

CHAPTER 1: LAWS RELATING FOREIGN EXCHANGE MANAGEMENT

1. *Foreign Exchange Management Act, 1999 is a central legislation and was enacted to consolidate and bring together and amend or regulate the rules relating to foreign exchange.*

2. *The main objectives or the aim of the act is to:*
 - (a) *Facilitate external trade and payments*
 - (b) *Promote orderly development of the foreign exchange market in India*
 - (c) *Maintain foreign exchange markets*
 - (d) *Encourage inbound investments*
 - (e) *Regulate outbound investments*
 - (f) *Integrate Indian economy with global markets*

3. *Authorised Person : An authorised person is any person who is authorised to deal in foreign exchange or foreign securities, including:*
 - (a) *authorised dealers,*
 - (b) *money changers,*
 - (c) *offshore banking units, or*
 - (d) *any other person.*

4. *Export: Export means to take goods to a place outside India or provide services from India to any person outside India .*

5. *Foreign Exchange: It means foreign currency and includes deposits, credits, and payments in foreign currency, as well as certain financial instruments (like drafts, travellers' cheques, letters of credit, and bills of exchange) expressed in foreign or Indian currency but payable in the other currency.*

6. *Foreign security* : It means any security in the form shares, stocks, bonds, debentures, or similar instruments denominated in foreign currency, including those where the redemption or any returns like Interest or dividend are paid in Indian currency.

7. *Person*: The term person includes the following: -
 - (a) An Individual,
 - (b) A Hindu Undivided Family (HUF),
 - (c) A Company,
 - (d) A Firm,
 - (e) An Association of Person (AOP),
 - (f) A Body of Individuals (BOI),
 - (g) Any Agency, office or branch owned or controlled by such persons

8. *Person Resident in India* means any person residing in India for more than 182 days in the preceding Financial year.

9. *Repatriate to India*: The term means bringing realised foreign exchange into India and either:
 - (a) Selling it to an authorised person in exchange for rupees, or
 - (b) Holding it in an account with an authorised person in India to the extent notified by the RBI,
 - (c) It also includes using the realised money to pay debts or liabilities in foreign exchange.

10. *Special Director (Appeals)*: It refers to an officer appointed under Section 17. Under this section, the Central Government is empowered, by way of notification, to appoint one or more Special Directors (Appeals). Their role is to hear appeals against the orders passed by Adjudicating Authorities. Moreover, the government specifies their jurisdiction through notification.

11. *Current Account Transactions*

A transaction other than a capital account transaction. It includes payments for foreign trade and current business, payments for services, short-term banking and credit facilities in the ordinary course of business, interest on loans, net income from investments, remittances for living expenses of parents, spouse, and children abroad, and expenses on foreign travel, education, and medical care of parents, spouse, and children.

12. *Current Account Transactions are payment towards:*

- (a) Private visits to any country,*
- (b) Gift or donation,*
- (c) Going abroad for employment,*
- (d) Emigration,*
- (e) Maintenance of close relatives abroad,*
- (f) Travel for business,*
- (g) for meeting expenses for meeting medical expenses,*
- (h) for accompanying as attendant to a patient going abroad for medical treatment,*
- (i) Studies abroad,*
- (j) Any other current account transaction which is not covered under the definition of current account in FEMA 1999.*

13. *Prohibition on drawal of foreign exchange for certain transactions Rule 3 prohibits the drawal of foreign exchange for the purposes of transactions specified in*

- (a) the Schedule I or*
- (b) a travel to Nepal and/or Bhutan or*
- (c) a transaction with a person resident in Nepal or Bhutan.*

14. *Schedule I: Prohibition from withdrawal*

No foreign exchange is allowed for:

- (a) Remittance from lottery winnings,*
- (b) Remittance of income from racing/riding income, etc.,*
- (c) Remittance for purchase of lottery tickets, banned magazines, sweepstakes, football pools,*
- (d) Payment of export commission for equity investment in JV/WOS abroad,*
- (e) Payment of export commission under Rupee State Credit Route except up to 10% on tea & tobacco,*
- (f) Payments for telephone "call back service",*
- (g) Remittance of interest income from Non-resident Special Rupee Scheme A/c.*

15. *Rule 4 – Prior Government Approval (Schedule II)*

Certain transactions need prior approval of the Government of India (except when using funds from RFC Account).

16. *Rule 5 – Prior RBI Approval (Schedule III)*

Drawal of foreign exchange for transactions listed in Schedule III requires prior approval of the Reserve Bank of India.

17. *Transactions Included in Schedule III*

(a) For Individuals

Foreign exchange facility up to USD 2,50,000 per financial year is allowed for certain purposes. Any remittance beyond this limit requires prior approval of RBI. The following purposes are: -

- (i) Private visits abroad (except Nepal & Bhutan)*
- (ii) Gifts or donations*
- (iii) Employment abroad*
- (iv) Emigration*
- (v) Maintenance of close relatives abroad*

- (vi) *Business travel*
- (vii) *Medical treatment abroad*
- (viii) *Studies abroad*
- (ix) *Any other current account transaction*

A resident but not permanently resident in India and is a citizen of a foreign state other than Pakistan or is an Indian citizen deputed to a foreign company or branch or subsidiary Joint Venture in India of such foreign company may remit up to net salary.

A person is considered resident but not permanently resident in India if he stays in India for employment or deputation for a specific job/assignment, with the duration not exceeding 3 years.

(b) Facilities for Persons Other than Individuals:

The following remittances require prior approval of the Reserve Bank of India –

- (i) *Donations exceeding 1% of foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for the following purposes:*
 - *Creation of Chairs in reputed educational institutes.*
 - *Contribution to funds (not being an investment fund) promoted by educational institutes.*
 - *Contribution to a technical institution, body, or association in the field of activity of the donor company.*
- (ii) *Commission payments to agents abroad, per transaction, for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance, whichever is more.*
- (iii) *Remittances for consultancy services procured from outside India exceeding –*
 - *USD 10,000,000 per project for infrastructure projects.*
 - *USD 1,000,000 per project for all other consultancy services.*
- (iv) *Reimbursement of pre-incorporation expenses by an Indian entity exceeding 5% of the investment brought into India or USD 100,000, whichever is higher.*

LIBERALISED REMITTANCE SCHEME (LRS)

Under the Liberalised Remittance Scheme (LRS), resident individuals can remit up to USD 2,50,000 per financial year for any permitted current or capital account transaction, or a combination of both. The scheme is not available to corporates, partnership firms, HUFs, trusts, etc.

(i) Private Visits:

Resident individuals can obtain up to USD 2,50,000 per financial year for private visits abroad except Nepal and Bhutan, regardless of the number of trips taken during the year.

(ii) Gifts/Donations:

Up to USD 2,50,000 per financial year can be remitted as a gift to a person abroad or as a donation to an organization abroad.

(iii) Employment Abroad:

Individuals going abroad for employment may draw up to USD 2,50,000 per financial year from an Authorised Dealer.

(iv) Emigration:

Persons emigrating can withdraw foreign exchange from AD Category I/II banks, subject to the emigration country's requirement or a maximum of USD 2,50,000.

Additional remittances are allowed only for genuine living expenses abroad, not for earning credits to become eligible in investments in government bonds, land, or commercial enterprises.

(v) Maintenance of Relatives Abroad

A resident individual may remit up to USD 2,50,000 per financial year towards maintenance of close relatives living abroad.

(vi) Business Trip

For official or business travel abroad, a resident individual can draw foreign exchange up to USD 2,50,000 in a financial year, regardless of the number of visits undertaken.

(vii) Medical Treatment Abroad

Authorised Dealers (AD) may release up to USD 2,50,000 per financial year for medical treatment abroad without requiring an estimate from a hospital/doctor.

If expenses exceed this limit, additional foreign exchange can be released based on a medical estimate from a doctor in India or a hospital/doctor abroad.

In case a person falls sick after proceeding abroad, ADs may also release foreign exchange for treatment

Additionally, up to USD 2,50,000 per FY is allowed for an attendant accompanying the patient.

(viii) Studies Abroad

Authorised Dealers (AD Category-I & Category-II bank) may release up to USD 2,50,000 per FY for students pursuing studies abroad, without insisting on an estimate from the foreign institution.

If required, remittances exceeding USD 2,50,000 are permitted based on the fee/expense estimate provided by the foreign university or institution.

However, a resident cannot gift foreign currency to another resident for credit into that latter person's overseas account under LRS.

PERMISSIBLE CAPITAL ACCOUNT TRANSACTIONS UNDER LRS

Under the Liberalised Remittance Scheme (LRS), a resident individual is permitted to undertake the following capital account transactions, within the overall limit of USD 2,50,000 per financial year:

- (i) Opening of Foreign Currency Account Abroad*
- (ii) Acquisition of Assets Abroad (like immovable property, Overseas Direct Investment (ODI) & Overseas Portfolio Investment (OPI))*
- (iii) Extending Loans to NRI's who are relatives. It also includes loans in Indian Rupees.*

CAPITAL ACCOUNT TRANSACTIONS

A capital account transaction is any transaction that changes the assets or liabilities including contingent liabilities outside India of a person resident in India , or the assets or liabilities in India of a person resident outside India.

- (i) Classes of Capital Account Transactions of Person Resident in India*
 - (a) Raising of foreign currency loans in India and abroad by a resident.*
 - (b) Transfer of immovable property outside India by a resident.*
 - (c) Guarantees issued by a resident in favour of a non-resident.*
 - (d) Export, import, and holding of currency/currency notes.*
 - (e) Loans and overdrafts by a resident from a non-resident.*
 - (f) Maintenance of foreign currency accounts in India and abroad by a resident.*
 - (g) Taking out insurance policies by a resident from an insurance company abroad.*
 - (h) Loans and overdrafts by a resident to a non-resident.*
 - (i) Remittance outside India of capital assets of a resident.*
 - (j) Undertaking derivative contracts.*
- (ii) Classes of Capital Account Transactions of Person Resident outside India*
 - (a) Investment made in India by a person resident outside India*
 - (b) Acquisition & transfer of immovable property in India by a person resident outside India*
 - (c) Guarantee given by a person resident outside India in favour of or on behalf of another person resident outside India.*
 - (d) Import and export of currency/currency notes into/from India by a person resident outside India.*
 - (e) Maintenance of foreign currency accounts in India by a person resident outside India.*
 - (f) Remittance outside India of capital assets in India of a person resident outside India.*
 - (g) Undertaking derivative contracts.*

DUTY OF PERSONS TO REALISE FOREIGN EXCHANGE

Any person resident in India to whom foreign exchange is due or has accrued must take all reasonable steps to realise and repatriate the foreign exchange to India and also must:

- (i) Ensure that the receipt of such foreign exchange is not delayed in whole or in part.*
- (ii) Ensure that the foreign exchange does not cease, in whole or in part, to be receivable by him.*

MANNER OF REPATRIATION

On realisation of foreign exchange due, a person resident in India must repatriate it to India in the following manner:

- (i) Sell the foreign exchange to an authorised person in India in exchange for rupees, or*
- (ii) Retain or hold it in an account with an authorised dealer in India, or*
- (iii) Use it for discharge of a debt or liability denominated in foreign exchange.*

PERIOD FOR SURRENDER OF REALISED FOREIGN EXCHANGE

Persons other than individual residents in India must sell the realised foreign exchange within prescribed time limits:

- (i) Foreign Exchange which is due or accrued as remuneration for services given in or outside India ,any lawful obligations, an income on assets held abroad, inheritance, settlement, or gift → within 7 days of receipt.*
- (ii) All other cases → within 90 days of receipt.*

PERIOD FOR SURRENDER IN CERTAIN CASES

The rules for surrender of unused foreign exchange in certain cases are:

- (i) A non-individual resident of India who acquires or purchases foreign exchange for any purpose mentioned in the declaration, but does not use it for the declared or any permissible purpose must surrender the unused foreign exchange to an authorised person within 60 days of acquisition or purchase.*

- (ii) Where the Foreign exchange purchased by an individual other than resident of India for foreign travel then such foreign exchange must be submitted:
- (a) Currency notes/coins – unspent balance must be surrendered within 90 days of return to India.
 - (b) Traveller's cheques – unspent balance must be surrendered within 180 days of return to India.

PERIOD FOR SURRENDER OF RECEIVED/REALISED/UNSPENT/UNUSED FOREIGN EXCHANGE BY RESIDENT INDIVIDUALS

For resident individuals in India, any received, realised, unspent, or unused foreign exchange which is in the form of currency notes, coins and traveller's cheques must surrender it to an authorised person within 180 days from:

- (i) The date of receipt/realisation, or
- (ii) The date of purchase/acquisition, or
- (iii) The date of return to India (in case of travel abroad).

Exemption

The Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2015 does not apply to foreign exchange held in the form of currency of Nepal or Bhutan.

REMITTANCE OF ASSETS

Remittances by individuals not being NRIS/ PIOs

Remittance of assets means sending funds abroad in the deposits with a bank, provident fund/superannuation benefits, or sale proceeds of shares, securities, immovable property, or any other assets held in India.

An Authorised Dealer (AD) may permit such remittance of assets by a foreign national where:

- (i) A person retiring from employment in India.
- (ii) A person who has inherited assets in India.

- (iii) *A non-resident widow/widower who inherited assets from his/her deceased spouse who is an Indian national resident.*
- (iv) *A foreign student who has finished studies in India can remit abroad the money left in their Indian bank account, if that money came from:*
 - (a) *Remittances sent from abroad through normal banking channels, or*
 - (b) *Stipend/scholarship received from the Government or any organisation in India.*

The remittance should not exceed USD 1 million per financial year, except for assets held on repatriation basis. Moreover, these facilities are not available for citizens of Nepal or Bhutan or PIO.

REMITTANCES BY NRIS/ PIOS

Non-Resident-Indian (NRI) means someone who is a citizen of India but resides abroad.

Whereas, a Person of Indian origin (PIO) is someone who resides abroad and holds citizenship of any country except Bangladesh or Pakistan. Further for a person to be a PIO he must conform to one of the following conditions:

- (i) *He is an Indian Citizen as per the constitution of India or the Citizenship Act, 1955.*
- (ii) *He comes from a territory that became part of India after August 15, 1947.*
- (iii) *He is a child, grandchild, or great-grandchild of an Indian citizen.*
- (iv) *He is a foreign spouse of an Indian citizen.*

NRI & PIO may be allowed by the AD's to remit up to USD 1 million, per financial year, provided they submit the documentary evidences. They may remit from:

- (i) *Balances in their NRO account,*
- (ii) *Sale proceeds of assets,*
- (iii) *Assets acquired in India through inheritance/legacy,*
- (iv) *Assets received under a deed of settlement made by parents or relatives.*

If the remittance is in multiple instalments, all should be routed through the same AD.

For remittances from an NRO account, the AD must take an undertaking from the account holder confirming that the money comes from legitimate receivables in India and not from borrowings.

REMITTANCES BY COMPANIES/ ENTITIES

Authorised Dealers (ADs) may permit remittances when there are directions from a Court in India, or orders from an official liquidator in case of voluntary winding up

Documents required:

- (i) Auditor's certificate confirming all Indian liabilities are fully paid or adequately provided for.*
- (ii) Auditor's certificate that winding up is in conformity with the Companies Act.*
- (iii) If winding up is not through court, an auditor's certificate confirming that no legal proceedings are pending in any court in India against the company/applicant under liquidation.*

REMITTANCES / WINDING UP PROCEEDS OF BRANCH OR LIAISON OFFICE

Authorised Dealers (ADs) may allow remittance of assets on closure or winding up of a branch office/liaison office (except project offices) if the following are submitted:

- (i) Copy of RBI's permission for setting up the branch/office in India.*
- (ii) Auditor's Certificate confirming:*
 - (a) How the remittable amount was calculated.*
 - (b) All liabilities in India including arrears of gratuity, and other benefits to the employee, etc. are paid or provided for.*
 - (c) No income from outside India (including export proceeds) has remained un-repatriated.*
 - (d) The branch/office has complied with all regulatory requirements.*
- (iii) Applicant's Confirmation that no legal proceedings are pending in any Indian court, and no legal obstacle exists for remittance.*
- (iv) A report from Registrar Of Companies (ROC) regarding the compliance with provisions of the Companies Act, 2013, in case of winding up.*

REMITTANCE OF ASSETS REQUIRING RBI APPROVAL

Prior approval of the Reserve Bank of India (RBI) is required in the following cases:

- (i) If the remittance exceeds the limit of USD 1 million per financial year.
- (ii) Where non-remittance would cause hardship to a person.

Remittance of funds from the sale of assets in India held by a person who is a resident or non-resident which are not covered under the existing directions specified above also requires RBI approval.

POSSESSION AND RETENTION OF FOREIGN CURRENCY OR FOREIGN COINS

As per the Regulations RBI has specified certain limits:

- (i) An Authorised Person can possess foreign currency and coins without limit within their authority.
- (ii) Any person may hold foreign coins without limit.
- (iii) A resident in India can retain foreign currency notes, bank notes, and traveller's cheques up to USD 2000 or equivalent.
- (iv) A person resident in India but not permanently resident may hold unlimited foreign currency in the form of notes, bank notes, traveller's cheques, if acquired while he was resident outside India and has brought it into India legally.

ACQUISITION OR TRANSFER OF IMMOVABLE PROPERTY IN INDIA

NRI/OCI can purchase any immovable property except agricultural land, plantation property, or farmhouse in India.

- (i) An NRI or OCI may acquire any immovable property in India, except agricultural land, plantation property, or a farmhouse, as a gift from either a person resident in India or a relative who is an NRI/OCI.
- (ii) NRI/OCI can acquire by way of inheritance any immovable property from a person resident outside India, provided that person had acquired it under foreign exchange law.
- (iii) NRI/OCI can acquire by way of inheritance any immovable property from a resident in India.

- (iv) *NRI/OCI can transfer any immovable property in India to a person resident in India.*
- (v) *NRI/OCI can transfer any immovable property except agricultural land, plantation property, or farmhouse to another NRI/OCI.*

JOINT ACQUISITION BY SPOUSE OF NRI/OCI

A person resident outside India, not being a Non-Resident Indian who is married to an NRI/OCI can jointly acquire one immovable property in India (except agricultural land, farmhouse, or plantation property) jointly with their NRI/OCI spouse, provided:

- (i) *The marriage is registered and has subsisted for a continuous period of at least 2 years, and*
- (ii) *The non-resident spouse is not otherwise restricted from such acquisition.*

ACQUISITION BY LONG-TERM VISA HOLDER

A citizen of Afghanistan, Bangladesh, or Pakistan belonging to minority communities in those countries (Hindus, Sikhs, Jains, Buddhists, Parsis, Christians) who reside in India and are holding a Long-Term Visa in India may acquire:

- (i) *One residential property in India as dwelling unit for self-occupation.*
- (ii) *One property for self-employment.*

POWER OF RBI TO ISSUE DIRECTIONS TO AUTHORISED PERSON (SEC. 11 FEMA)

- (i) *Section 11 of the Act empowers RBI to issue directions to authorised persons regarding making of payments, doing or refraining from any act relating to foreign exchange or foreign securities.*
- (ii) *RBI may direct authorised persons to furnish information in such form and manner as it considers necessary.*
- (iii) *Penalty for Contravention –*
 - (a) *Fine up to ₹10,000 for violation of RBI's directions.*
 - (b) *In case of continuing contravention – additional penalty of ₹2,000 per day until the contravention continues.*

ADJUDICATION AND APPEAL

Appointment Of Adjudicating Authority

- (i) Section 16 of FEMA empowers the Central Government to appoint Adjudicating Authorities through notification in the Official Gazette.*
- (ii) These authorities are empowered to hold enquiries based on written complaints by officers specially or generally authorised by the Central Government.*
- (iii) The Adjudicating Authority has the discretion to demand a bond or guarantee from the accused if it believes the person may abscond or evade payment of penalty, if imposed.*

APPEAL TO SPECIAL DIRECTOR (APPEALS)

- (i) Section 17 provides for the appointment of one or more Special Directors (Appeals) to hear appeals against orders of Adjudicating Authorities.*
- (ii) Appeals can be filed against orders passed by the Assistant Director or Deputy Director of Enforcement acting as Adjudicating Authority.*
- (iii) Appeals against the order of the Adjudicating Authority must be filed in the prescribed form with the requisite fee within 45 days from receipt of the order.*
- (iv) The Special Director (Appeals) may also entertain appeals filed after 45 days if deemed appropriate.*

APPEAL TO APPELLATE TRIBUNAL

- (i) The Appellate Tribunal constituted under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976, also functions as the Appellate Tribunal under this Act.*
- (ii) The Central Government or any aggrieved person can appeal to the Appellate Tribunal against an order of the Adjudicating Authority or the Special Director (Appeals).*
- (iii) Appeals against orders which impose penalties requires the appellant to deposit the penalty amount with the notified authority.*
- (iv) The Appellate Tribunal may waive the deposit requirement if it believes payment would cause undue hardship to the person, subject to conditions as it may find necessary for safeguarding penalty realization.*

- (v) Appeals must be filed against the Adjudicating Authority or the Special Director (Appeals) within 45 days from the date of receipt of the copy of the order by the aggrieved person.*
- (vi) The Appellate Tribunal, after hearing both parties, may confirm, modify, or set aside the order appealed against.*
- (vii) The tribunal should endeavour to dispose of appeals within 180 days from the date of receipt of the appeal.*
- (viii) If unable to dispose the appeal in the prescribed time frame, the Tribunal must record reasons in writing for the delay*

APPEAL TO HIGH COURT

- (i) An aggrieved appellant may appeal to the High Court against the Tribunal's decision within 60 days of its communication.*
- (ii) The appeal can be made only on questions of law arising from the order.*
- (iii) The High Court may allow an additional 60 days if sufficient cause for delay is shown.*

DIRECTORATE OF ENFORCEMENT

- (i) The Central Government is empowered under Section 36 to establish a Directorate of Enforcement with a Director and other officers for enforcing the Act.*
- (ii) The Central Government may authorise senior officers like Director, Additional Director, Special Director, or Deputy Director to appoint officers of enforcement below the rank of Assistant Director in order to exercise the powers and duties.*

CONTRAVENTION AND PENALTIES

- (i) Contravention of any provision of the Act may lead to a penalty up to three times the sum involved in such contravention where quantifiable, or up to ₹2 lakh if not quantifiable. For continuing contraventions, an additional penalty of up to ₹5,000 per day may be imposed.*

- (ii) *If any person acquires foreign exchange, foreign security, or immovable property which is situated outside India, they may face a penalty up to three times the sum involved in such contravention, confiscation of equivalent value in India, and punishment with imprisonment up to five years along with a fine.*

COMPOUNDING OF CONTRAVENTIONS

- (i) *Section 15 of FEMA, 1999 allows compounding of contraventions, empowering the Reserve Bank to compound violations under Section 13 on an application by the person committing them.*
- (ii) *However, willful, malafide, and fraudulent transactions are treated seriously and are not eligible for compounding.*
- (iii) *Any person who contravenes provisions of FEMA, 1999 may apply to the Reserve Bank for compounding.*

RESERVE BANK OF INDIA (RBI)

- (i) *Section 11 of FEMA, 1999 empowers the RBI to issue directions to authorised persons regarding making of payments, doing or desist from doing any act relating to foreign exchange or foreign securities, including directing them to do or desist from certain acts.*
- (ii) *The RBI was established on April 1, 1935 as per the provision of the Reserve Bank of India Act, 1934.*
- (iii) *Preamble of the RBI Act outlines its basic functions:*
 - (a) *Regulating the issue of bank notes and maintaining reserves to ensure monetary stability.*
 - (b) *Operating the country's currency and credit system to its advantage.*
 - (c) *Implementing a modern monetary policy framework to address the needs of a complex economy.*
 - (d) *Maintaining price stability while also considering the objective of economic growth.*

CENTRAL BOARD OF DIRECTORS – RBI

- (i) *The affairs of the Reserve Bank of India (RBI) are governed by the Central Board of Directors.*
- (ii) *The Government of India appoints the Board in accordance with the Reserve Bank of India Act, 1934.*
- (iii) *The tenure of appointment/nomination for 4 years.*

Constitution of the Board:

- (i) *Official Directors (Full-time):*
 - (a) *Governor*
 - (b) *Not more than 4 Deputy Governors*
- (ii) *Non-Official Directors:*
 - (a) *Nominated by Government:*
 - *10 Directors from different fields*
 - *2 Government officials*
 - (b) *Others:*
 - *4 Directors, one each from the four Local Boards*

ORGANISATION STRUCTURE OF RBI

- (i) *Central Board of Director*
- (ii) *Governor*
- (iii) *Deputy Governors*
- (iv) *Executive Directors*
- (v) *Principal Chief General Managers*
- (vi) *Chief General Managers*
- (vii) *General Managers*
- (viii) *Deputy General Managers*
- (ix) *Assistant General Managers*
- (x) *Managers*

- (xi) Assistant Managers
- (xii) Support Staff

MAIN FUNCTIONS OF RBI

- (i) Monetary Authority
 - (a) Formulates, implements, and monitors monetary policy.
 - (b) Objective: Maintain price stability while supporting growth.
- (ii) Regulator & Supervisor of Financial System
 - (a) Sets parameters for banking operations.
 - (b) Objective: Ensure public confidence, protect depositors, and provide cost-effective banking.
- (iii) Manager of Foreign Exchange
 - (a) Administers FEMA, 1999.
 - (b) Objective: Facilitate trade & payments, maintain orderly forex market.
- (iv) Issuer of Currency
 - (a) Issues, exchanges, and destroys currency notes; circulates coins.
 - (b) Objective: Ensure adequate supply of good-quality notes & coins.
- (v) Developmental Role
 - (a) Undertakes promotional functions to support national objectives.
- (vi) Regulator & Supervisor of Payment & Settlement Systems
 - (a) Introduces and improves safe, efficient payment systems.
 - (b) Objective: Maintain public confidence in payments & settlements.
- (vii) Related Functions
 - (a) Banker to Government: Merchant banking for Centre & States; acts as their banker.
 - (b) Banker to Banks: Maintains accounts of all scheduled banks.