

Lecture-40

(4-10m)

Foreign Exchange Management Act - 1999

Que-1 Explain capital account transaction?

Ans Any transaction which alters

↓
assets

↓
'AND'

↓
liabilities + (contingent liab)

outside India of PRI

↓
assets

↓
'OR'

↓
liabilities +
(contingent liabilities)

In India of PROT

Ans 25 mpt

Que-2 Current account transaction?

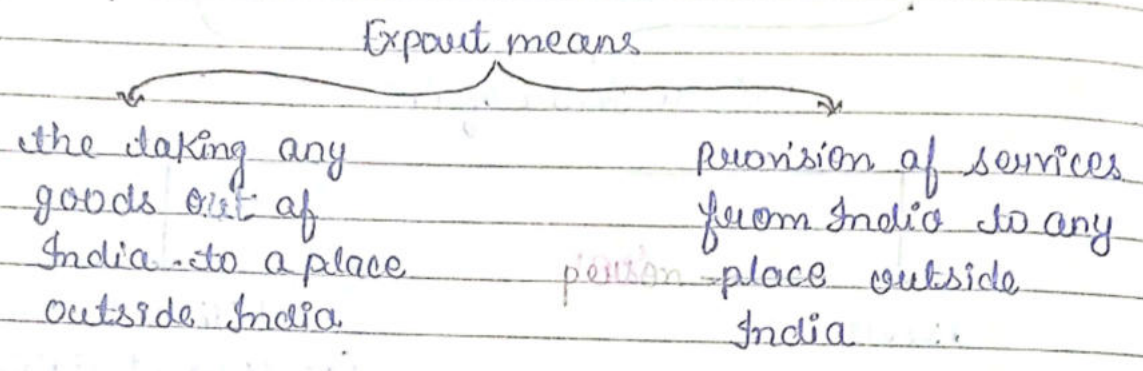
Ans- Current account transaction means, a transaction other than a capital a/c transaction and includes -

(a) payment due in connection with foreign trade, other current business, service, & short-term banking & credit facilities in the ordinary course of business.

(b) payment due as interest on loans and as net income from investments.

- (c) remittances for living expenses of parents, spouse & children residing abroad and
- (d) Expenses in connection with foreign travel, education and medical care of parents, spouse & children.

Que-3 Export
Ans-



Que-4 Import
Ans: Import means bringing into India any goods or services.

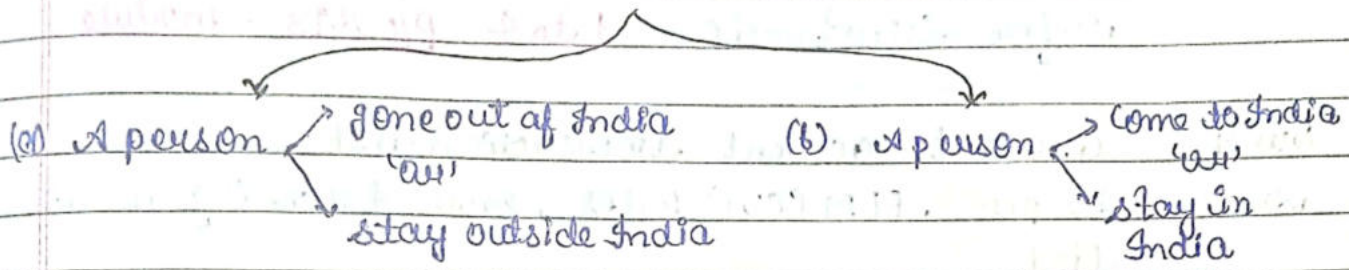
Que-5 foreign security
Ans: foreign security means any security in forms of

- stock
- shares
- bonds
- debentures
- any other instrument

denominated [expressed in foreign currency including any return [interest/ dividend payable in Indian currency.

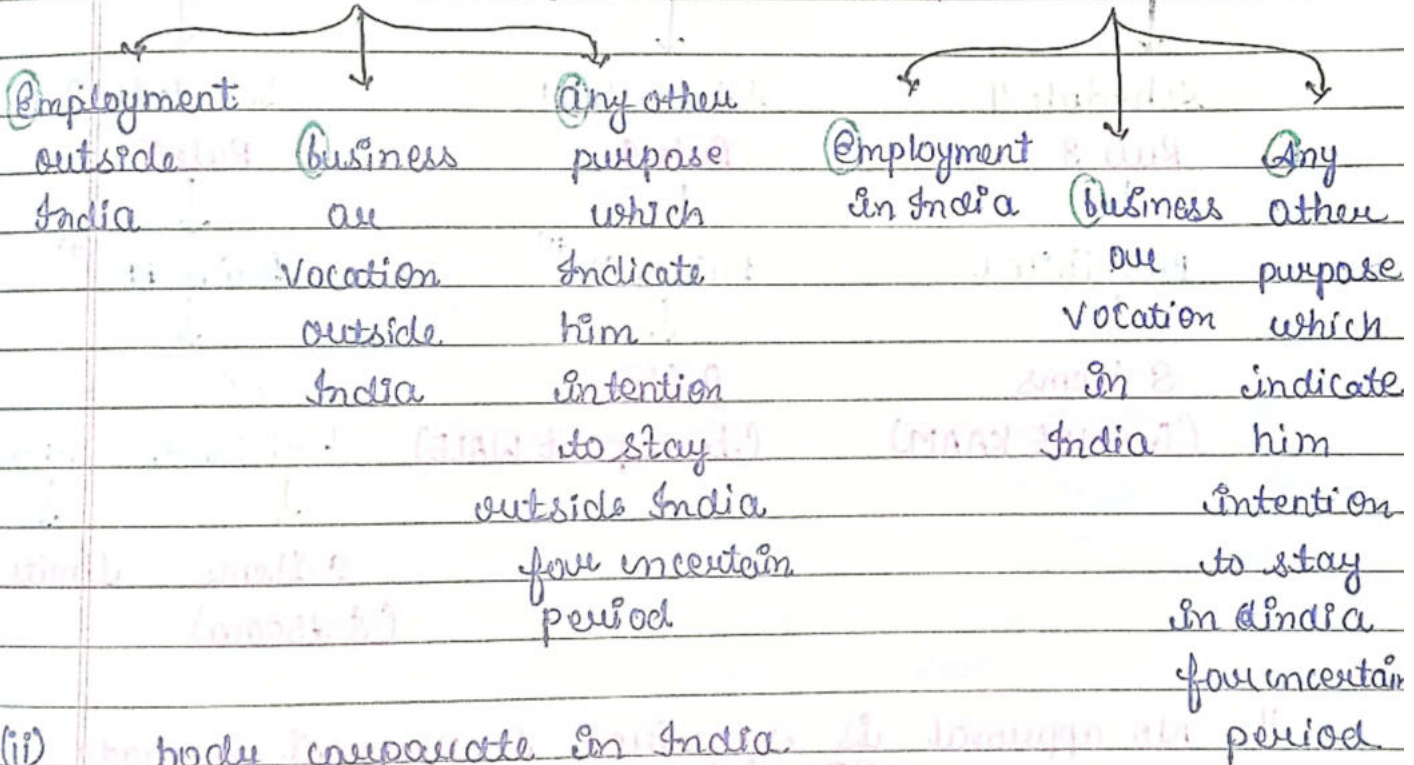
Ques-6 Explain "Person resident in India" (PRI);

Ans- (1) A PRI is an individual residing in India for more than 182 days (ie. 183) in the previous F.Y but does not include

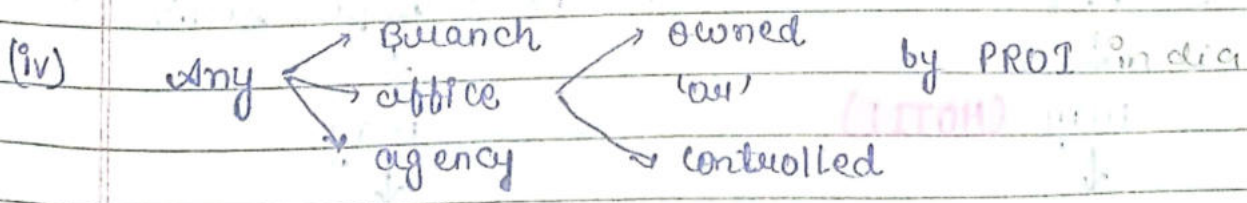
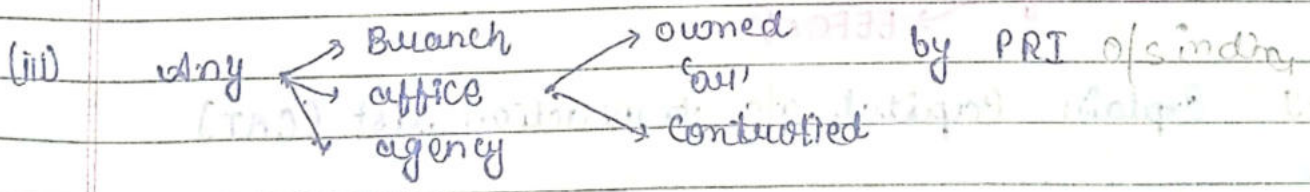


in either case (BAE)

Otherwise than



(i) body corporate in India.



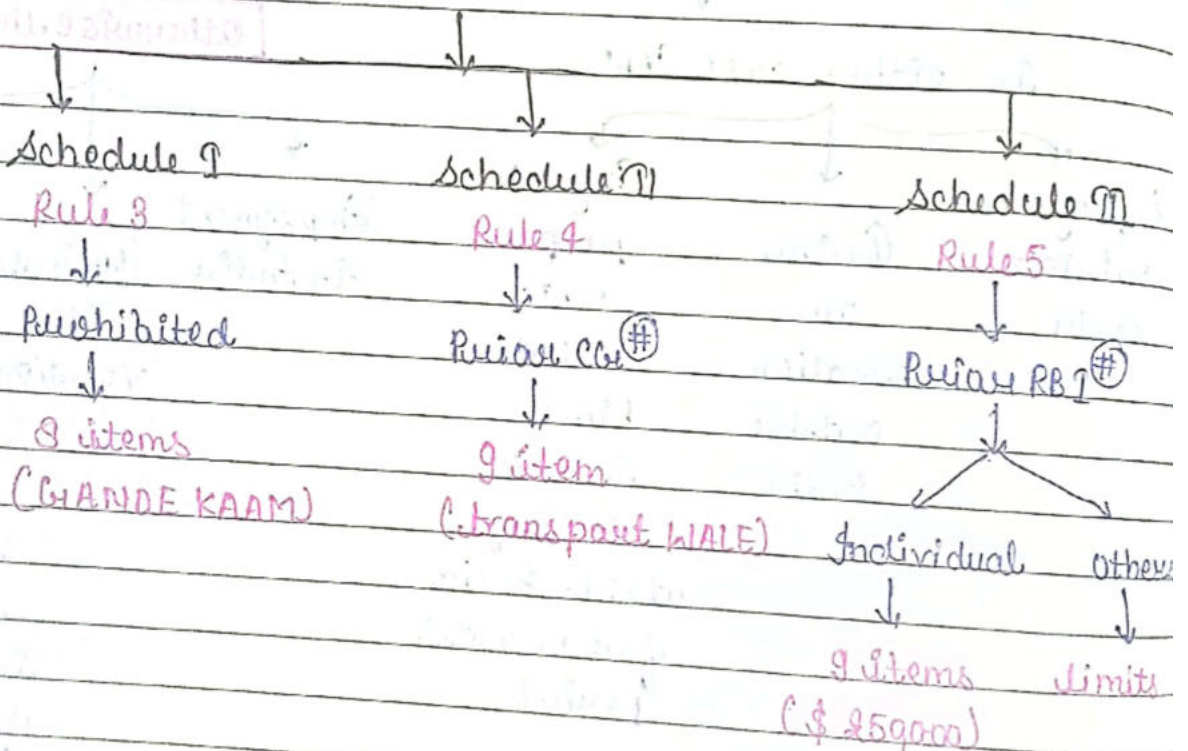
Que-7 Explain PROI

Ans "Person resident outside India" means a person who is not resident of India.

refer illustration - 1 to 4 pg 2.13 - module

Que-8 Current account transaction list

Ans - As per FEM (CUT) Rules, 2000 following in the list



No approval is required. If payment is made out of RFC A/c or EEFC A/c

Que-9 Explain Capital a/c Transaction list (CAT)

Ans

1) PRI
↓
may (HOTIE)
↓

2) PROI as per section 6(5)
↓
may
↓

Hold, own, transfer or invest in foreign currency or foreign security or any immovable property situated outside India

Hold, own, transfer or invest in Indian currency, security or any immovable property situated in India

The same was acquired, held or owned by such person when he was PRI OR INHERITED from a PRI

The same was acquired, held or owned by such person when he was PRI OR INHERITED from a PRI

SI vs per FEM (CAT) Rules 2000 RBI following are CAT which are

