

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE, DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 3043**

**TO BE ANSWERED ON FRIDAY, AUGUST 7, 2015/SHRAVANA 16, 1937 (SAKA)
"MODIFICATIONS IN FOREIGN EXCHANGE REGULATIONS"**

QUESTION

3043: SHRI MALYADRI SRIRAM:

Will the **Minister** of **FINANCE** be pleased to state:

- (a) whether the Government has taken note of certain modified rules with regard to Foreign Exchange Regulations which have created apprehension among Non Business Sector particularly Indian students and tourist abroad;
- (b) if so, the details thereof and reasons therefor;
- (c) whether the Government has made it mandatory to obtain Charater Accountant certificate for sending small amounts to students and dependents abroad;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the steps taken by the Government to improve the regulations?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)**

- (a)&(b) Government has recently modified the Foreign Exchange Management (Current Account Transactions) Rules, 2000 and the Liberalised Remittance Scheme (LRS) for resident individuals for further liberalizing the existing guidelines. Accordingly all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 (USD 1,25,000 earlier) per financial year for any permissible current or capital account transaction or a combination of both. These include the purposes of education or for maintenance of close relatives. Further authorised dealers may allow remittances exceeding USD 250,000 based on the estimate received from the educational institution abroad or a hospital abroad. For small value remittances (upto USD 25,000), the documentation requirement is simpler and even PAN card is not insisted upon.
- (c) to (e) Currently, as per the provisions of the Income-tax Act, 1961 read with Income- tax rules, 1962, no certificate from a Chartered Accountant is required to be obtained for certain remittances including sending money to students i.e for remittances made under RBI's purpose Code " S 0305- Travel for education (Including fees, hostel expenses etc.)" and remittance towards personal gifts and donations i.e for RBI's Purpose Code " S 1302". The complete list of payments in which no certificate from a Chartered Accountant is required to be obtained is given in explanation (2) to Rule 37 BB of the Income-tax Rules 1962.
