

Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000

Notification No.FEMA 14 /2000-RB dated 3rd May 2000

**RESERVE BANK OF INDIA
(EXCHANGE CONTROL DEPARTMENT)
CENTRAL OFFICE
MUMBAI 400 001**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following regulations in respect of the manner of receipt and payment in foreign exchange, namely:

1. Short title and commencement :-

- i) These Regulations may be called the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000.
- ii) They shall come into effect on 1st day of June, 2000.

2. Definitions :-

In these Regulations, unless the context requires otherwise, -

- (i) 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999) ;
- (ii) 'authorised dealer' means a person authorised as an authorised dealer under subsection (1) of Section 10 of the Act ;
- (iii) 'authorised bank' means a bank, other than an authorised dealer, authorised by the Reserve Bank to accept deposits from persons resident outside India ;
- (iv) 'FCNR/NRE account' means an FCNR or NRE account opened and maintained in accordance with the Foreign Exchange Management (Deposits) Regulations, 2000 ;
- (v) 'Permitted currency' means a foreign currency which is freely convertible;
- (vi) the words and expressions used but not defined in these Regulations shall have the same meanings respectively assigned to them in the Act.

3. Manner of Receipt in Foreign Exchange :-

- (1) Every receipt in foreign exchange by an authorised dealer, whether by way of remittance from a foreign country (other than Nepal and Bhutan) or by way of reimbursement from his branch or correspondent outside India against payment for export from India, or against any other payment, shall be as mentioned below:

| Group | | Manner of receipt of foreign exchange |
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| (1). member countries in the Asian Clearing Union (except Nepal) namely, Bangladesh, Islamic Republic of Iran, Myanmar, Pakistan and Sri Lanka | a) | payment for all eligible current transactions by debit to the Asian Clearing Union dollar account in India of a bank of the member country in which the other party to the transaction is resident or by credit to the Asian Clearing Union dollar account of the authorised dealer maintained with the correspondent bank in the member country; and |
| | b) | payment in any permitted currency in all other cases |
| (2). all countries other than those mentioned in (1). | a) | payment in rupees from the account of a bank situated in any country other than a member country of Asian Clearing Union or Nepal or Bhutan; or |
| | b) | payment in any permitted currency |

(2) In respect of an export from India, payment shall be received in a currency appropriate to the place of final destination as mentioned in the declaration form irrespective of the country of residence of the buyer.

4. Payment for export in certain cases :-

Notwithstanding anything contained in Regulation 3, payment for export may also be received by the exporter as under , namely:

- i) in the form of a bank draft, cheque, pay order, foreign currency notes/travellers cheque from a buyer during his visit to India, provided the foreign currency so received is surrendered within the specified period to the authorised dealer of which the exporter is a customer ;
- ii) by debit to FCNR/NRE account maintained by the buyer with an authorised dealer or an authorised bank in India ;
- iii) in rupees from the credit card servicing bank in India against the charge slip signed by the buyer where such payment is made by the buyer through a credit card ;
- iv) from a rupee account held in the name of an Exchange House with an authorised dealer if the amount does not exceed two lakh rupees per export transaction ;
- v) in accordance with the directions issued by the Reserve Bank to authorised dealers, where the export is covered by the arrangement between the Central Government and the Government of a foreign country or by the credit arrangement entered into by the Exim Bank with a financial institution in a foreign state.

5. Manner of payment in foreign exchange :-

- (1) A payment in foreign exchange by an authorised dealer, whether by way of remittance from India or by way of reimbursement to his branch or correspondent outside India (other than Nepal and Bhutan) against payment for import into India, or against any other payment, shall be as mentioned below:

| | | |
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| Group | | |
| (1) member countries of Asian Clearing Union(except Nepal) namely, Bangladesh, Islamic Republic of Iran, Myanmar, Pakistan and Sri Lanka | a) | Manner of payment Payment for all eligible current transactions by credit to the Asian Clearing Union dollar account in India of a bank of the member country in which the other party to the transaction is resident or by debit to the Asian Clearing Union dollar account of an authorized dealer with the correspondent bank in the other member country; and |
| | b) | payment in any permitted currency in other cases |
| (2) all countries other than those mentioned in (1) | a) | payment in rupees to the account of a resident of any country other than a member country of Asian Clearing Union or Nepal or Bhutan; or |
| | b) | payment in any permitted currency |

(2) In respect of import into India,

- a) where the goods are shipped from a member country of Asian Clearing Union (other than Nepal) but the supplier is resident of a country other than a member country of Asian Clearing Union, payment may be made in a manner specified for countries in Group (2) of Regulation 5 ;
- b) in all other cases, payment shall be made in a currency appropriate to the country of shipment of goods.

6. Manner of Payment in certain cases :-

Notwithstanding anything contained in Regulation 5 -

- (1) where an import is covered by the special arrangement between the Central Government and the Government of a foreign state, the payment for import shall be made in accordance with the directions issued by the Reserve Bank to authorised dealer ;
- (2) subject to the provisions of sub-regulation (1), a person resident in India may make payment in foreign exchange through an international card held by him :

Provided that -

- a) the transaction for which the payment is so made is in conformity with the provisions of the Act, rules and regulations made thereunder; and
- b) in the case of import for which the payment is so made, the import is also in conformity with the provisions of the Export-Import Policy for the time being in force.

(P.R. GOPALA RAO)
Executive Director

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