

Current Account Transactions	Capital Account Transaction
Section 2 (j)	Section 2 (e)
Foreign Exchange Management (Current Account Transactions) Rules, 2000	Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000
Rule 3 - Prohibition on drawal of Foreign Exchange read with schedule I	Regulation 3 - Permissible Capital Account Transactions
Rule 4 - Transactions which require prior approval of the Central Government read with schedule II	(A) transactions, specified in Schedule I, for a PRII;
Rule 5 - Prior approval of Reserve Bank if drawal exceeds	(B) transactions, specified in Schedule II, for a PROI.
• USD 2,50,000 for individual - or • prescribed limit for other than individual	Regulation 4 – Prohibited Capital Account Transactions for PROI
Under the Liberalised Remittance Scheme (LRS), all resident individuals, including minors, are allowed to freely remit up to USD 250,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.	
A Person other than an individual may also avail of foreign exchange facility, mutatis mutandis, within the limit prescribed under the Liberalised Remittance Scheme for the purposes mentioned hereinabove.	
No part of the foreign exchange of USD 2,50,000, drawn shall be used for remittance directly or indirectly to countries notified as non-cooperative countries and territories by Financial Action Task Force (FATF) from time to time and communicated by RBI to all concerned.	
Clubbing is permitted by other family members for current account transactions	Clubbing of funds by family members is not allowed for capital account transactions like opening a bank account, investment, or property purchase, unless they are co-owners or co-partners.
The general rule to be understood is that Current Account transactions are freely permitted unless specifically prohibited	Capital Account transactions are prohibited unless specifically or generally permitted.
	Here prohibited means PROI has to take approval from RBI to undertake such transaction.
Example: Payment of remuneration to foreign technician are current account transactions and not prohibited or do not require approval of Central Government or RBI under the Foreign Exchange Management (Current Account Transactions) Rules, 2000 and thus permitted without any restriction.	Example: Taking out of insurance policy by a person resident outside India from an insurance company in India. Above transaction is not specifically permitted. For such transaction PROI has to take specific approval from RBI.

Rule 3 - Prohibition on drawal of Foreign Exchange read with schedule I. For above transaction drawal is prohibited. However, transactions listed in such schedule is not prohibited.	Regulation 4 – Prohibited Capital Account Transactions for PROI. 5 Transactions prohibited for PROI: Which means for such 5 transaction no application for approval of RBI can be made.
	No person resident in India may engage in capital account transactions with citizens, residents, or entities from North Korea (Democratic People’s Republic of Korea) without specific approval from the Central Government, as per Order S.O. 1549(E) dated April 21, 2017, and subsequent amendments. Existing investments or assets in North Korea that are not permitted must be closed, liquidated, or settled within 180 days unless extended by Central Government approval.