATE OF ALLOTMENT OF THE SHARES TO NON RESIDENT.
- AND SUBJECT TO CERTAIN OTHER CONDITIONS.

## **BRANCH OFFICE, LIASION OFFICE, PROJECT OFFICE IN INDIA BY NON RESIDENT**

- BRANCH OFFICE AND LIASION OFFICE ALLOWED ONLY WITH PRIOR APPROVAL OF RBI
- FORM FNC – 1 TO BE FILLED WITH RBI
- PROJECT OFFICE IN INDIA PERMITTED WITHOUT RBI APPROVAL
- BUT POST OPENING FORMALITIES TO BE COMPLIED WITH
- BRANCH OFFICE CAN DO ONLY THE ACTIVITIES SPECIFICALLY PERMITTED BY RBI
- LIASION OFFICE CAN DO ONLY LIASION WORK
- LIASION OFFICE CAN NOT UNDERTAKE ANY COMMERCIAL ACTIVITY OR CAN NOT EVEN ACQUIRE COMMERCIAL PROPERTY FOR ITS USE.
- BUT IT HAS TO MANAGE ITS BUSINESS ONLY THROUGH OFFICE ON LEASE FOR A PERIOD NOT EXCEEDING 5 YEARS

## **ACQUISITION & TRANSFER OF IMMOVABLE PROPERT IN INDIA BY N.R.**

- NRI / PIO CAN ACQUIRE / TRANSFER I.P. IN INDIA WITHOUT RBI PERMISSION
- IF SALE PROCEEDS TO BE REPATRIATED IN FUTURE CERTAIN DOCS TO BE KEPT
- THEY CAN NOT ACQUIRE AGRICULTURE, FARM HOUSE, PLANTATION, ETC.
- N.R. OTHER THAN NRI CAN NOT ACQUIRE ANY I.P. IN INDIA

# CERTAIN OTHER PRACTICAL INFORMATION

## ❑ FOR INDIAN TOURIST GOING ABROAD

Allowed to retain Indian currency notes up to Rs 5,000 & commemorative coins up to 2 such coins issued on special occasion/events.

## ❑ RETENTION TO HOLD FOREIGN CURRENCY TO RESIDENT OF INDIA TO HOLD.

Can Retain foreign currency notes up to US \$ 2,000 or its equivalent & foreign coins without any limit.

## ❑ PERSONS ARRIVING IN INDIA.

when Non-Resident arrives at Indian Airport he/she has to file Form CDF(Currency Declaration Form) if,

- a) Foreign currency notes exceeds US \$ 5,000 or
- b) Foreign currency notes including Bank notes/ Travellers cheques exceeds US \$ 10,000 or its equivalent.



# THANK YOU

Naren M. Madlani, C.A