



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2012-13/8

Master Circular No. 8 / 2012-13

July 02, 2012

To,

All Authorised Dealer Category – I banks and Authorised banks

Madam / Sir,

**Master Circular on Remittance Facilities for Non-Resident Indians /
Persons of Indian Origin / Foreign Nationals**

Remittance facilities for Non-Residents /Persons of Indian Origin /Foreign Nationals are being governed by sub-section (1) and (2) of section 6 of the Foreign Exchange Management Act, 1999 read with [FEMA Notification No.13/2000-RB](#) and [FEMA Notification No. 21/2000-RB dated May 3, 2000](#), as amended from time to time.

2. This Master Circular consolidates the existing instructions on the subject of “**Remittance facilities for Non-Resident Indians / Persons of Indian Origin / Foreign Nationals**” at one place. The list of underlying circulars/notifications consolidated in this Master Circular is furnished in Appendix.

3. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2013 and be replaced with an updated Master Circular on the subject.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager

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1. Remittance facilities for Non Resident Indians (NRIs) / Persons of Indian Origin (PIO) and Foreign Nationals

The Regulations for transfer of assets outside India by a person, whether resident in India or not, are given in the [Notification Nos. FEMA 13/2000-RB](#) and [FEMA 21/2000- RB dated May 3, 2000](#) and the related amendments to these Notifications. Accordingly, remittance of funds from the sale of capital assets in India held by a person, whether resident in or outside India, requires approval of the Reserve Bank except to the extent provided in FEMA or Rules or Regulations made there under.

2. Definition of NRI/PIO

In terms of Regulation 2 of FEMA Notification No.13 dated May 3, 2000, Non-Resident Indian (NRI) means a person resident outside India who is a citizen of India. Person of Indian Origin (PIO) means a citizen of any country other than Bangladesh or Pakistan who had (a) at any time held Indian passport or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 or (c) the person is a spouse of an Indian citizen or a person referred to in (a) or (b).

3. Remittance of current income

3.1 Remittance outside India of current income like rent, dividend, pension, interest, etc. in India of the account holder is a permissible debit to the NRO account. Authorised Dealer banks may also allow repatriation of current income like rent, dividend, pension, interest, etc. of NRIs who **do not maintain an NRO account** in India based on an appropriate certification by a Chartered Accountant, certifying that the amount proposed to be remitted is eligible for remittance and that applicable taxes have been paid/provided for.

3.2 NRIs/PIO have the option to credit the current income to their Non-Resident (External) Rupee account, provided the Authorized Dealer bank is

satisfied that the credit represents current income of the non-resident account holder and income tax thereon has been deducted / provided for.

3.3 Foreign nationals who come to India on employment and become residents in terms of section 2 (v) of FEMA, 1999, and are eligible to open/hold a resident savings bank account, are permitted to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their legitimate dues subject to certain conditions.

4. Remittance of assets by a foreign national of non-Indian origin

4.1 A foreign national of non-Indian origin who has retired from an employment in India or who has inherited assets from a person resident in India or who is a widow of an Indian citizen who was resident in India, may remit an amount not exceeding USD one million, per financial year (April-March), subject to the satisfaction of the Authorised Dealer bank, on production of documentary evidence in support of acquisition / inheritance of assets, an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002.

4.2 These remittance facilities are not available to citizens of Nepal and Bhutan.

4.3. When a person resident in India leaves India for a country (other than Nepal or Bhutan) for employment / business / vocation outside India or for with an intention to stay outside India for an uncertain period, his / her existing account should be designated as a Non-Resident (Ordinary) [NRO] Account. The extant instructions have been reviewed so as to facilitate the foreign nationals to collect their pending dues in India. AD Category-I banks may, therefore, permit such foreign nationals to re-designate their resident account maintained in India as

NRO account on leaving the country after their employment to enable them to receive their pending bonafide dues, subject to the following conditions

- a. AD Category-I bank should obtain the full details from the account holder about his legitimate dues expected to be received into his account.
- b. AD Category-I bank has to satisfy itself as regards the credit of amounts which have to be bonafide dues of the account holder when she / he was a resident in India.
- c. The funds credited to the NRO account should be repatriated abroad immediately, subject to the AD Category-I bank satisfying itself regarding the payment of the applicable Income tax and other taxes in India.
- d. The amount repatriated abroad should not exceed USD one million per financial year.
- e. The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad.
- f. There should not be any other inflow / credit to this account other than that mentioned at point (a) above.
- g. AD Category-I bank should put in place proper internal control mechanism to monitor the credits and debits to this account.
- h. The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder mentioned at point (a) above.

5. Remittance of assets by NRI/PIO

5.1 A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) may remit an amount up to USD one million, per financial year, out of the balances held in his Non- Resident (Ordinary) Rupee (NRO) account / sale proceeds of assets (inclusive of assets acquired by way of inheritance or settlement), for all bonafide purposes, subject to the satisfaction of the Authorized Dealer bank, and on production of an undertaking by the remitter and certificate by a Chartered

Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002.

5.2 NRI/PIO may remit sale proceeds of immovable property purchased by him out of Rupee funds (or as a person resident in India) as indicated in paragraph 5.1 above without any lock-in-period.

5.3 In respect of remittance of sale proceeds of assets acquired by way of inheritance or legacy or settlement for which there is no lock-in period, NRI / PIO may submit to the Authorised Dealer documentary evidence in support of inheritance or legacy of assets, an undertaking by the remitter and certificate by a Chartered Accountant in the prescribed formats. Settlement is also a mode of inheritance from the parent, the only difference being that the property under the settlement passes to the beneficiary on the death of the owner/parent without any legal procedures/hassles and helps in avoiding delay and inconvenience in applying for probate, etc. In case settlement is done without retaining any life interest in the property i.e. during the lifetime of the owner/parent, it would be tantamount to regular transfer by way of gift. Therefore, if the property is received by NRI/PIO by way of settlement without the settler retaining life interest, it may be reckoned as transfer by way of gift and the remittance of sale proceeds of such property would be guided by the extant instructions on remittance of balance in the NRO account.

5.4 (a) The remittance facility in respect of sale proceeds of immovable property is not available to citizens of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan. A person or his successor who has acquired immovable property in accordance with Section 6(5) of FEMA, 1999 cannot repatriate sale proceeds of such property outside India except with prior permission of the Reserve Bank.

(b) The facility of remittance of sale proceeds of other financial assets is not available to citizens of Pakistan, Bangladesh, Nepal and Bhutan.

6. Remittance of Salary

6.1 A citizen of a foreign state resident in India, being an employee of a foreign company and on deputation to the office/ branch/ subsidiary/ joint venture in India of such foreign company or being an employee of a company incorporated in India, may open, hold and maintain a foreign currency account with a bank outside India and receive/ remit the whole salary payable to him for the services rendered, by credit to such account, provided that income tax chargeable under the Income Tax Act, 1961 is paid on the entire salary as accrued in India.

6.2 A citizen of India, employed by a foreign company outside India and on deputation to the office/ branch/ subsidiary/ joint venture in India of such foreign company, may open, hold and maintain a foreign currency account with a bank outside India and receive the whole salary payable to him for the services rendered to the office/ branch/ subsidiary/ joint venture in India of such foreign company, by credit to such account, provided that income tax chargeable under the Income Tax Act, 1961 is paid on the entire salary as accrued in India.

[The above provisions on remittance of Salary should be read with Schedule III (7) of FEM (Current Account Transactions) Rules, 2000]

7. Repatriation of sale proceeds of residential property purchased by NRIs / PIO out of foreign exchange

7.1 Repatriation of sale proceeds of residential property purchased by NRI / PIO is permitted to the extent of the amount paid for acquisition of immovable property in foreign exchange received through banking channels. The facility is restricted to not more than two such properties. The balance amount can be credited to the NRO account and can be remitted under USD one million facility as mentioned in paragraph 5.1.

7.2 Authorised Dealer banks may permit repatriation of amounts representing the refund of application / earnest money / purchase consideration made by the house building agencies / seller on account of non-allotment of flat / plot / cancellation of bookings / deals for purchase of residential / commercial property, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE / FCNR (B) account of the account holder, or remittance from outside India through normal banking channels and the Authorized Dealer bank is satisfied about the genuineness of the transaction. Such funds may also be credited to the NRE / FCNR (B) account of the NRI / PIO, if they so desire.

7.3 Authorised Dealer banks may allow repatriation of sale proceeds of residential accommodation purchased by NRIs/PIO out of funds raised by them by way of loans from the authorized dealer banks / housing finance institutions to the extent of such loan/s repaid by them out of foreign inward remittances received through normal banking channel or by debit to their NRE / FCNR(B) accounts.

8. Facilities for students

8.1 Students going abroad for studies are treated as Non- Resident Indians (NRIs) and are eligible for all the facilities available to NRIs under FEMA.

8.2 As non-residents, they will be eligible to receive remittances from India (i) up to USD 100,000 from close relatives in India, on self declaration, towards maintenance, which could include remittances towards their studies also (ii) up to USD 1 million per financial year, out of sale proceeds of assets / balances in their NRO account maintained with an Authorised Dealer bank in India and (iii) upto USD 200,000 per financial year under the Liberalized Remittance Scheme.

8.3 All other facilities available to NRIs under FEMA are equally applicable to the students.

8.4 Educational and other loans availed of by them as residents in India will continue to be available as per FEMA regulations.

9. Income-tax clearance

The remittances will be allowed to be made by the Authorized Dealer banks on production of an undertaking by the remitter and a certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India in their Circular No.10/2002 dated October 9, 2002. [\[cf. A. P. \(DIR Series\) Circular\] No.56 dated November 26, 2002\]](#).

10. International Credit Cards

Authorised Dealer banks have been permitted to issue International Credit Cards to NRIs/PIO, without prior approval of the Reserve Bank. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR(B) / NRE / NRO accounts.

Annex-1

Statement / returns to be submitted to the Reserve Bank

Master Circular on Remittance Facilities for Non-Resident Indians/Persons of Indian Origin / Foreign Nationals

Particulars of statement	Periodicity	Relevant instructions
Facilities to NRIs/PIO and Foreign Nationals – Liberalisation- Remittance from NRO account.	Quarterly	A.P. (DIR Series) Circular No. 12 dated November 16, 2006

Operational Instructions for Authorised Dealer Banks

1. General

1.1 Authorised Dealer banks may carefully study the provisions of the Act / Regulations / Notifications issued under the Foreign Exchange Management Act, 1999 (the Act).

1.2 Reserve Bank will not prescribe the documents which should be verified by the Authorised Dealer banks while permitting remittances for various transactions. In this regard Authorised Dealer banks may refer to sub-section (5) of Section 10 of the Act.

1.3 In terms of the provisions contained in sub-section 5 of section 10 of the Act, before undertaking any transaction in foreign exchange on behalf of any person, Authorised Dealer bank is required to obtain a declaration and such other information from the person (applicant) on whose behalf the transaction is being undertaken that will reasonably satisfy him that the transaction is not designed to contravene or evade the provisions of the Act or any of the Rules or Regulations made or Notifications or directions or orders issued under the Act. Authorised Dealer banks should preserve the information/ documents obtained by them from the applicant before undertaking the transactions for verification by the Reserve Bank.

1.4 In case the person on whose behalf the transaction is being undertaken refuses or does not give satisfactory compliance of the requirements of an Authorised Dealer bank, he shall refuse in writing to undertake the transactions. Where an Authorised Dealer bank has reasons to believe that a contravention or evasion of the Act or the Rules or Regulations made or Notifications issued thereunder was contemplated in the transaction that he has refused to undertake, he shall report the matter to the Reserve Bank.

1.5 With a view to maintaining uniform practices, Authorized Dealer banks may consider requirements or documents to be obtained by their branches to ensure compliance with the provisions of sub-section (5) of section 10 of the Act.

2. Remittance of current income

2.1 Remittance outside India of current income like rent, dividend, pension, interest, etc. in India of the account holder is a permissible debit to the NRO account. Authorised Dealer banks may allow repatriation of current income like rent, dividend, pension, interest, etc. of NRIs who **do not maintain an NRO account** in India based on an appropriate certification by a Chartered Accountant, certifying that the amount proposed to be remitted is eligible for remittance and that applicable taxes have been paid/provided for.

2.2 NRIs/PIO have the option to credit the current income to their Non-Resident (External) Rupee account, provided the Authorised Dealer bank is satisfied that the credit represents current income of the non-resident account holder and income tax thereon has been deducted / provided for.

3. Restrictions

(a) The remittance facility in respect of sale proceeds of immovable property is not available to citizens of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan.

(b) The facility of remittance of sale proceeds of other financial assets is not available to citizens of Pakistan, Bangladesh, Nepal and Bhutan.

4. Tax compliance

Authorised dealer banks can allow remittances to non-residents only on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India in their Circular No.10/2002 dated October 9, 2002. [cf. A.P. (DIR Series) Circular No.56 dated November 26, 2002].

APPENDIX

List of notifications/circulars which have been consolidated in this Master Circular

http://www.rbi.org.in/Scripts/BS_ApCircularsDisplay.aspx

http://www.rbi.org.in/Scripts/Bs_FemaNotifications.aspx

Sl. No.	Notification/Circular No.	Date
1.	Notification No. FEMA 62/2002-RB	May 13, 2002
2.	Notification No. FEMA 65/2002-RB	June 29,2002
3.	Notification No. FEMA 93/2003-RB	June 9, 2003
4.	Notification No. FEMA 97/2003-RB	July 8, 2003
5.	Notification No. FEMA 119/2004-RB	June 29,2004
6.	Notification No. FEMA 152/2007-RB	May 15, 2007
1.	A.P. (DIR Series) Circular No.45	May 14, 2002
2.	A.P. (DIR Series) Circular No.1	July 2, 2002
3.	A.P. (DIR Series) Circular No.5	July 15, 2002
4.	A.P. (DIR Series) Circular No.19	September 12, 2002
5.	A.P. (DIR Series) Circular No.26	September 28, 2002
6.	A.P. (DIR Series) Circular No.27	September 28, 2002
7.	A.P. (DIR Series) Circular No.35	November 01, 2002
8.	A.P.(DIR Series) Circular No.40	November 5, 2002
9.	A.P. (DIR Series) Circular No.46	November 12, 2002
10.	A.P. (DIR Series) Circular No.56	November 26, 2002
11.	A.P. (DIR Series) Circular No.59	December 9, 2002
12.	A.P. (DIR Series) Circular No.67	January 13, 2003
13.	A.P. (DIR Series) Circular No.101	May 5, 2003
14.	A.P. (DIR Series) Circular No.104	May 31, 2003

15.	A.P. (DIR Series) Circular No.43	December 8, 2003
16.	A.P. (DIR Series) Circular No.45	December 8, 2003
17.	A.P. (DIR Series) Circular No.62	January 31, 2004
18.	A.P. (DIR Series) Circular No.43	May 13,2005
19.	A.P. (DIR Series) Circular No.12	November 16, 2006
20	A.P. (DIR Series) Circular No.26	January 14, 2010
21.	A.P. (DIR Series) Circular No.70	<u>June 09, 2011</u>

NOTE

- For the convenience of Authorised Dealer banks, a table of Statements / Returns to be submitted to Reserve Bank and Operational Guidelines have been given in Annex-1 & 2, respectively.

- It is also clarified for information of all users that the Master Circular need not necessarily be exhaustive and a reference to the relevant A.P. (DIR Series) Circular is needed, wherever further information/ clarification is required.