

PRESS RELEASE



RESERVE BANK OF INDIA

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**Access to forex made easier for individuals:
More entities to handle Non-trade Current Account Transactions**

The Reserve Bank of India has today issued a circular announcing measures to enable individuals to have easier access to foreign exchange. According to the circular, select Full Fledged Money Changers, Urban Cooperative Banks and Regional Rural Banks will now be allowed to undertake a wider range of transactions relating to release/remittance of foreign exchange for various non-trade related current account transactions.

With the progressive liberalisation in foreign exchange related transactions, common persons can now undertake a variety of non-trade current account transactions without approaching the Reserve Bank of India. Individuals can, for instance, access foreign exchange for tourism, medical treatment, education abroad and in general a large variety of current account transactions that are not trade transactions. Individuals can currently access foreign exchange for these purposes only through authorised dealers. With the Reserve Bank allowing full fledged money changers, select urban cooperative banks and regional rural banks to disburse foreign exchange for these purposes, individuals would be able to access foreign exchange for such purposes from a wider range of entities.

Called category II authorised dealers, these institutions will be able to disburse foreign exchange for purposes such as, private visits, business travel, fee for participation in global conferences and specialised training, remittance for participation in international events/competitions (towards training, sponsorship and prize money), film shooting, medical treatment abroad, overseas education, remittance under educational tie up arrangements with universities abroad, remittance towards fees for examinations held in India and abroad and additional score sheets for GRE, TOEFL, etc., employment and processing, assessment fees for overseas job applications, emigration and emigration consultancy fees, skills/credential assessment fees for intending migrants, visa fees, registration /subscription / membership fees to international organisations.

With the decision to widen and rationalise the intermediate tier of authorised persons licensed to undertake foreign exchange transactions, the Reserve Bank intends to make foreign exchange easily accessible to common persons and hopes that competition would lead to better customer service.

It may be recalled that the Reserve Bank of India had, with a view to liberalising and rationalising the scope of activities currently undertaken by the authorised persons set up an internal group to study the related issues and make recommendations keeping in view the need for enhanced as well as wider access and accompanying safeguards, especially reporting requirements. The report of the

Internal Group was placed on the RBI website for feedback. The circular issued today to allow more entities to disburse foreign exchange for current account transactions takes into account the feedback received on the recommendations of this Internal Group,

The A.P.(Dir Series) Circular No. 25 dated March 6, 2006 on this subject is available on the RBI website (<http://www.rbi.org.in>).

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