

Corpsec Hotline

February 05, 2004

RESIDENT INDIVIDUALS PERMITTED TO FREELY REMIT USD 25,000 FOR ANY PURPOSE

As a part of the continuing effort to liberalize the exchange control regime in India and in line with the Government's announcements on the same, the Reserve Bank of India ("RBI") vide its **Circular** dated February 4, 2004 ("**the Circular**"), has announced partial capital account convertibility by allowing the Indian residents to remit up to USD 25,000 per year, subject to the conditions stipulated in the Circular. This liberalization has come in the backdrop of the record forex reserves, which have crossed over USD 100 billion.

Eligibility

All resident Indians are eligible for this facility, in addition to the facilities contained in Foreign Exchange Management (Current Account Transactions) Rules, 2000 ("**Current Account Rules**"). This facility, however, is not available to corporates, partnership firms, HUFs and Trusts.

Purposes

The facility may be availed for current or capital account transactions or a combination of both. Resident Indians will no longer require prior approval of the RBI to acquire and hold immovable property or shares or any other asset outside India subject to the limit of USD 25,000.

It is also possible for Resident Indians to now open, maintain and hold foreign currency accounts with a foreign bank for making remittances under the scheme and this account may be used for effecting all transactions specified under this facility.

However, this version of limited capital account convertibility is not available for making remittances to countries like Bhutan, Nepal, Mauritius and Pakistan or the countries identified as non-cooperative countries and territories such as Egypt, Nigeria, Indonesia, etc. by the Financial Action Task Force or for transactions specifically prohibited under the Current Account Rules.

Procedure for Remittance

For availing this facility, Resident Indians will have to designate the branch of an Authorized Dealer ("**AD**") through which all remittances under this facility will be made.

ADs are required to comply with a number of requirements, including Know Your Customer Guidelines and Anti-Money Laundering Rules in force while facilitating the remittances. There are certain other reporting requirements prescribed under the Circular that the ADs will have to comply with.

Source: **RBI Circular dated February 4, 2004**

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Horizon Technologies

January 21, 2025

Compendium of Research Papers

January 11, 2025

FAQs on Setting Up of Offices in India

December 13, 2024

Research Articles

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper

on Simplification of registration for
FPIs

September 26, 2024

Scope of judicial interference and
inquiry in an application for
appointment of arbitrator under the
(Indian) Arbitration and Conciliation
Act, 1996

September 22, 2024