

Foreign Exchange Management Act , 1999 - Foreign Travel
A.P. (DIR Series) Circular No.19 (October 30, 2000)

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI-400 001

A.P. (DIR Series) Circular No.19

October 30, 2000

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Foreign Exchange Management Act , 1999 - Foreign Travel

Attention of authorised dealers is invited to the Government of India Notification No.GSR.381(E) dated 3rd May 2000 notifying the Foreign Exchange Management (Current Account Transactions) Rules, 2000 in terms of which drawal of exchange for certain current account transactions has been prohibited and restrictions have been placed on certain other transactions. In terms of Rule 5, the transactions specified in Schedule III to the Notification require prior approval of the Reserve Bank. Accordingly, authorised dealers may follow directions contained in the Annexure to this circular as far as applications for release of foreign exchange for travel abroad are concerned.

2. It is clarified that the directions contained in the Annexure should be read together with the Rules notified by the Government of India, Ministry of Finance vide Notification dated 3rd May 2000, referred to above.

3. In terms of clause (b) of Rule (2) of the Government of India Notification No. GSR. 381(E) dated 3rd May, 2000, "Drawal" includes use of International Credit Cards, International Debit Cards, ATM cards etc. It is, therefore, clarified that use of these instruments is also subject to the restrictions imposed under the Notification. Further, in terms of clause (h) of Section 2 of Foreign Exchange Management Act, 1999, "currency", inter-alia, includes International Credit Cards. The Reserve Bank has also vide its Notification No FEMA 15/RB-2000 dated 3rd May 2000 notified ATM Cards and Debit

Cards as “Currency”. Accordingly, payments made by Credit Cards, ATM Cards and Debit Cards etc. being only different methods of payment, all Rules, Regulations made and Directions issued under the Act apply to Credit Cards, ATM Cards, Debit Cards etc. also.

4. It is clarified that where a person is going abroad for a purpose other than a private visit it is **not mandatory** for authorised dealers to endorse the amount of foreign exchange sold for such travel on the traveller's passport . However, wherever foreign exchange is sold for a private visit i.e. travellers availing Basic Travel Quota (BTQ) it **should invariably be endorsed** on the traveller's passport under the authorised dealer's stamp, date and signature.

5. **Advance Remittance**

Authorised dealers may allow advance remittance for any current account transaction for which the release of foreign exchange is admissible, provided the amount of advance remittance does not exceed US \$ 25,000 or its equivalent. Where the amount exceeds US \$ 25,000 or its equivalent, a guarantee from a bank of international repute situated outside India or a guarantee from an authorised dealer in India, if such a guarantee is issued against the counter-guarantee of a bank of International repute situated outside India, should be obtained from the overseas beneficiary. The authorised dealer should also follow up to ensure that the beneficiary of the advance remittance has fulfilled his obligations under the contract or agreement with the remitter in India.

6. The Directions contained in the Annexure to this circular supersede the instructions contained in Part A of Chapter 8 of Exchange Control Manual, (1993 edition), and its Annexures I, II and IV.

7. Authorised dealers may bring the contents of the circular to the notice to their constituents concerned.

8. The directions contained in this circular have been issued under Section 10 (4) and Section 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999). Any

contravention or non-observance of these directions is subject to the penalties prescribed under the Act.

Yours faithfully,
K. J. UDESHI
 Chief General Manager

Annexure

Foreign Travel

A.1 General

For release of foreign exchange to the persons resident in India for travel abroad, authorised dealers should be guided by the Rules made by the Govt. of India under Section 5 of Foreign Exchange Management Act, 1999. In terms of item (b) of Rule 3 of the Govt. Notification No. GSR 381 (E) dated 3rd May 2000, no release of foreign exchange is admissible for travel to Nepal and Bhutan. For release of foreign exchange exceeding certain limits, as specified in Schedule III to the Notification, prior approval of Reserve Bank should be obtained. All applications for release of exchange exceeding the limits prescribed in Schedule III to the Govt. Notification should be referred to the Regional Office of the Exchange Control Department under whose jurisdiction the applicant is functioning/ residing.

A.2 Sale of Exchange

- (a) Where permits/ approvals have been issued by the Reserve Bank/ Government of India, foreign exchange may be sold within the period of validity stated on the permit/approval and the sale be endorsed on the reverse of the permit / original approval.
- (b) Authorised dealers **need not** endorse on the traveller's passport Foreign Exchange sold for travel abroad where the traveller is going abroad for a purpose other than private visit. Wherever foreign exchange is sold for a private visit it **should invariably be endorsed** on the traveller's passport under the authorised dealer's stamp, date and signature.

Note:

- A. *Authorised dealers may , if requested by the traveller, record under their stamp and signature details of foreign exchange sold for travel , other than the private visit abroad .*
- B. *In case of a child travelling on a parent's passport, the endorsement should be made on the joint passport.*
- (c) In case of issue of travellers cheques, the traveller should sign the cheques in the presence of an authorised official and the purchaser's acknowledgement for receipt of the travellers cheques should be duly maintained.

- (d) Out of the overall foreign exchange being sold to a traveller, exchange in the form of foreign currency notes and coins may be sold up to the limit indicated below:

(i)	Travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States	not exceeding US \$ 500 or its equivalent
(ii)	Travellers proceeding to Iraq or Libya,	not exceeding US \$ 5000 or its equivalent
(iii)	Travellers proceeding to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States.	Full exchange released

- (e) The forms A2 relating to sale of foreign exchange for travel abroad should be retained for a period of one year by the authorised persons together with the related documents for the purpose of verification by their Internal auditors .

A.3. A person who has fallen sick after proceeding abroad may also be released foreign exchange for medical treatment outside India in accordance with Rule 5 of Govt. of India Notification No GSR 381(E) dated 3rd May, 2000.

A.4 Cultural Tours

Dance troupes, artistes, etc. who wish to undertake tours abroad for cultural purposes should apply to Ministry of Human Resources Development (Department of Education and Culture), Government of India, for recommendation regarding their foreign exchange requirements. Authorised dealers may release foreign exchange, on the strength of the sanction from the Ministry, to the extent and subject to conditions indicated therein.

A.5 Private visits

Foreign exchange for private visit can also be released to a person who is availing of foreign exchange for travel outside India for any purpose.

A.6 Follow up of utilisation of foreign exchange in certain cases

Where an authorised dealer has released exchange on the basis of estimates, e.g. for medical treatment or medical check up abroad etc. the authorised dealer is required to follow up and ensure that the details of actual expenses are invariably submitted by the applicant to the branch of the authorised dealer which released foreign exchange, within a fortnight of his returning to India. Non submission of the details within reasonable time should be reported to the Regional Office of Reserve Bank under whose jurisdiction the applicant is residing.

A.7 Period of surrender of foreign exchange

In case the foreign exchange purchased for any purposes is not used for the purposes or for any other purpose for which purchase or acquisition of foreign exchange is permitted under the provisions of FEMA 1999 or Rules or Regulations made thereunder, the same or the unused portion thereof is required to be surrendered to an

authorised person within a period of 60 (sixty) days from the date of its purchase. (cf. Notification No. FEMA 9/2000-RB Dated 3rd May 2000)

*Note: In cases where a person approaches an authorised person for surrendering foreign exchange after 60 days, the authorised person should **not** refuse to purchase the foreign exchange on the ground that the prescribed period of 60 days has expired*

A.8 Unspent Foreign Exchange

Unspent foreign exchange brought back to India by a traveller should be surrendered to an authorised person against payment in rupees within 90 days from the date of return of the traveller if the unspent foreign exchange is in the form of currency notes. If such foreign exchange is in the form of traveller cheques, the same should be surrendered to an authorised person within 180 days from the date of return. Exchange so brought back can be utilised by the traveller for his subsequent visit abroad during the period specified above. However, a returning traveller is also permitted to retain with him , foreign currency travellers cheques and Notes upto an aggregate amount of US \$ 2000 and foreign coins without any ceiling. (cf. Notification No.FEMA 11/2000-RB dated 3rd May 2000). Foreign exchange so retained can be utilised by the traveller for his subsequent visit abroad.

*Note: Where a person approaches an authorised person for surrender of foreign exchange after the prescribed period authorised person should **not** refuse to purchase the foreign exchange on the ground that the prescribed period has expired*

A.9 Remittances for Tour Arrangements, etc.

- (i) Authorised dealers may remit foreign exchange upto a reasonable limit, at the request of a traveller towards his hotel accommodation, tour arrangements, etc., in the countries proposed to be visited by him, provided it is out of the foreign exchange purchased by the traveller from an authorised person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.
- (ii) Authorised dealers may effect remittances at the request of agents in India who have tie up arrangements with hotels/agents, etc., abroad for providing hotel accommodations or making other tour arrangements for travellers from India provided the authorised dealer is satisfied that the remittance is being made out of the foreign exchange purchased by the concerned traveller from an authorised person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Directions in force.
- (f) (iii) Authorised dealer may open foreign currency accounts in the name of agents in India who have tie up arrangements with hotels/agents, etc., abroad for providing hotel accommodations or making other tour arrangements for travellers from India provided
 - (a) the credits to the account are by way of depositing

- (I) collections made in foreign exchange from travellers and
 - (II) refunds received from outside India on account of cancellation of bookings/tour arrangements, etc., and
- (b) the debits in foreign exchange are for making payments towards hotel accommodation, tour arrangements, etc., outside India, in accordance with (ii) above.

A.10 Payment in Rupees

Authorised dealers may accept payment in cash up to Rs 50,000 (Rupees fifty thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange exceeds the amount equivalent to Rs50,000, the payment must be received only by a (i) crossed cheque drawn on the applicant's bank account, or (ii) crossed cheque drawn on the bank account of the firm/company sponsoring the visit of the applicant, or (iii) Banker's Cheque/Pay Order/ Demand Draft.

Note: Where the rupee equivalent of foreign exchange drawn exceeds Rs50,000 either for any single drawal or more than one drawal reckoned together for a single journey/visit it should be paid by cheque or draft as explained above.