

Module 6 - Foreign Exchange Management Act, 1999

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Refer Concept Book



Section 1

Short title

The Foreign Exchange Management Act, 1999

Extent & Applicability

Extends to "Whole of India"

Applicable to

All branches, offices & agencies

Located outside India

Owned or controlled by Person resident in India

Commencement

Came into force on 1st June, 2000

Any violation committed

Outside India

By a person to whom FEMA applies

Economic Laws

Section 2



Definitions



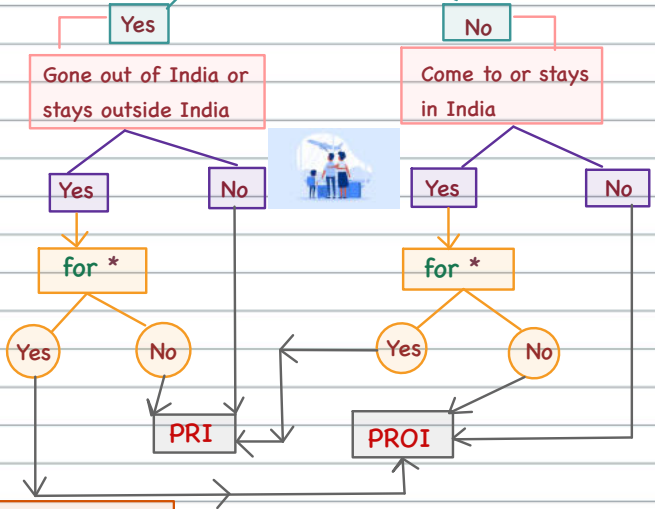
Person

Person resident in India (PRI)

Person resident outside India (PROI)

- individual
- HUF
- Company
- Firm
- AOP or BOI or AJP
- Any agency, office or branch owned or controlled by such person

(A) A person residing in India more than 182 days during the preceding financial year

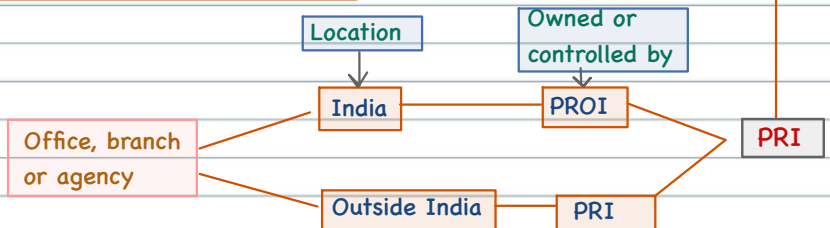


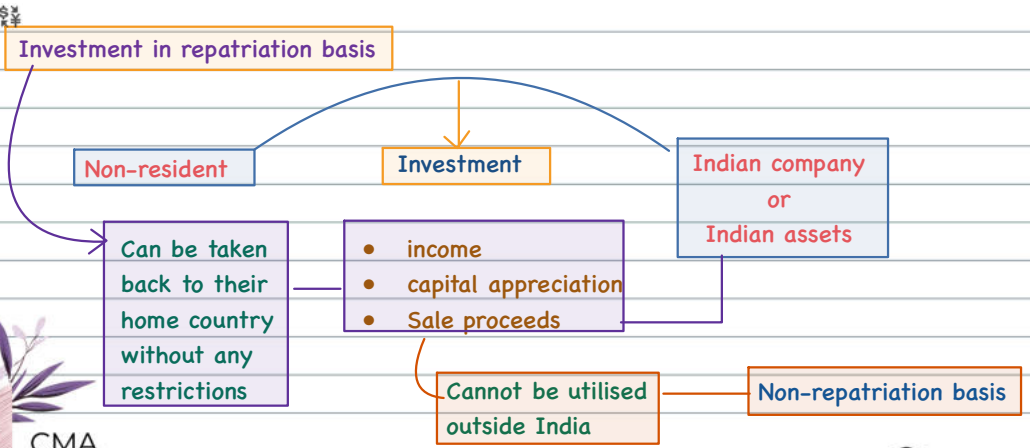
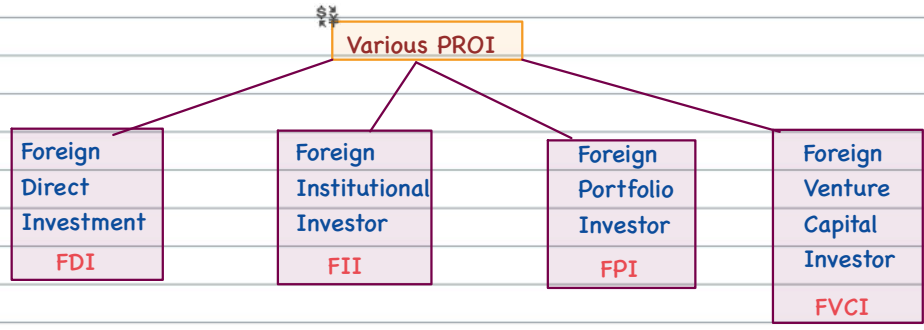
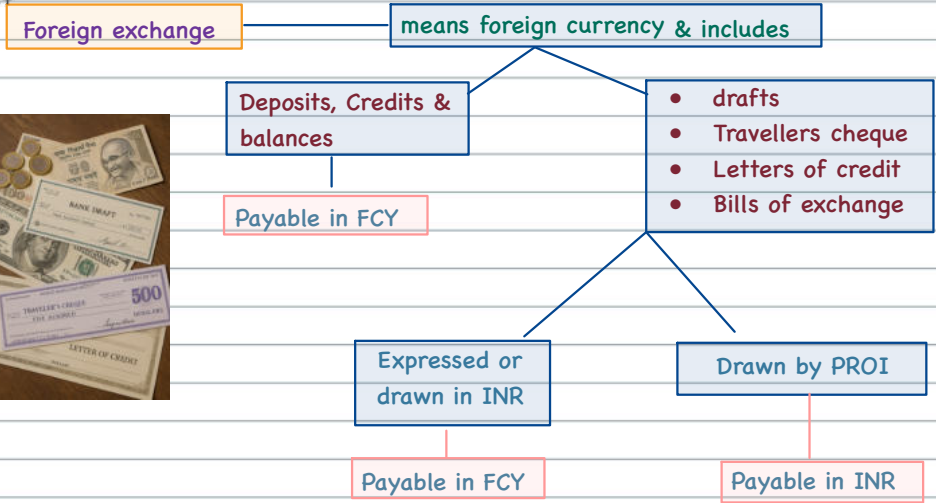
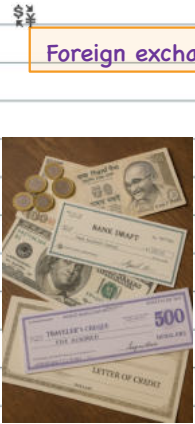
*Three purposes

- employment
- Business or vocation
- Any other purpose, indicating his intention to stay for an uncertain period

(B) Any person or body corporate registered or incorporated in India

(C)





Economic Laws

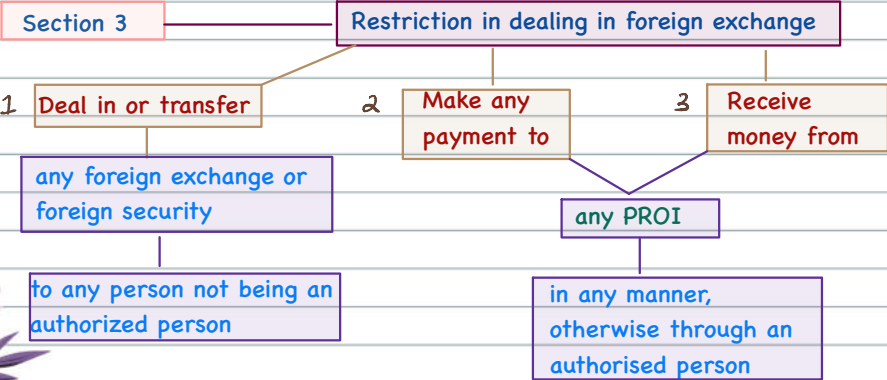
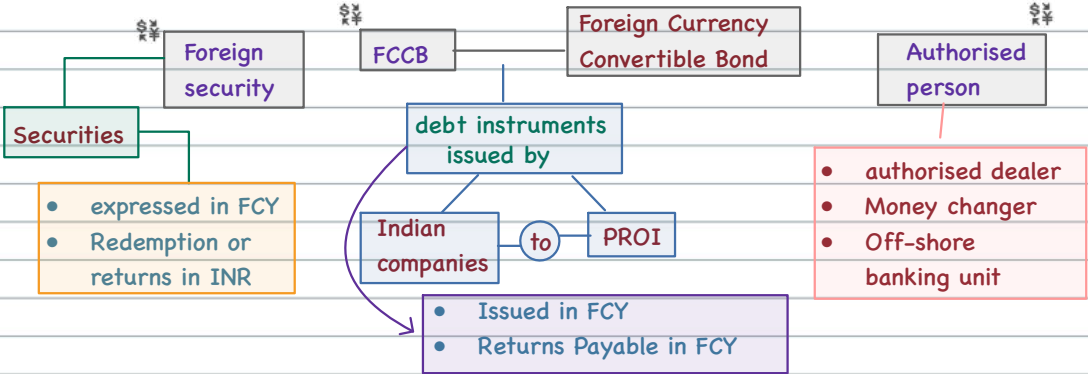
SS

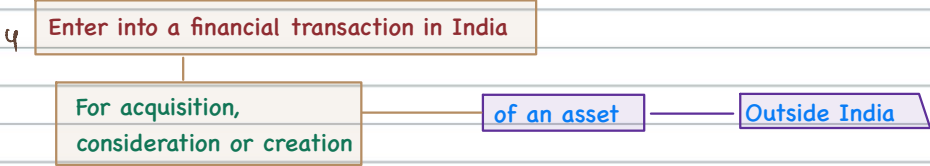
Person of Indian Origin
PIO

Citizen of any country, other than Bangladesh or Pakistan who had

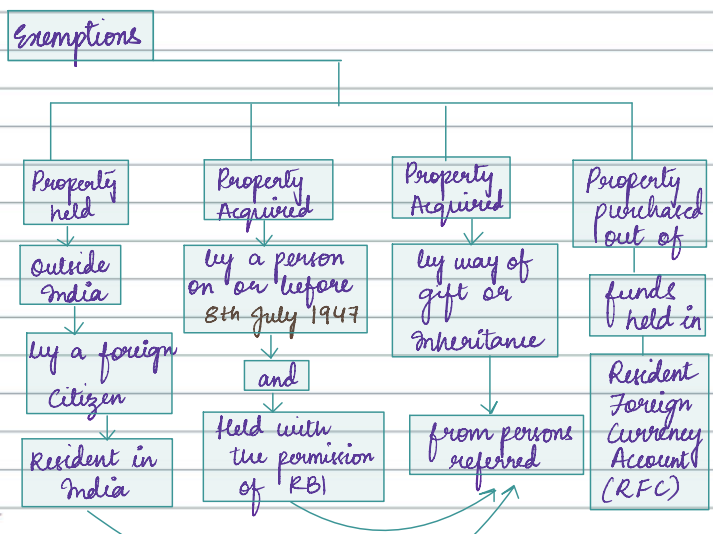
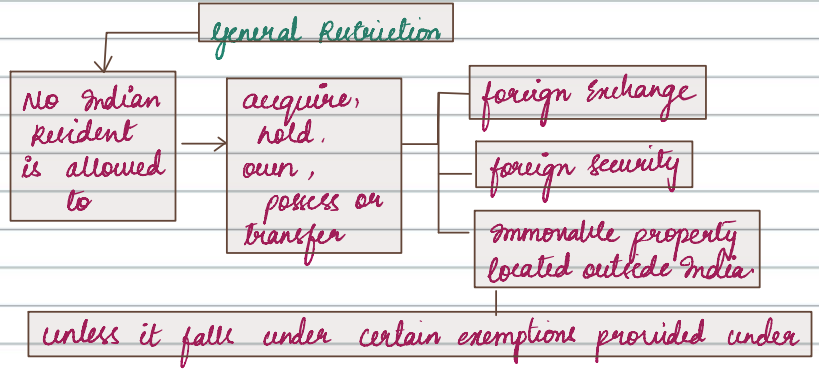


- any time held Indian passport
- Parents, grandparents or himself, citizen of India
- Spouse of Indian citizen or person referred above

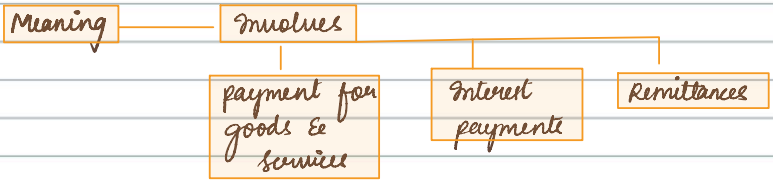




Section-4 Restriction in holding of foreign exchange.

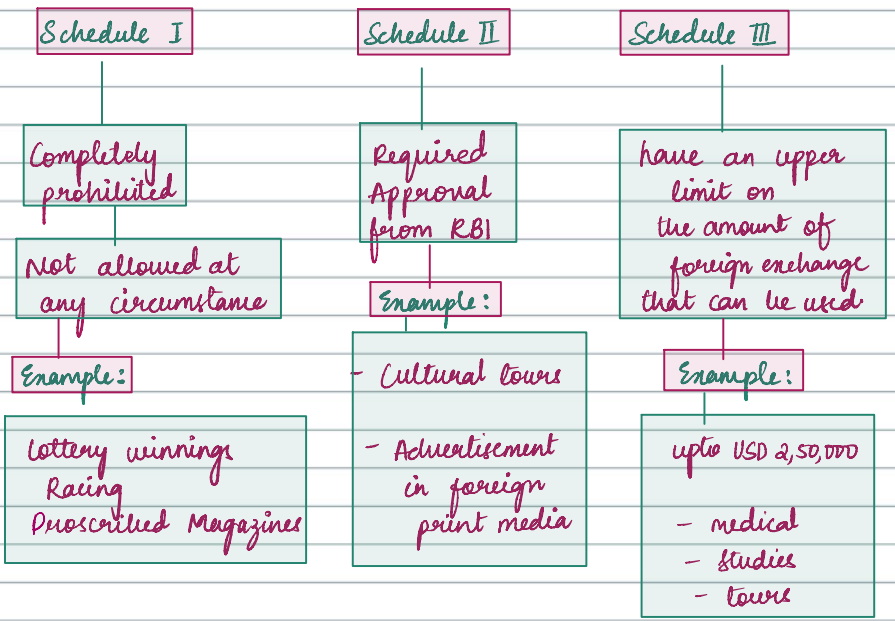


Section - 5 — Current Account Transactions



Every day transactions that do not effect the Assets and liabilities of a Country

Foreign Exchange Management (Current Account Transactions) Rules, 2000



Transaction Not listed above? — permitted without any limits



Section 6 — Capital Account transactions

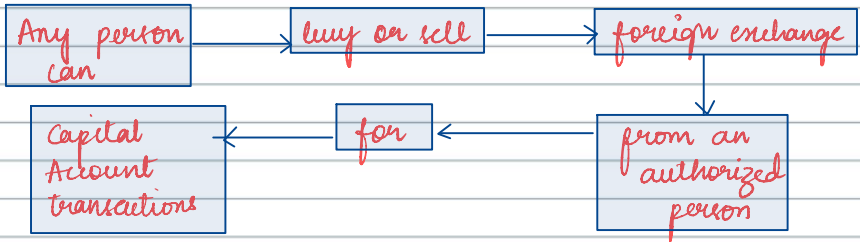
Meaning

Involves

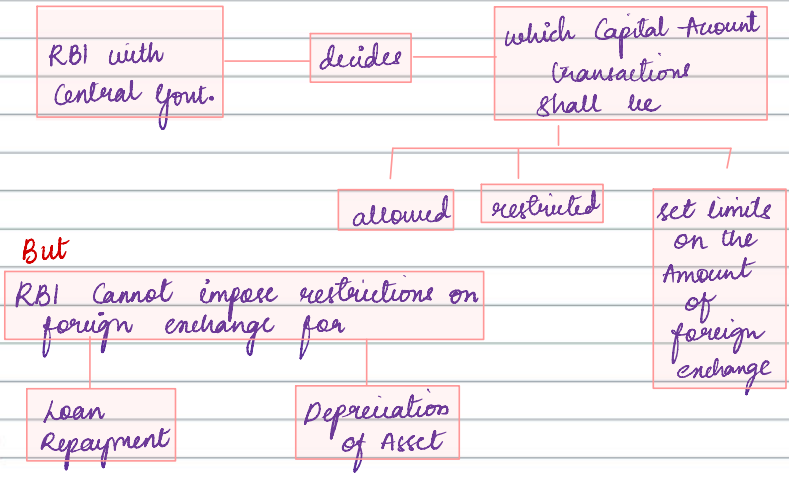
changes in ownership of Assets & liabilities

like Investments, loans, transfer of ownership of Assets.

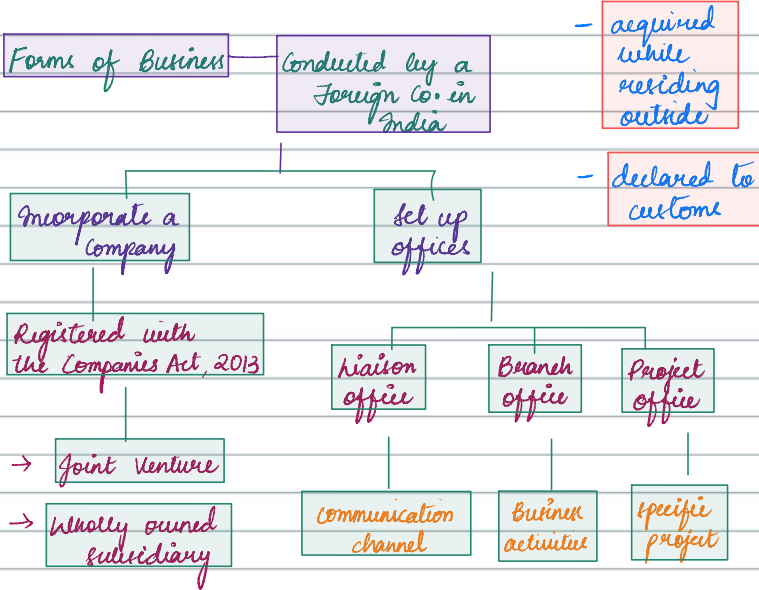
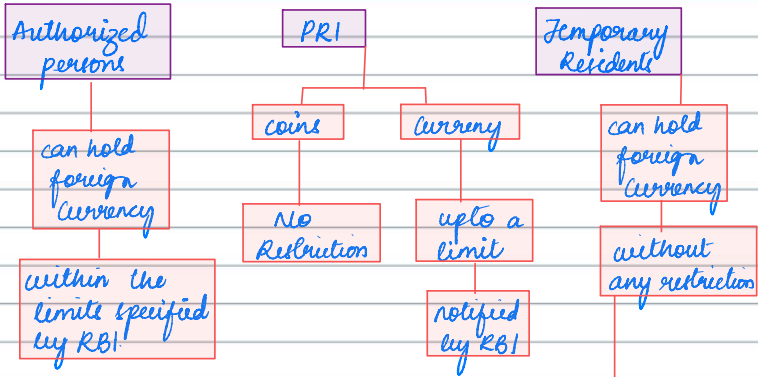
General Permission



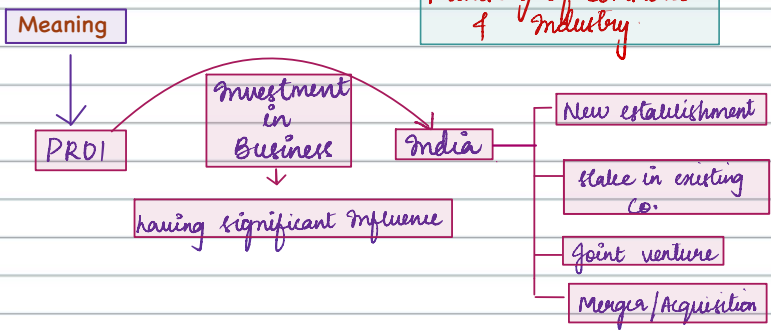
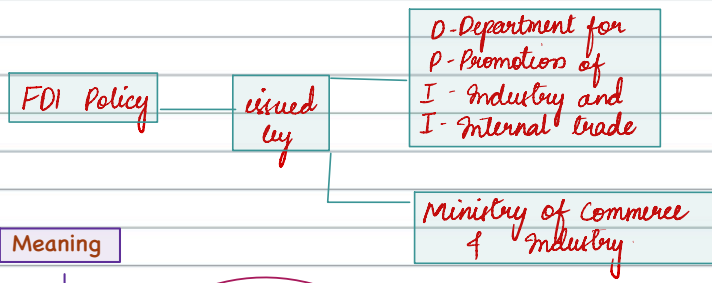
RBI's Role



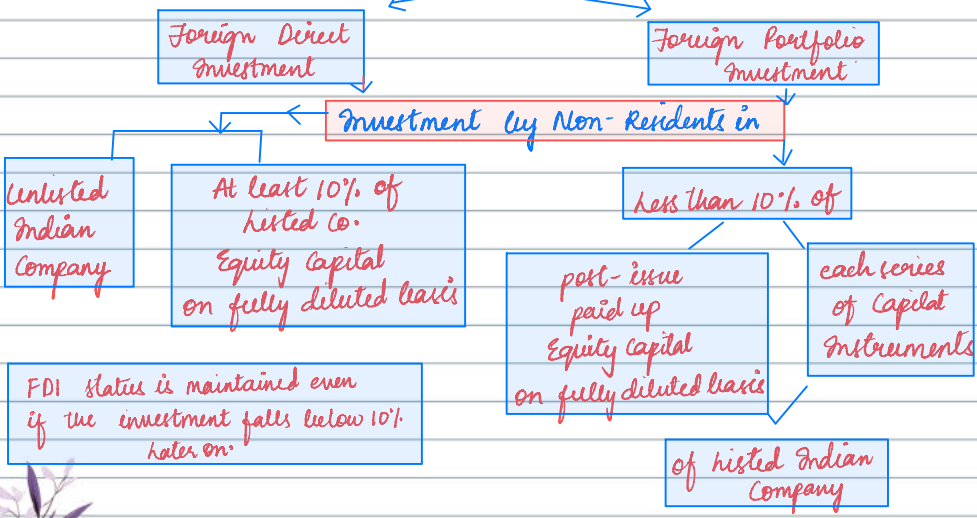
Possession and Retention of foreign exchange



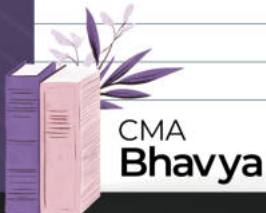
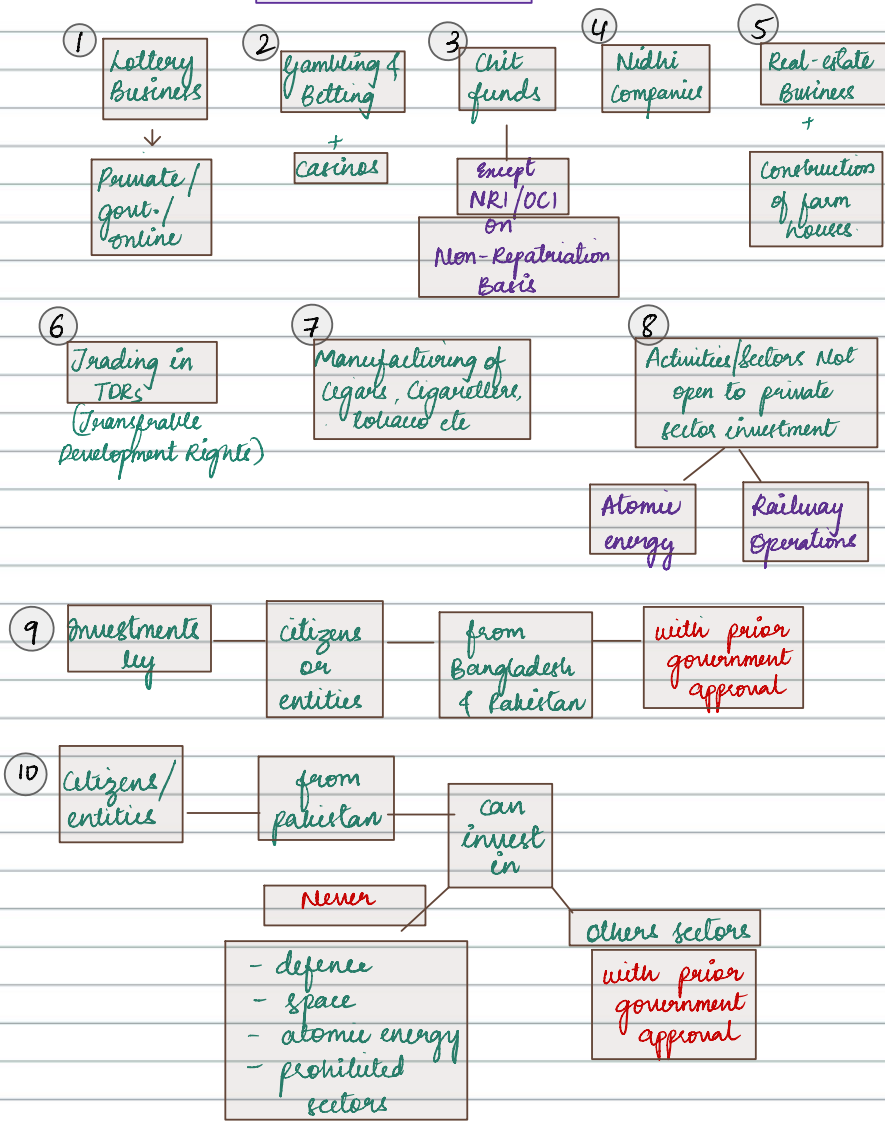
Foreign Direct Investment (FDI)

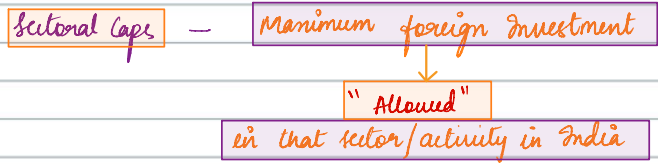
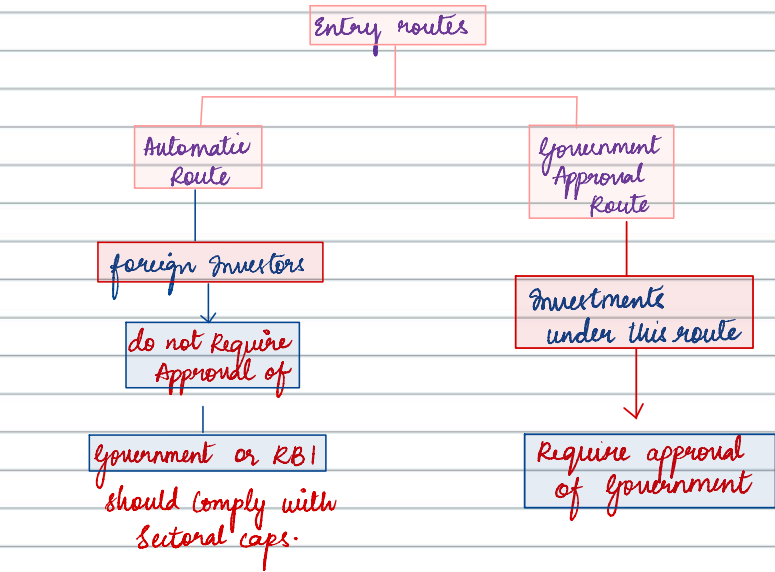


As per Master Directions

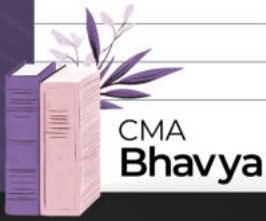
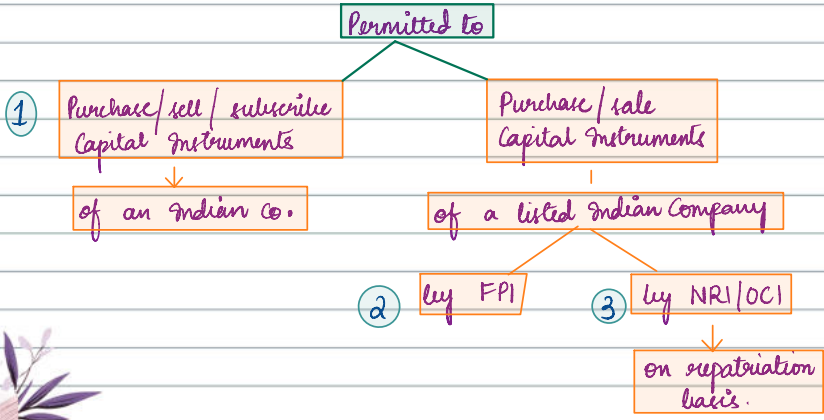


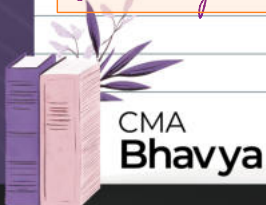
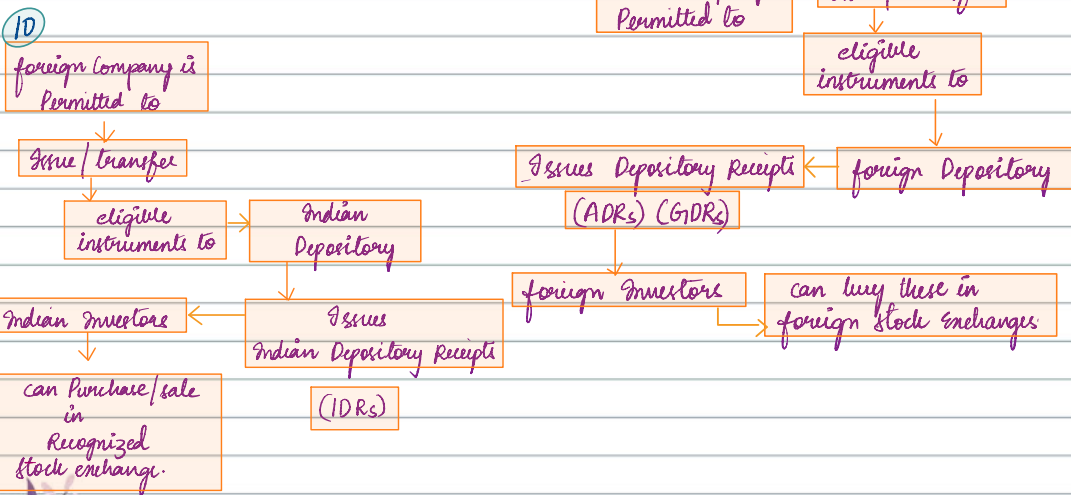
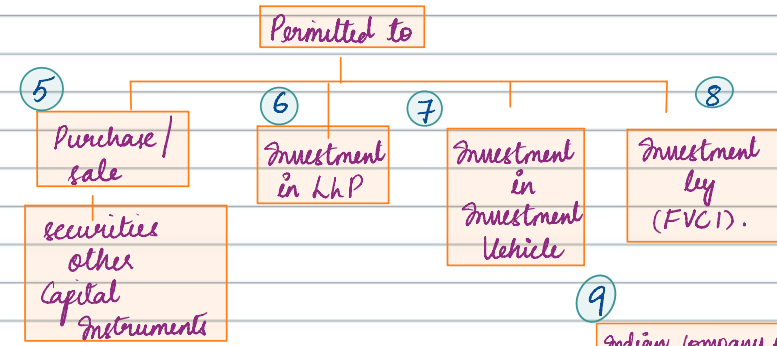
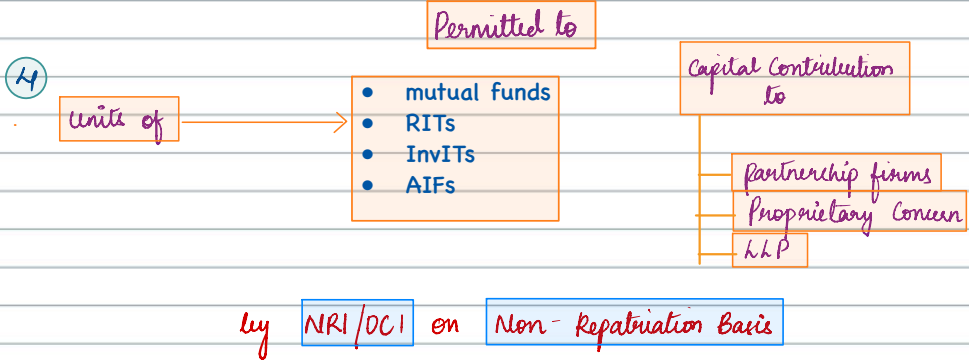
Prohibited Sectors



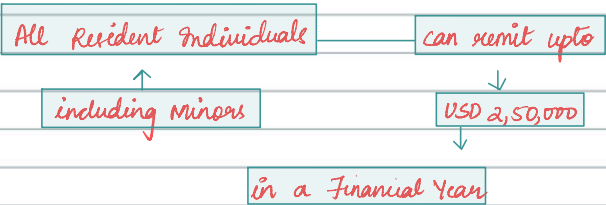


Permitted Investments





Liberalised Remittance Scheme

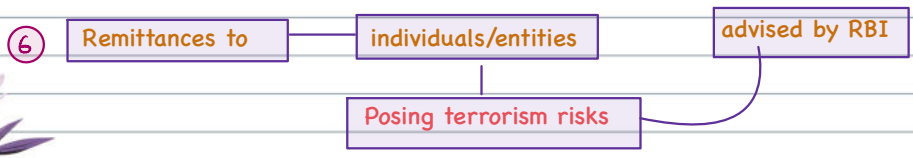
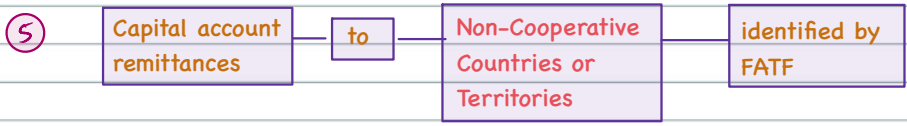
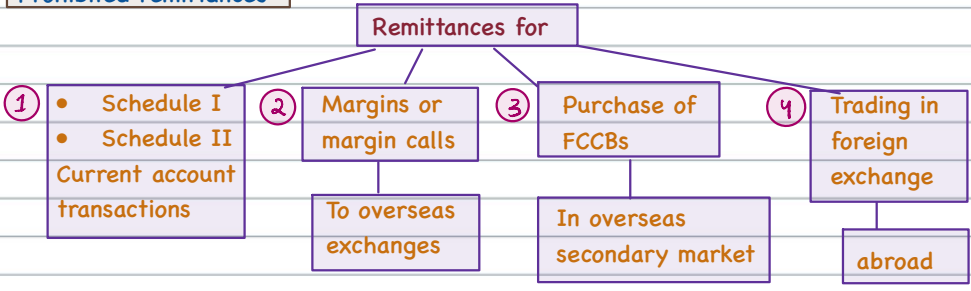


for permissible Current & Capital Account Transactions.

Introduced on 4th February, 2004 with USD 25,000

Not available for Corporate, firms, HUFs, Trusts etc.

Prohibited remittances



Permissible Uses of LRS

