

# Lecture 14.3

## Section 5: Current A/C transaction:

Any person may **sell** or **draw** } forex to/from AP for **CUAT**

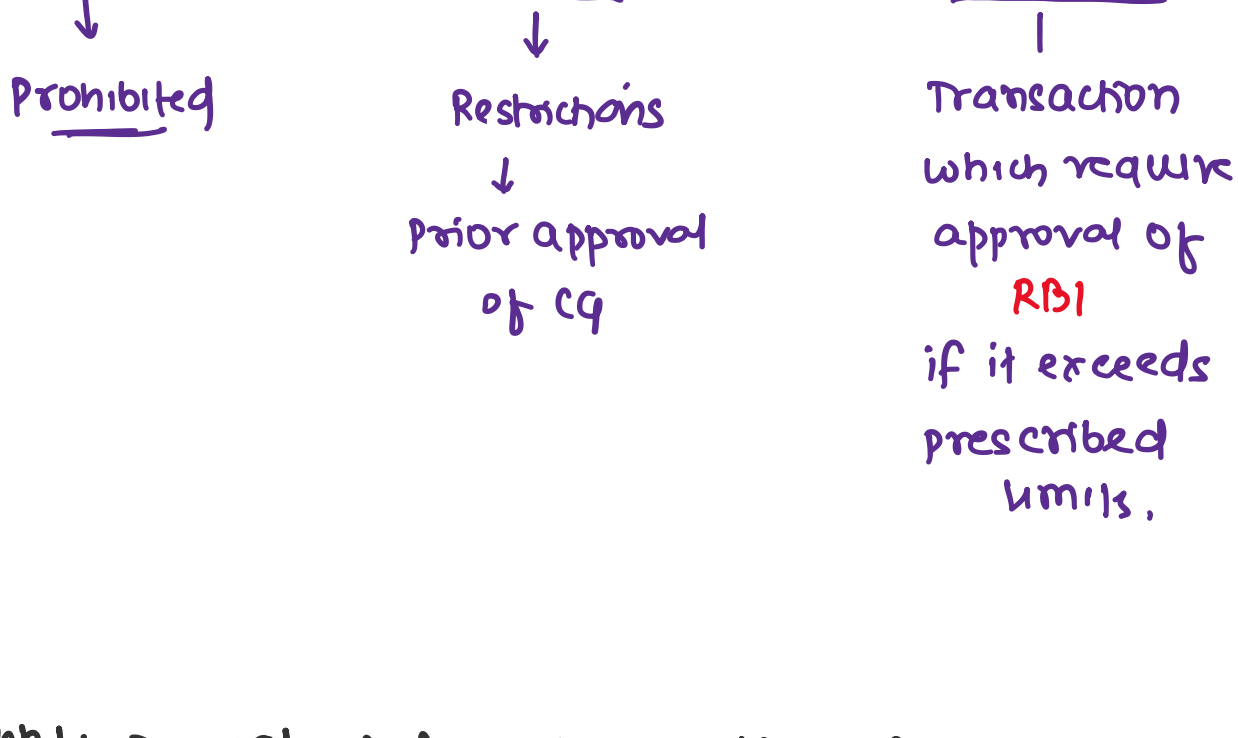
**(CQ+RBI)** may impose **reasonable restriction** on **CUAT**

**Note:** RBI cannot, on its own, impose any restriction on **CUAT**. It can be imposed only by **CQ(+RBI)**.

Act	FEMA Act	SEBI Act
<b>RULES</b>	CQ	CQ
Regulations	RBI	SEBI

## Foreign Exchange Management (CUAT) RULES 2000

CQ    RBI    SEBI

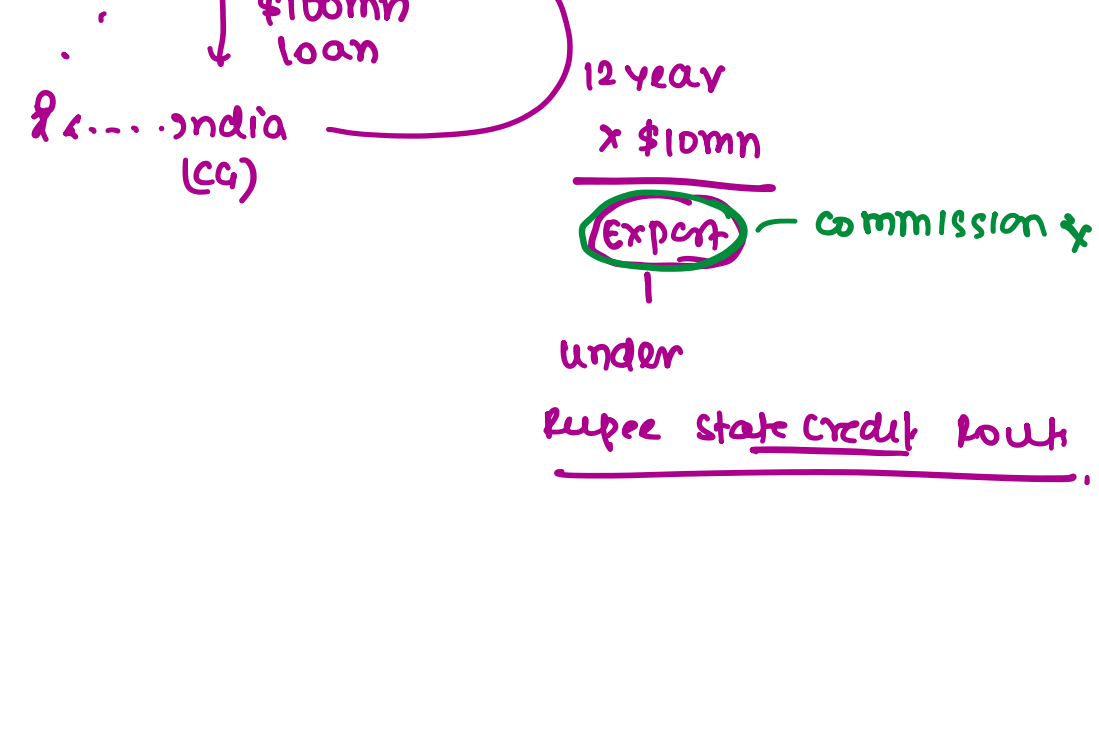


**Sch I:** Drawal of forex by any person for following purpose is **PROHIBITED**:

- Remittance out of lottery winnings
- Remittance of income from racing/riding or other hobbies.
- Remittance for **purchase** of
  - Lottery tickets
  - Banned magazines
  - Football pools
  - Sweepstakes, etc.

• Payment of **commission** on export towards equity investment in **TV/WOS** abroad of **indian cos.**

• Payment of **commission** on export under **Rupee State Credit Pouch (RS CP)**.  
 (except: commission upto 10% of invoice value on export of **tea & tobacco**)



• Remittance of **dividend** by any co. to which dividend balancing applies.

• Payment related to "call back services" of telephones.

• Remittance of interest income on funds held by NR in **NR special Rupee Account scheme**

**NR SRAS**

• Lottery winning	Commission - Export - TV/WOS - RSCR	Call back serv.
• Racing/riding	Dividend balancing	NR interest SRAS
• Purchase - Lottery - BAN		

**Schedule II:** Drawal of forex requires **prior approval** of **Govt. of india** in following cases:

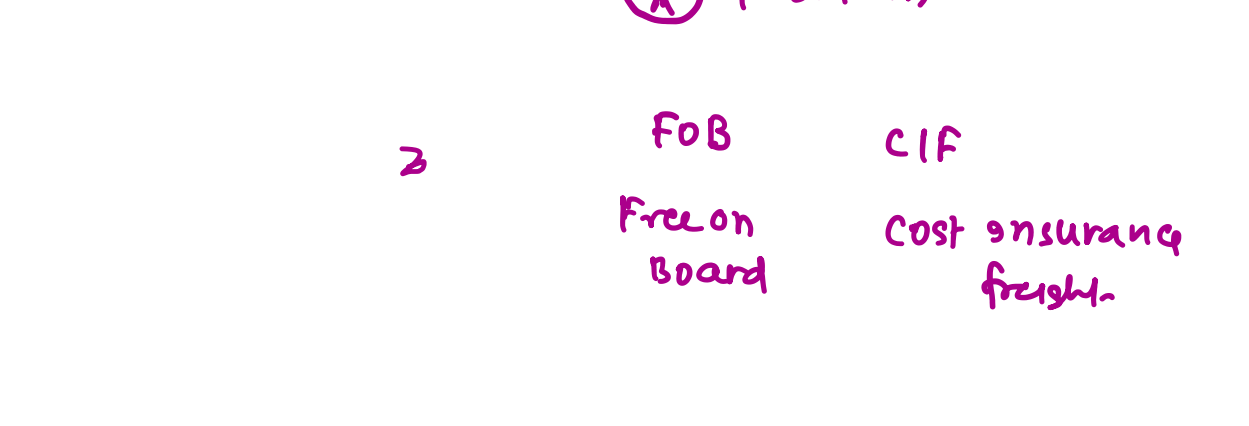
1. **Cultural tours** → Ministry of Human Resource Development (HRD) → Department of Education & Culture → **Ministry of Education**

2. **Advt. in foreign print media** by **SQ or its PSU** > \$10,000 → **Mo Finance, Dept of Eco. Affairs**

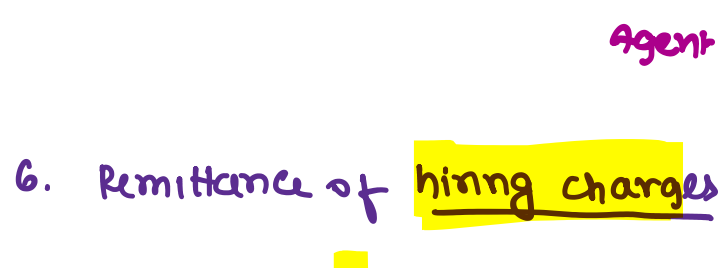
**Exception:** Advt - promotion of tourism, Foreign investment, International bidding } **No approval required**

3. Remittance of **freight** of vessel chartered by **PSU**

4. Payment of **import** (through ocean) by govt department or PSU on **CIF** basis (not FOB basis).  
 ↳ **cost insurance freight**



5. **Multi-modal transport operators** making remittance to agent abroad } **Registration Certificate from Director General of Shipping**

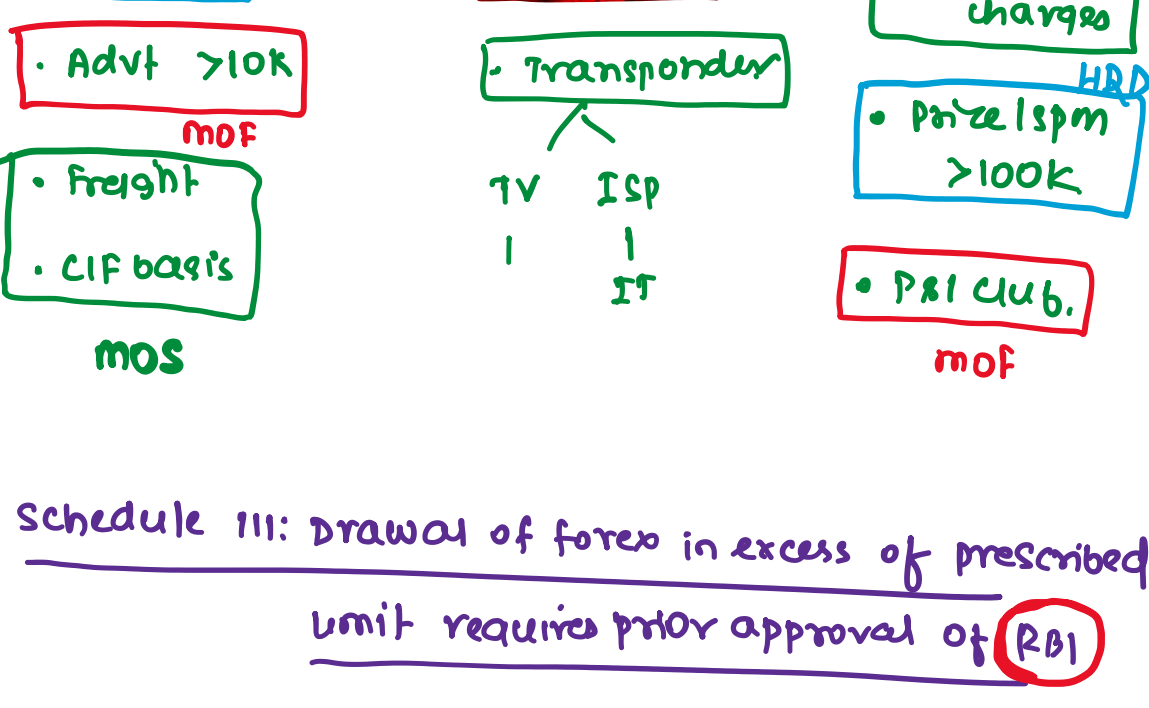
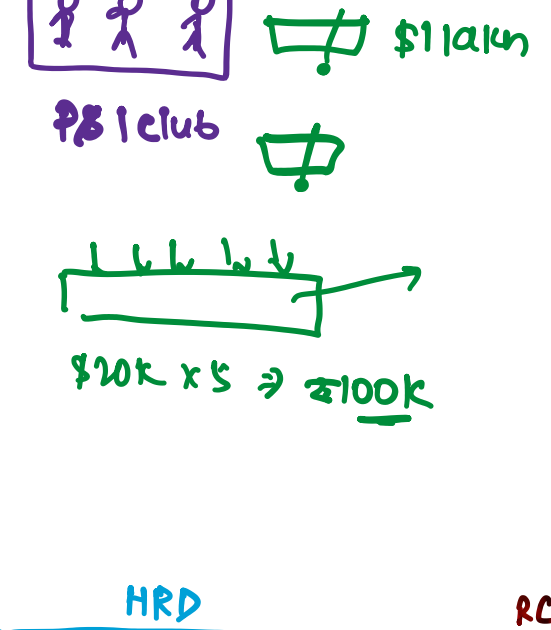


6. Remittance of **hiring charges** of **transponders**:  
 a. TV channels → Ministry of Info. & Broadcasting  
 b. internet service provider → Ministry of communications & IT.

7. Remittance of container **demurrage charges** in excess of prescribed rate. ↳ Ministry of Surface Transport [Director General of Shipping]

8. Remittance of **Prize money** of sports activity of sponsorship by any person other than **international, national, state level sport bodies.**  
 ↳ Ministry of **HRD**, Department of Youth Affairs & Sports  
 [Now - Mo Youth Affairs & Sports]

9. Remittance for members of **P&I club** ↳ Protection & indemnity insurance. ↳ Mo Finance (insurance division)



**Schedule III:** drawal of forex in excess of prescribed limit requires prior approval of **(RBI)**

## LRS Liberalized Remittance Scheme

**Individual** \$250,000 - FY (aggregated) → **Excess** → **RBI approval**

- (a) Private visits to any country (except Nepal & Pakistan)
- (b) Gift or donation
- (c) Going abroad for **employment**
- (d) **Emigration**
- (e) maintenance of **close relative** abroad
- (f) Travel - Business or conference or training
- (g) **Expenses w.r.t. medical treatment**
- (h) **Studies** abroad.
- (i) other **CUAT**

**provided that:** no approval of RBI required in case of - Emigration, medical, Education } if relevant certificate is provided. (Even if it exceeds \$250k).

