

Corpsec Hotline

December 21, 2006

RBI ALLOWS INDIANS TO BE MORE GENEROUS: EASES FOREIGN REMITTANCE NORMS

The Reserve Bank of India ("RBI") has further liberalized the norms applicable to foreign remittances by Indian resident individuals, vide A.P. (DIR Series) Circular No 24, dated December 20, 2006 ("[Circular 24](#)"). The earlier scheme of liberalization under the USD 25,000 Scheme ("Scheme")¹, provided that an Indian resident individual could freely remit:

- USD 25,000 for any current or capital account transactions, per calendar year, including acquisition of immoveable property, shares and any other assets outside India;

In addition, Indian resident individual were also allowed, under the Current Account Rules, to remit:

- USD 5,000 per annum towards a gift;
- USD 5,000 per annum towards donations.

Thus, a resident individual could avail of the Scheme in addition to the allowable limit under the Current Account Rules.

Further, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000 ("Overseas Investment Regulations"), earlier allowed Indian resident individuals to freely remit for the purpose of investment in listed foreign securities of an overseas company, provided that the overseas company at least held a 10% shareholding in an Indian listed company, as on January 1st of the year of investment.

The RBI has vide Circular 24, liberalized the Scheme by increasing the investment limit from USD 25,000 to USD 50,000 in a financial year (April – March), for any capital and current account remittance. It has also rationalized remittances for gifts and donations by including them under this limit.

Further, the Circular has brought investment in foreign securities, unlisted or listed, within the ambit of the USD 50,000, and the requirement of the overseas company holding at least 10% shareholding in an Indian listed company, has been deleted.

[1] A.P. (DIR Series) Circular No.64, dated February 4, 2004

- **Nithya Reddy & Kishore Joshi**

You can direct your queries or comments to the authors

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Little International Guide (India) 2024

November 08, 2024

Unmasking Deepfakes

October 25, 2024

Are we ready for Designer Babies

October 24, 2024

Research Articles

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Navigating the Boom: Rise of M&A in Healthcare

August 23, 2024

Audio

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part II

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

