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FOREIGN/FERA COMPANIES AND FOREIGN NATIONALS

Introduction

11.1 (i) 'Foreign companies', i.e., companies (other than banking companies) which are not incorporated in India and foreign nationals (whether resident in India or not) are subjected to special regulations relating to their business etc. activities in India through the provisions of Sections 28, 29 and 30 of FERA 1973. Acquisition/disposal of immovable properties in India by foreign companies/foreign nationals is also subject to regulation under Section 31 of FERA 1973. Until 1992, Indian companies, (other than banking companies) in which non-resident interest exceeded forty per cent i.e. FERA companies, were also subjected to these regulations. However since January 1993 i.e. after the amendment to FERA 1973, FERA companies are treated on par with other Indian companies except in regard to carrying on 'agricultural or plantation' activities in India. Regulations relating to these restrictions as also other matters connected with remittance of

profits by foreign companies, remittance facilities to foreign nationals etc. are given in this Chapter.

(ii) For the purposes of Sections 28 and 29 of FERA 1973, as defined in

the Explanation thereto, the term 'Company' includes a firm or other association of individuals. Accordingly, the term 'foreign company' used in this Chapter connotes also firms and other institutions which are registered or incorporated outside India. Likewise, the term 'FERA company' connotes Indian firms and institutions in which non-resident interest exceeds forty per cent. The term 'Non-resident interest' has been defined in the Explanation (ii) to Section 29, to mean participation in the share capital by, or entitlement to the distributable profits of, any individual or company resident outside India, or any company not incorporated under any law in force in India or any branch of such company whether resident outside India or not.

PART A - STATUTORY PROVISIONS

Appointment as Agent in India

11A.1 In terms of Section 28(1) of FERA 1973, foreign companies and foreign nationals (whether resident in India or not) are required to obtain permission of Reserve Bank

for acting or accepting appointment as agent in India of any person or company in the trading or commercial transactions of such person or company. Such permission was also required under Section 28(3) of the Act in cases where appointments as agents were held by foreign companies/foreign nationals since prior to the coming into force of the Act, i.e., 1st January 1974 and were continuing thereafter. Applications for permission to act or accept appointment as agents in India should be made in [form FNC 1](#) to the Central Office of Reserve Bank (Foreign Investment Division).

NOTES: A. *The term 'agent' includes any person or company (including its branch) buying goods with a view to selling them before any processing thereof. The term 'processing' has the meaning assigned to it in Explanation (c) under Section 28 of the Act.*

B. *See [paragraph 11A.12](#) for details regarding exemption granted to foreign nationals of Indian origin **permanently resident in India**.*

Trading, Commercial and Industrial Activities of Foreign Companies/Foreign Nationals

11A.2 (i) In terms of Section 29(1)(a) of FERA 1973, foreign companies and foreign nationals (whether resident in India or not) are required to obtain permission of Reserve Bank to carry on

in India, any activity of a trading, commercial or industrial nature or to establish in India, a branch, office or other place of business for carrying on such activities. Application for permission should

be made to the Central Office of Reserve Bank (Foreign Investment Division) by Foreign Companies in [form FNC 2](#) and by foreign nationals in [form FNC 3](#).

- NOTES: A. *Reserve Bank has by [Notification No. FERA.22/74-RB](#) dated 11th October 1974 issued under Section 29(1) of the Act granted general permission to shipping companies incorporated outside India for carrying on their normal commercial activities through agents provided such companies do not have a branch, office or other place of business in India.*
- B. *See [paragraph 11A.12](#) for details regarding exemption granted to foreign nationals of Indian origin permanently resident in India.*

(ii) Foreign companies engaged in manufacturing or trading activities will be permitted to open branches in India for the following purposes:

- (a) To represent the parent company/other foreign companies in various matters in India, e.g., acting as buying/selling agent in India,
- (b) To conduct research work in which the parent company is engaged provided the results of the research are made available to Indian companies,
- (c) To undertake export and import trading activities, and
- (d) To promote technical and/or financial collaborations between Indian companies and overseas companies.

Applications for opening of branches in India for the above purposes should be made to the Central Office of Reserve Bank (Foreign Investment Division) in [form FNC 4](#).

(iii) Foreign companies intending to set up a liaison office in India or to post a representative

in India for undertaking liaison activities on behalf of the parent company or foreign trading companies intending to set up liaison offices in India for promotion of exports from India should submit their applications in [form FNC 5](#) to the Central Office of Reserve Bank (Foreign Investment Division). In approved cases, permission is granted initially for a period of 3 years subject, inter alia, to the condition that the expenses of the liaison/representative office are met exclusively out of inward remittances. Applications for renewal of permission should, however, be made to the concerned regional office of Reserve Bank under whose jurisdiction the office is situated.

(iv) Applications for opening temporary project/site offices in India by foreign companies

proposing to engage in execution of specific projects/contracts undertaken with the approval of Government of India/Reserve Bank should be submitted in [form FNC 5](#) to the concerned regional office of Reserve Bank under whose jurisdiction the office will be situated.

NOTE: Authorised dealers need not insist on documentary evidence if the amount of credit of refund/claim to QA 22 account does not exceed Rs.10,000.

- (v) In terms of Section 29(2)(a) of the Act, it was obligatory for foreign companies/foreign

nationals who were carrying on trading, commercial or industrial activities in India as on 1st January 1974 to apply to Reserve Bank for permission to continue their activities in India. Applications received from companies/persons were dealt with by Reserve Bank in terms of the Guidelines framed by Government of India for the purpose.

(vi) Authorised dealers may open QA.22 accounts in the names of Liaison Offices in India of foreign companies after verifying the relative approval granted by Reserve Bank under Section 29(1)(a) of Foreign Exchange Regulation Act, 1973. These accounts should be non-interest bearing and should be funded exclusively by way of inward remittances through normal banking channels. Authorised dealers may also allow credits in these accounts of refunds/claims received from various Government Departments/Municipal Authorities, Insurance Companies, refunds of security deposits on termination of lease of immovable property etc., provided the original payment relating to the transaction was made from the QA.22 account after verifying the original claim, refund order received from Government Department/Municipal Authorities/Insurance Company/Utility Company etc. In case of refund of security deposit from the landlords, the Lease Agreement and correspondence leading to the termination of lease agreement and refund of deposits may also be verified. Similarly, authorised dealers may also allow credit of sale proceeds of assets of Indian branches/offices of foreign companies to their respective QA.22 accounts provided these amounts are less than the book value of the assets as certified by a Chartered Accountant and the assets were acquired by payment from QA.22 account. Authorised dealers should keep copies of documentary evidence so verified on their records for inspection by their internal auditors/Reserve Bank.

NOTE: Authorised dealers need not insist on documentary evidence if the amount of credit of refund/claim to QA 22 account does not exceed Rs.10,000.

Opening of Branches/Offices in India by Foreign Banks

11A.3 Opening of branches/offices in India by banks incorporated abroad (foreign banks) requires permission of Reserve Bank under Section 22 of the Banking Regulation

Act, 1949. Applications for the purpose should be made to the Chief General Manager, Department of Banking Operations and Development, Reserve Bank of India, Central Office, Mumbai 400 001. Remittance of net profits/surplus by Indian branches of foreign banks to their Head Offices abroad, however, requires prior approval of the Exchange Control Department of Reserve Bank. (See [paragraph 11C.2](#)).

Acquisition of Undertakings in India

11A.4 Foreign companies and foreign nationals(whether resident in India or not) need permission of Reserve Bank under Section 29(1)(b) of FERA 1973 for acquiring the whole or any part of

any undertaking in India, of any person or company carrying on any trade, commerce or industry. Applications for the purpose should be made to the Central Office of Reserve Bank (Foreign Investment Division) in [form FNC 6](#).

NOTES: A. *The association of a foreign company or a foreign national as a partner in an existing partnership firm in India is deemed to be an acquisition of the undertaking in India by the foreign company/foreign national requiring approval of Reserve Bank.*

B. *See [paragraph 11A.12](#) for details regarding exemption granted to foreign nationals of Indian origin permanently resident in India.*

Purchase of Shares of Indian Companies

11A.5 (i) Reserve Bank vide Notification No.F.E.R.A.206/99-RB dated 31st July 1999 has granted general permission to Non-Residents to acquire shares from other Non-Residents (except from NRIs/PIOs and OCBs). NRIs/PIOs and OCBs are permitted to acquire shares from other NRIs/PIOs/OCBs. The rights of transferee/purchaser in respect of shares so acquired, shall be subject to same restrictions and conditions as were applicable to the transferor/seller of the shares. In terms of the above-mentioned Notification, permission has also been granted to a company incorporated in India and/or a depository defined in clause (2) of sub-section 1 of Section 2 of Depository Act, 1996 to enter in its register or books in which securities are registered or inscribed an address outside India of a holder of any securities consequent upon acquisition of such securities by non-residents as permitted above.

It is clarified that the notification No.F.E.R.A.206/99-RB dated 31st July 1999 **does not permit** transfer of shares from NRIs/PIOs/OCBs to foreign nationals/companies incorporated outside India. In such cases, the transferee may approach the Secretariat for Industrial Assistance (SIA), Ministry of Industry, Government of India, New Delhi for necessary permission. Subsequently an application in [form FNC 7](#) along with SIA's permission may be made to Reserve Bank of India, Exchange Control Department, (Foreign Investment Division), Central Office, Mumbai for necessary permission under Foreign Exchange Regulation Act, 1973.

Note: See paragraph [paragraph 11A.12](#) for details regarding exemption granted to foreign nationals of Indian origin permanently resident in India.

(ii) Reserve Bank vide its Notification No.F.E.R.A.207/99-RB dated 31st July 1999, has granted general permission to a person resident outside India or a company incorporated outside India to

acquire shares from the shareholders who had acquired such shares as signatories to the Memorandum and Articles of Association provided (i) the Indian company is permitted to become a 100% owned subsidiary and (ii) the total number of shares so acquired does not exceed 500 and (iii) the face value of the shares to be transferred is less than 0.1% (one tenth of one per cent) of the paid-up capital. The company whose shares are so released and/or a depository have also been granted general permission to enter an address outside India in their books in respect of such shares.

(iii) Shares held by foreign companies/foreign nationals as on 1.1.1974 were required to be declared to Reserve Bank. Licences were issued by Reserve Bank granting permission to hold such shares declared specifying the eligibility or otherwise of the holder for repatriation of the capital and income earned thereon (See [paragraph 10A.2](#)).

Agricultural/Plantation Activities, etc. of FERA Companies

11A.6 In terms of Section 29(1A) of FERA 1973, FERA companies are required to obtain general or special permission of Reserve Bank for carrying on in India any activity

relating to agriculture or plantation or to acquire the whole or any part of any undertaking in India, of person or company carrying on any activity relating to agriculture or plantation or purchase of the shares in such a company. Applications for the purpose should be made in [form FNC 2](#) to the Central Office of Reserve Bank (Foreign Investment Division).

Practising Profession or carrying on an Occupation, Trade or Business in India by Foreign Nationals

11A.7 Under Section 30 of FERA 1973, a foreign national wishing to practise a profession or carry on an occupation, trade or business in India should obtain prior permission of

Reserve Bank if he desires to seek facilities for remittance outside India of his earnings in India by reason of such profession, occupation, trade or business. Applications for obtaining permission of Reserve Bank should be submitted in [form EFN](#) to the Office of Reserve Bank under whose jurisdiction the applicant resides.

Transfer/Sale of Shares/Bonds/Debentures of Indian companies

11A.8 In terms of Section 19(5) of FERA 1973, transfer of shares/bonds/debentures of a company registered in India by foreign companies/foreign nationals to residents is

required to be confirmed by Reserve Bank on an application made to it by the transferor or transferee. Applications for the purpose should be made by foreign companies/non-resident foreign nationals in [form TS 1](#) and by resident foreign nationals in [form TS 2](#) (Also see [paragraphs 10B.8](#) and [10B.9](#)). Foreign nationals of Indian origin resident outside India have been granted general exemption from the above provisions in respect of transfer of shares/bonds/debentures held by them in companies in India through recognised stock exchanges [See [paragraph 10C.25\(i\)](#)].

Immovable Property in India

11A.9 Under Section 31 of FERA 1973, foreign companies/foreign nationals are required to obtain permission of Reserve Bank to acquire, hold, transfer or dispose of in any manner (except by way of lease for a period not exceeding 5 years) any immovable property in India. Regulations governing such transactions in immovable properties in India are set out in [Part E](#).

Reserve Bank Approval Pre-requisite for Remittances

11A.10 Reserve Bank may refuse permission for remittances outside India on account of profits, dividends, etc. earned by foreign companies or on account of savings, family maintenance, etc. by foreign

nationals not permanently resident in India unless necessary permission under Sections 28, 29, 30 or 31 of FERA 1973, as appropriate, has been obtained by them.

Hospitality to Non-resident Visitors

11A.11 (i) In terms of [Notification No.FERA.91/91-RB](#) dated 13th September 1991 issued under Section 9(1) of FERA 1973, Reserve Bank has granted general permission to persons resident

in India to meet expenses in Indian rupees on account of boarding, lodging and services related thereto and/or for travel within India, of their non-resident guests visiting India in connection with business, activity or any other work of the host. The Notification also permits residents to receive such payments from other residents on behalf of persons resident outside India, but on a visit to India. It will, therefore, be in order for Indian firms/companies and other organisations to meet expenses on local hospitality on behalf of their non-resident guests coming to India for the purpose stated above without obtaining specific permission of Reserve Bank.

NOTE: Indian firms/companies are sometimes required to pay for cost of to and fro passage fare of their non-resident directors, foreign technicians etc. coming to India for official business. There are no restrictions on payment of passage fares in India by residents on behalf of non-residents for travel to/from India on any Airline/Shipping company operating in/through India (see paragraph A.3 of [Annexure III](#) to Chapter 8).

(ii) In cases where expenses for travel to India and back as also expenses for internal travel,

lodging, boarding etc., have been incurred by the non-resident company/person, authorised

dealers may allow remittances towards reimbursement of such expenses to the non-resident company/person on verification of appropriate documentary evidence in support of the amount sought to be remitted and provided such expenses were required to be met by the Indian company in terms of the provisions of the relative contract/agreement.

Exemptions granted to Foreign Nationals of Indian origin permanently resident in India

11A.12 Foreign nationals of Indian origin permanently resident in India have been granted general exemption from the requirements of Sections 28(1) and 29(1) of FERA 1973, vide Reserve

Bank [Notification No.FERA 146/93-RB](#) dated 26th April 1993. They do not, therefore, need any permission from Reserve Bank for accepting appointment as agents in India or for carrying on any trading, commercial or industrial activity in India or for the acquisition of an undertaking or purchase of shares referred to in [paragraphs 11A.1, 11A.2\(i\), 11A.4 or 11A.5](#).

NOTE: A foreign citizen of Indian origin is regarded as not permanently resident in India if he has been residing in India for employment of a specified duration (irrespective of the length thereof) or for a specific job or assignment the duration of which does not exceed three years.

Exemptions granted to Foreign Nationals Not Permanently Resident in India

11A.13 Foreign nationals who are on a visit to India on grounds of business, tourism, etc. or who are resident but not permanently resident in India are exempted from

the restrictions imposed under FERA 1973, in respect of the following.

- (a) Maintenance of and operations on their foreign currency bank accounts outside India.
- (b) Making payments to or for the credit of persons resident outside India out of funds held in foreign currency accounts maintained abroad.
- (c) Holding in India of foreign currency in the form of travellers cheques, currency notes, bank notes and coins.
- (d) Acquisition, holding or disposal of foreign securities, provided such securities are acquired by them as their own property or are held by them for or on behalf of foreign citizens not permanently resident in India.
- (e) Making of settlement or gift of property outside India.

NOTE: For the purpose of these exemptions, foreign citizens of Indian origin are treated as not permanently resident in India if they are

residing in India for employment of a specified duration (irrespective of the length thereof) or for a specific job or assignment the duration of which does not exceed three years (See Note to [paragraph 11A.12](#)).

PART B - MAINTENANCE OF BANK ACCOUNTS (QA 22)

General

- 11B.1** (i) Branches/offices in India of foreign firms companies or associations and foreign nationals resident but not permanently resident in India are permitted to maintain and

operate bank accounts in India only with authorised dealers. The object behind subjecting the opening of and operations on such accounts to a certain degree of regulation is to bring to the notice of such account holders that it is illegal for them to provide any foreign exchange to other residents through their non-resident associates against reimbursement provided locally and to ensure that necessary approval of Reserve Bank has been obtained for their activities in India. While opening rupee accounts in the names of branches/offices in India of foreign companies and foreign nationals (resident in India), authorised dealers should obtain an undertaking in [form QA 22](#) duly signed by all the persons (irrespective of nationality) who are authorised to operate on the accounts. Fresh declarations will be necessary in the event of any addition to the list of persons authorised to operate on the accounts. [Form QA 22](#) should be carefully preserved by authorised dealers along with respective account opening forms.

- NOTES : A. *[Form QA 22](#) need not be completed in respect of accounts to be opened in the names of Foreign Embassies, Consulates, Legations, Trade Representations and other Foreign Government establishments in India and the United Nations Organisation and its subsidiary/affiliate bodies in India or their officials in India. (This exemption is however not applicable to accounts maintained in the names of members of families of such officials and hence they may be required to furnish the undertaking in [form QA 22](#)).*
- B. *[Form QA 22](#) need not be completed by foreign nationals of non-Indian origin permanently resident in India and foreign nationals of Indian origin (other than those who are residing in India for employment of specified duration irrespective of the length thereof or for a specific job or assignment, the duration of which does not exceed three years) and foreign-born wives of Indian nationals and of persons of Indian origin resident in India.*

Status of QA 22 Accounts

- 11B.2** (i) Accounts in the names of Indian branches/offices of foreign companies and resident foreign nationals and in respect of which [forms QA 22](#) have been

obtained are treated as resident accounts and operations thereon allowed freely provided credits to the account arise out of sources declared on the form. When the account holder ceases to be resident in India, the account may be converted into an Ordinary Non-resident Rupee (NRO) account.

While QA 22 accounts in the name of individuals can be maintained in any form such as current, savings and fixed deposits, the QA 22 accounts of foreign firms/companies can be maintained as current accounts only. There would, however, be no objection to funds in such accounts, held by firms/companies/associations, rendered surplus temporarily being placed in term deposits with a maturity not exceeding three months with the authorised dealer with whom the account is maintained.

- (ii) Authorised dealers may allow credits of refund of security deposit paid for securing

accommodation/reimbursement of vehicle insurance claims/loan repayments by the employees etc. to the QA 22 account of the Indian branches/offices of foreign companies and resident foreign nationals maintained with them provided authorised dealer is satisfied with reference to documentary evidence that the relevant original payment was made by debit to concerned QA 22 account. Authorised dealers should keep copies of documentary evidence so verified, on their records for inspection by their internal auditors/Reserve Bank.

NOTE: Authorised dealers need not insist on documentary evidence if the amount of credit of refund/claim to QA 22 account does not exceed Rs.10,000.

Authorised Dealers' Responsibilities regarding QA 22 Accounts

- 11B.3** (i) Authorised dealers should exercise caution and report to Reserve Bank any transactions which may appear to represent reimbursement in rupees against foreign

exchange made available to any person in India other than an authorised dealer. Any other transactions where authorised dealer has reason to believe that they relate to an activity of the account holder requiring Reserve Bank's approval but not approved by Reserve Bank, should also be reported.

- (ii) Where foreign companies/foreign nationals have given an undertaking not to

seek remittance facilities out of any income earned in India or where a condition has been imposed to that effect by Reserve Bank while granting approval, (this may be ascertained by calling for perusal the letter of approval granted by Reserve Bank at the time of opening of the account), a prominent note of this fact should be taken in the ledger folio, etc. so that no

remittance facilities are extended to such account holders.

Loans in India to Foreign Nationals/Liaison Offices of Foreign companies

11B.4 (i) Loans and advances to foreign nationals not permanently resident in India should not be granted if required for investment or for dealing in stocks and shares.

Loans for personal purposes such as purchase of household articles may be given up to a maximum of Rs.5,00,000/-(Rupees Five lakhs). This limit applies to total borrowings from all banks of the borrower and his dependents. Applications in [form LOV 2](#) for loans in excess of this limit should be referred to Reserve Bank for prior approval.

(ii) Loans/overdrafts should not be granted to liaison offices of foreign companies since entire expenses of such offices are required to be met out of funds remitted from abroad.

Diplomatic Bond Stores Account

11B.5 In order to facilitate payment by foreign diplomatic personnel in India for their purchases from bonded stocks held by firms and companies which have been granted

special facilities for import of stores into bond, arrangements have been made for maintenance of special bank accounts styled as 'Diplomatic Bond Store Accounts' by such diplomatic personnel. Authorised dealers may open such accounts denominated in rupees subject to the following conditions :

- (a) Credits to the accounts may be effected only out of proceeds of remittances received from abroad through banking channels in any of the permitted currencies or in rupees from non-resident bank account.
- (b) Before allowing any cheques to be drawn on a special account, authorised dealer concerned should apply to Reserve Bank and obtain a code number for the account. Applications for code numbers should state name and designation of the account holder and manner in which credits are proposed to be made to the account. There is no objection to a single account being utilized for more than one official. In such cases details in respect of all the beneficiaries should be advised.
- (c) All cheque leaves issued to account holders in respect of the special accounts should be superscribed 'Diplomatic Bond Store Account No.'
- (d) Debits to the accounts may be freely permitted for local disbursements but remittance of funds outside India will require prior approval of Reserve Bank.
- (e) Authorised dealers maintaining such special accounts should forward to Reserve Bank by the 10th of each month a statement in [form DBS](#), listing (1) credits to the accounts during the previous month together with source of each credit and

- (2) payments made, stating numbers of the cheques and names of the payees.

PART C - REMITTANCE OF PROFITS/SURPLUS ETC. BY FOREIGN COMPANIES

Remittance of Profits by Foreign Companies (other than Banks)

11C.1 Applications for remittance of profits by the branches of the foreign companies should be accompanied by the following documents:

- (a) Certified true copy of audited Balance Sheet and Profit and Loss Account statement for the year to which the profit relates.
- (b) Certificate from the auditors covering the following:
 - (1) manner of arriving at the remittable amount;
 - (2) confirmation that the entire income of the branch office included in the accounts for the year had accrued from sources in India (In case any part of the income had accrued from sources outside India, the auditor's certificate should clearly indicate that this amount was repatriated to India immediately on realisation);
 - (3) confirmation that the requirements of the Companies Act, 1956 have been complied with.
- (c) Certificate, citing RBI's approval number and date, from the auditors to the effect that the branch office has carried on business strictly in terms of the approval under Section 29(1)(a) granted by the Reserve Bank of India.
- (d) Certificate from the auditors that sufficient funds have been set aside to meet all Indian tax liabilities or that these liabilities have already been met.
- (e) Declaration from the applicant that the profit sought to be remitted is purely the profit earned in the normal course of business and does not include profit from any other source.

Authorised Dealers may scrutinize the above documents particularly with reference to -

- (a) source of income which should be out of activities approved by RBI and
- (b) calculations of the amount sought to be remitted with reference to the Profit and Loss account and the provision of tax.

If found in order, authorised dealers may allow the remittance.

Remittance of Profits by Foreign Banks Operating in India

11C.2 Indian branches of foreign banks operating in India may remit to their Head Offices outside India net profit/surplus (net of taxes) arising out of their Indian business after

finalisation of the accounts for the respective year, in accordance with the provisions of the Banking Regulation Act, 1949 and directions issued by Reserve Bank in this regard. Full details of the remittances made should be advised to the Chief General Manager, Exchange Control Department (External Payments Division), Reserve Bank of India, Central Office, Mumbai 400 001 duly certified by their auditors immediately after making the remittance.

Remittance of Surplus Passage/Freight Collections by Foreign Airline/Shipping Companies

11C.3 Regulations governing remittance of surplus freight and passage collections by foreign airline/shipping companies operating in or through India are laid down in [Part B](#) of Chapter 8.

Refund of Income-tax to Non-resident Firms/Companies

11C.4 Applications for remittances on account of refund of income-tax to foreign firms/companies

should be made to authorised dealers on [form A2](#) supported by the following documents/particulars:

- (a) Original assessment order (together with certified copy) and copy of Income-tax Return for the corresponding assessment year.
- (b) Certificate from authorised dealer through whom the income-tax refund order has been encashed that the proceeds of the refund order are held by them in suspense account pending remittance abroad.
- (c) Source of funds from which tax was originally paid. If paid out of remittance from abroad, a bank certificate for the inward remittance; if tax was paid by deduction at source from dividend, interest on loans, royalty or other income which has already been remitted to the foreign firm/company, full details as under of the income on which tax was deducted should be furnished.
 - (1) Nature of income i.e. dividend, interest, royalty, etc. amount and assessment year in which it accrued.
 - (2) Name and address of Indian firm/company from which the income was derived.
 - (3) The year/period to which the income related.

- (4) The date of remittance and other particulars of the amount originally remitted.

Authorised dealers may allow such remittances if they are satisfied that the tax amount of which the refund has been claimed was deducted from the amount remitted originally.

(See [paragraph 11D.12](#) regarding remittance of income-tax refunds to individuals).

Remittance of Winding up Proceeds

11C.5 Applications for remittance of winding up proceeds abroad will be entertained by Reserve Bank only after winding up has been completed and the actual net remittable surplus established.

Applications should be made on [form A2](#) supported by following particulars/documents:

- (a) Number and date of Reserve Bank's approval for establishing the branch/office in India.
- (b) Number and date of Reserve Bank's approval for sale of immovable properties, if any, held by the branch/office.
- (c) Auditor's certificate containing the following:
 - (1) manner in which remittable amount has been arrived at, duly supported by a statement of all assets and liabilities of the applicant, the manner of disposal of assets, name/s, and address/es of the purchaser/s, Reserve Bank's approval number/s and date/s under Section 31 of FERA 1973 for disposal of immovable properties etc.;
 - (2) confirmation that all liabilities in India including arrears of gratuity, employee benefits, etc. in respect of the applicant have either been fully met or adequately provided for;

and

 - (3) confirmation that no income accruing from sources outside India (including proceeds of exports) has remained unrepatriated to India.
- (d) No objection Certificate or Tax Clearance Certificate from Indian Income-tax Authorities for the remittance of net surplus.
- (e) Confirmation from applicants that no legal proceedings in Indian Courts or enquiries from Enforcement Directorate are pending against them and that after remittance of the net surplus, no further remittance facilities will be asked for.

PART D - REMITTANCE FACILITIES TO FOREIGN NATIONALS

General

11D.1 The regulations and procedures relating to remittance facilities available to foreign nationals including those resident outside India are set out in this Part. Ordinarily, foreign nationals

who have taken up residence in India temporarily on account of their employment, profession or other activity with the intention of retiring eventually to their own or any other foreign country, will be considered as 'not permanently resident in India' and be eligible for various facilities explained in this Part, if the activity undertaken in India is in accordance with the general or special permission of Reserve Bank as required under FERA 1973. Foreign nationals permanently resident in India and persons of Indian origin other than those residing in India for employment of a specified duration (irrespective of the length thereof) or for a specific job or assignment the duration of which does not exceed three years, are treated on par with Indian nationals resident in India and will not be eligible for facilities for which foreign nationals not permanently resident in India are eligible, except as specifically provided in the Manual or where Reserve Bank's specific approval has been obtained.

NOTE *The procedure set out in the following paragraphs will not apply to the personnel of foreign diplomatic missions in India. Their requests for remittances will require prior approval of Reserve Bank, for which applications may be made by letter.*

Short-term Engagement of Foreign Nationals by Indian Firms/Companies

11D.2 (i) Indian firms/companies may engage the services of foreign nationals (including non-resident persons of Indian nationality/origin) on short-term assignments without prior

approval of Reserve Bank. Applications for remittance of remuneration to foreign nationals or foreign companies (in the case of company-to-company contracts) should be made by the Indian firms/companies to authorised dealers on [form A2](#) together with a statement in [form EFT](#) (in duplicate) and an Undertaking/ Certificate regarding payment of Income-tax (cf [paragraph 3 B.10](#)) Before allowing the remittance, authorised dealers should verify the statement in [form EFT](#) and the other documents/information submitted and be satisfied that -

- (a) the amount of remittance sought for is in accordance with the terms of contract entered into by the applicant firm/company with the foreign national/company.
- (b) the services of the foreign national are **not** covered either by any foreign collaboration agreement entered into by the Indian firm/company or under any warranty/guarantee obtained providing for deputation of the foreign

national without any remuneration or any payment during the warranty/guarantee period. A confirmation to this effect should be obtained from the company concerned.

- (ii) If the period of engagement of the foreign national is **upto 3 months**,

authorised dealers should ensure that the concerned foreign national holds a valid visa i.e. employment, business, tourist etc. If the period **exceeds three months**, authorised dealers should ensure that the concerned foreign national holds a **valid employment visa**.

(iii) A copy of the [form EFT](#) should be forwarded to Reserve Bank along with [form A2](#) at the time of reporting the remittance in R Returns.

- (iv) All payments made in connection with engagement/ deputation of foreign

personnel including payments made locally in Indian rupees towards their passage fares, local living expenses, etc. are liable for the levy of Cess under the Research and Development Cess Act, 1986. Authorised dealers should advise their constituents to deposit the amount of Cess while allowing the remittance towards fees of foreign personnel.

Engagement of foreign artistes for performance in India

- 11D.2A** (i) Authorised dealers may allow remittance facilities for engagement of foreign artistes such as dancers, musicians in the following cases.
- (a) Where the artistes are engaged by tourism related organisations in India like India Tourism Development Corporation, State Tourism Development Corporation, etc. during special festivals organised by them.
 - (b) Where the artistes are engaged by hotels in India in five star category and the foreign exchange expenditure is met out of funds held in EEFC account of the hotel concerned.

Remittance should be allowed as per the terms of the contract and on production of an Accountant's certificate/undertaking regarding payment of Income-tax. Before allowing the remittance authorised dealers should ensure that the concerned artiste holds a valid visa where the period of engagement is up to 3 months and employment visa where the period exceeds 3 months. In the case of artistes engaged by hotels in five star categories, the remittance should be allowed only by debit to the EEFC account of the hotel concerned.

- (ii) Authorised dealers should keep a certified copy of the contract on record for verification by their internal auditors/Reserve Bank.

NOTE Foreign nationals employed/engaged in racing trade (such as jockeys,

: *stewards, bookies, trainers, breeders, etc.) as also foreign cabaret artistes, wrestlers and other entertainers visiting India would not be eligible for remittance facilities.*

Recurring Remittances by Foreign Nationals who are in regular employment of Indian firms/companies

11D.3 (i) Foreign nationals who are not permanently resident in India but are in regular employment with Indian firms/companies on payment of monthly salary, are permitted to

make recurring remittances for family maintenance. Authorised dealers may allow such foreign nationals, who are their regular constituents, to make recurring remittances for family maintenance, etc., upto 75% of their net salary (i.e., after deduction of contribution to provident etc. funds and taxes payable) after verifying that they hold valid employment visas. On request, authorised dealers may also allow remittances in excess of 75% of net salary provided the foreign national is in receipt of perquisites in India such as free housing, conveyance and medical facilities and his family (wife and/or children) is resident outside India.

(ii) Salaries to the employees deputed by foreign companies to their Indian

offices/branches/subsidiaries/joint ventures may be paid abroad to the extent of 75% of the net salary (tax to be paid for the full amount in India) and balance amount of salary may be paid in India.

NOTES: A. *The foreign national concerned should be advised to maintain a bank account with the authorised dealer through whom the remittance is proposed to be made, for depositing his income in India.*

B. *Every time a remittance is effected by authorised dealer in terms of this paragraph, a declaration should be obtained from the applicant, on the relative [form A2](#), that remittances made by him for all purposes during the month including that applied for, have not in the aggregate exceeded the net salary and that remittance applied for is being made out of savings from income accrued during that month after retention of adequate funds for his current expenses in India. Authorised dealers should also append a certificate on reverse of the form that remittances made by applicant during the month have not exceeded the net salary.*

Remittance Facilities to Iranian Nationals

11D.4 Deleted

Retirement Facilities

11D.5 (i) Foreign nationals not permanently resident in India are permitted to transfer,

to their own countries, at the time of retirement from India, their current assets such as savings from salary, dividend, interest, commission, Provident Fund balance, sale proceeds of personal effects, etc. in full. In addition, they will also be allowed to repatriate their assets of a capital nature in India such as sale proceeds of their investments in India up to a limit of Rs.10,00,000/- at the time of retirement; any investments in excess of Rs.10,00,000/- will be allowed to be repatriated only in annual instalments not exceeding Rs.5,00,000/- per annum. For purpose of grant of these facilities, the entire family of a person will be considered as a single unit. Applications for transfer of assets on retirement should be made to Reserve Bank in [form RFN](#) accompanied by documents specified therein. Such foreign nationals are also entitled to receive current income earned by way of interest/dividend on securities/shares, interest on deposits, pension etc. as indicated in paragraph [10B.6](#), [10B.7](#), [11D.11](#) and [11D.12](#).

(ii) Authorised dealers may release foreign exchange up to U.S.\$ 2000 or its equivalent to retiring foreign nationals pending disposal of their applications for transfer facilities submitted to Reserve Bank. (Exchange sold in the form of foreign currency notes and coins should not however exceed U.S.\$ 500 or its equivalent).

Foreign Born Widows of Indian Nationals

11D.6 Reserve Bank permits, on a selective basis, remittance facilities to foreign-born widows of Indian nationals who wish to go back to the country of their birth. Applications in such cases

should be made in [form EMG](#) together with documents specified on the form. In approved cases, the facility for transfer of assets in India will be allowed to such ladies up to Rs.10,00,000/- at the time of leaving India for good and up to Rs.5,00,000/- annually thereafter. This scale will apply to their entire assets and income, if any, arising in India and they will not be eligible for separate remittance facility in respect of their income on assets left behind in India.

Repatriation Facilities to Foreign Students/Trainees

11D.7 (i) Foreign students/trainees are permitted to transfer to their own countries, at the time

of leaving India after completion of their studies/training in India, the balance available in their

bank accounts maintained by them in terms of [paragraph 11B.1](#). Authorised dealers may allow such remittances provided the balance in the account represents funds derived from rupee proceeds of remittances in foreign exchange received from abroad in an approved manner or rupee proceeds of foreign exchange brought by them to India and sold to authorised dealers or stipend/scholarship received from Central or State Government.

(ii) Authorised dealers may also permit such students/trainees to take with them foreign exchange up to U.S.\$ 1000/- or its equivalent for meeting en route expenses while on visit to their home/foreign countries during vacation/holidays provided their accounts are fed exclusively by remittances in foreign currency.

NOTES: A. *Trainees financed by the Commonwealth Fund for Technical Co-operation (CFTC), World Health Organisation (WHO) and United Nations Development Programme (UNDP) are not eligible for the above facility.*

B. *Exchange sold in the form of foreign currency notes and coins should not exceed U.S.\$ 500 or its equivalent.*

Issue of Travellers Cheques to Foreign Tourists, Transit Passengers and Foreign Nationals

11D.8 (i) Authorised Dealers may issue travellers cheques/letters of credit/drafts to foreign

tourists/transit passengers and make remittances towards their hotel accommodation, tour

arrangements etc. either against reimbursement in any permitted currency by banks abroad or against surrender of foreign currency drafts, cheques, etc. by the applicant. Authorised dealer may also sell foreign currency notes, coins and travellers cheques to such persons against internationally recognised credit cards provided reimbursement is obtained promptly in any permitted currency from the credit card issuing institution abroad. Authorised dealers may also issue travellers cheques/letters of credit/drafts to foreign nationals who are not permanently resident in India and make remittances towards their hotel accommodation, tour arrangement, etc. if funds are provided by them from an external source. If, however, funds are provided from a resident source, authorised dealers may permit such remittances only within the remittance entitlements in terms of [paragraph 11D.3](#). Issue of foreign currency notes may be restricted to US \$ 500 or its equivalent

(ii) Full-fledged money changers/Restricted money changers may sell rupees to foreign tourists against International Credit Cards and obtain reimbursement promptly through banking channel from the overseas credit card issuing organisations.

Eligibility criteria for Remittance of Income to Non-residents

11D.9 Authorised dealers may allow remittance of income earned in India **by foreign nationals permanently resident outside India**, provided beneficiary belongs to any of the following categories

(a) Foreign national who was never resident in India.

- (b) Foreign national of Indian origin who settled down permanently in a foreign country before introduction of Exchange Control (i.e. 8th July 1947 in the case of erstwhile Sterling Area countries and 3rd September 1939 in the case of other countries).
- (c) Foreign national who has retired from India after availing of retirement facilities.
- (d) Emigrant from India in whose case Reserve Bank had agreed specifically to allow remittance of income on his assets left behind in India.

Regulations contained in the following paragraphs will also have to be complied with for remittance of specified types of income. Remittance of income other than income specifically stated in this Manual, such as income of a non-resident proprietor/partner from a proprietorship/partnership concern in India, capital gains arising out of any activity in India etc. requires specific prior approval of Reserve Bank.

NOTE: See [paragraph 10C.24A](#) regarding repatriation of current income earned by non-residents of Indian nationality/origin.

Remittance of Interest and Dividend

11D.10 Regulations regarding remittance of interest/dividend on investments in India are laid down in [paragraphs 10B.6](#), [10B.7](#) and [10C.24](#).

Pension

11D.11 (i) Authorised dealers may remit pension, net after tax, without obtaining prior approval

of Reserve Bank to persons eligible to receive current income from India in terms of

[paragraph 11D.9](#) provided that in case of foreign nationals who have retired from India, standing approval of Reserve Bank had been obtained for remittance of pension from his employers in India, at the time of obtaining retirement facility.

(ii) Authorised dealers may also remit pension to widows of foreign nationals who had earlier

retired from India after availing themselves of retirement facilities.

Other types of income

11D.12 Authorised dealers may remit, amounts representing refunds of income-tax to persons eligible to receive current income from India in terms of [paragraph 11D.9](#) after verifying the original

assessment order and the amount retained for payment of tax from the amount originally remitted.

Report to Reserve Bank

11D.13 Authorised dealers should certify on [form A2](#) covering remittances under [paragraphs 11D.11](#) and [11D.12](#) that the person to whom the remittance is being made is eligible for remittance

facilities in terms of [paragraph 11D.9](#) and that regulations laid down in the said two paragraphs have been complied with. Wherever specific approval of Reserve Bank has been obtained such as in case of pension, the number and date of approval should also be cited.

Provident/Pension Fund Contributions of Expatriate Staff

11D.14 Authorised dealers may allow remittances by Indian firms and companies on account of Provident fund/Superannuation/Pension fund contributions in respect of

their expatriate staff who are not permanently resident in India in accordance with the service conditions of the foreign national concerned. A copy of the letter from the applicant indicating the service conditions on the basis of which the remittance was allowed may be forwarded to Reserve Bank alongwith [form A2](#) while reporting the transactions in R return.

Sitting Fee, Commission, etc. to Non-resident Director

11D.15 (i) By its [Notification No.FERA 128/93-RB](#) dated 29th March 1993, Reserve Bank has granted general permission under Section 9(1)(a) of FERA 1973 to companies in India

for making payments in Indian rupees to their non-resident (including foreign nationals) non-wholetime directors while on a visit to India for the company's work such as attending Board meeting etc., towards sitting fees, commission or remuneration by way of monthly or quarterly or annual payment in accordance with the provisions contained in the Company's Memorandum of Association or Articles of Association or in any agreement entered into by it or in any resolution passed by the company in general meeting or by its Board of Directors. This general permission is, however, subject to the condition that the company has obtained the necessary approval from the Central Government under Section 309(4) or Section 310 of the Companies Act, 1956 wherever it applies.

(ii) Applications for remittances of savings, if any, out of sitting fees paid to the non-resident

directors by the Indian companies concerned for actual attendance in Board meetings should be made to authorised dealers on [form A2](#) together with a certificate issued by the company

concerned confirming payment of sitting fees. Authorised dealers may allow such remittances without reference to Reserve Bank on verification of the company's certificate regarding payment of the sitting fees.

- (iii) Applications for remittances on account of payment of commission, remuneration, etc.

to the non-resident directors should be made by the Indian companies concerned to authorised dealers on [form A2](#) together with a certified copy of the audited balance sheet of the company and a work sheet duly certified by a Chartered Accountant indicating how the remittable amount has been arrived at. Applicant's undertaking/Accountant's certificate regarding payment of income-tax in the prescribed form should also be submitted (cf [paragraph 3B.10](#)). Authorised dealers may allow remittances of net commission/remuneration after satisfying about the correctness of the amount and verification of the terms of appointment of the director.

Legacies, Bequests and Inheritances

11D.16 (i) Applications for remittances on account of legacies, bequests and inheritances to foreign nationals permanently resident outside India should be submitted to Reserve Bank in [form LEG](#) together with particulars/documents mentioned therein.

(ii) Legacies and bequests are treated as capital funds in India. Accordingly, where a foreign national is availing of retirement facilities, Reserve Bank will consider requests for transfer of assets bequeathed to or inherited by him only within the quotas laid down from time to time for repatriation of capital assets from India.

Certain Remittances not permitted

11D.17 Foreign nationals will not be permitted to remit outside India winnings in State lotteries, horse racing and similar activities in India.

Holding of International Conferences/Seminars/Training Programmes in India

11D.18 (i) Holding of international conferences/ seminars/ training programmes of scientific, technical or educational nature in India as well as remittances towards payment of honoraria to the guest

speakers, etc. and fees to the concerned international organisations abroad require prior approval of the concerned Administrative Ministry of Government of India. Further, in the case of participation of overseas invitees, the Indian organisers of the conferences/seminars, etc. are required to seek the clearance from the Ministry of Home Affairs as well as from the Ministry of External Affairs. Applications for remittances towards honoraria/fees etc. by Indian organisers should be made to authorised dealers together with full details such as name of the conference/seminar, details of payments to be made, etc. and original approvals together with

certified copies thereof obtained from the concerned Administrative Ministry/Ministry of Home Affairs/Ministry of External Affairs of the Government of India and an undertaking regarding payment of Income-tax together with the Accountant's certificate in the prescribed form (cf [paragraph 3B.10](#)). Authorised dealers may allow the remittances in accordance with the approval of the Administrative Ministry.

- (ii) Authorised Dealers should keep certified copies of the contract and the approvals of the

Ministries of the Government of India on record for verification by their internal auditors/Inspecting officers of Reserve Bank.

PART E - IMMOVABLE PROPERTY IN INDIA

Acquisition, Holding, etc. of Immovable Property in India by Certain Persons

11E.1 In terms of Section 31(1) of FERA 1973, persons who are not citizens of India (whether resident in India or not) and companies (other than banking companies)

which are not incorporated under any law in force in India are required to obtain prior permission of Reserve Bank to acquire, hold, transfer or dispose of by sale, mortgage, lease, gift, settlement or otherwise any immovable property situated in India. The work relating to the permission for acquisition etc. of immovable property is centralized in the Central Office of Reserve Bank (Foreign Investment Division) at Mumbai.

- NOTES: A. *The above restrictions do not apply to immovable property taken or given on lease for a period not exceeding five years.*
- B. *Prior permission of Reserve Bank is necessary for acquisition, disposal etc. of flats in co-operative housing societies.*
- C. *Nepalese or Bhutanese nationals, whether resident in India or not, as well as Nepalese companies in Nepal or Bhutanese companies in Bhutan should obtain prior permission of Reserve Bank for acquisition, holding, etc. of immovable property in India even though the transactions may be settled in Indian rupees.*
- D. *In the case of partnership firms, if any of the partners is a foreign citizen, the firm should obtain permission of Reserve Bank for acquisition/disposal of the immovable property. Likewise, if any member on the governing body of an association/organisation or any trustee of a trust is a foreign citizen, such a body/trustee should obtain Reserve Bank's permission under Section 31(1) of FERA 1973.*

Acquisition, Sale etc. of Immovable Property by Foreign Banks

11E.2 The acquisition, sale, etc. of immovable properties in India by foreign banks operating in India is governed by the relevant provisions of Banking Regulation Act, 1949 and the policy of

Reserve Bank in this regard in force from time to time. Foreign banks should ensure while undertaking such transactions in immovable property that they are in accordance with the provisions of the Act and directions issued, if any, by the Department of Banking Operations and Development of Reserve Bank.

Application forms

11E.3 Applications for fresh acquisition or holding of immovable property in India (other than those covered under the general permissions granted by Reserve Bank)

should be made to Reserve Bank in [form IPI 1](#) and for sale/transfer of property (other than tea, coffee, rubber, etc. plantations or those covered by general permissions granted by Reserve Bank) in [form IPI 2](#). Applications for sale/transfer of tea, coffee, rubber etc. plantations should, however, be made in [form IPI 3](#) together with the particulars of productivity, income, etc. in [form IPI 4](#).

General permission for Acquisition of Property for Carrying on Activities permitted by Reserve Bank

11E.4 By its [Notification No.FERA 133/93-RB](#) dated 26th April 1993, Reserve Bank has granted general permission to companies, (other than banking companies), which

are not incorporated under any law in force in India, to acquire or hold any immovable property which is necessary for or incidental to any activity permitted by Reserve Bank under Section 28 or Section 29 of FERA 1973. Companies which acquire or hold any immovable property in India in terms of the general permission are required to submit to Reserve Bank a declaration in [form IPI 5](#) not later than 90 days from the date of acquisition of the immovable property.

NOTE: The above general permission does not apply to foreign companies which have been permitted under Section 29 of the Act to open liaison offices or to post representatives in India.

Properties held at the commencement of the Act

11E.5 In terms of Section 31(4), properties held since prior to 1st January 1974 i.e. the date of coming into force of FERA 1973, were required to be declared to Reserve

Bank. Applications for the purpose were required to be made in [form IPI 6](#). Holding licences have been issued by Reserve Bank on the basis of declarations received by it in terms of this provision.

General Permission for Acquisition/Disposal of Residential/Commercial Properties by Foreign Citizens of Indian origin

11E.6 (i) By its [Notification No.FERA.152/93-RB](#) dated 26th May 1993, Reserve Bank has granted general permission to foreign citizens of Indian origin, (whether resident in

India or not), to acquire and dispose of immovable properties (other than agricultural land/farm house/plantation property) situate in India subject to the fulfilment of the following conditions:

A. Acquisition/Disposal of Residential Property/ies in India other than by way of Gift

1. Property is acquired by way of purchase or inheritance for the person's bona fide residential use and transferred by way of sale. (No restrictions are placed on the number of residential properties that can be acquired/disposed of under the general permission except what is mentioned against condition 6 below).
2. Consideration for the property purchased is met out of foreign exchange remitted from abroad through normal banking channels or funds withdrawn from the purchaser's NRE/FCNR account maintained with a bank in India.
3. Property purchased is not let out except where it is not immediately required for the purchaser's own residential use.
4. A declaration is submitted to Reserve Bank (Central Office) about such acquisition in [form IPI-7](#) within a period of 90 days from such acquisition/final payment of purchase consideration along with a certified copy of the document evidencing the transaction and bank certificate regarding the consideration paid.
5. Income accruing by way of rent or sale proceeds of the property or income arising out of investment of such proceeds is credited to the person's NRO account (if the property is held by a non-resident foreign citizen of Indian origin) or to the Resident Rupee Account i.e. Q.A.22 Account (if the property is held by a foreign citizen of Indian origin resident in India) with a bank in India.
6. In respect of residential properties purchased on or after 26th May 1993, Reserve Bank would consider applications for the repatriation of sale proceeds up to the consideration amount remitted in foreign exchange for the acquisition of the property(only up to two such properties) provided the sale takes place after three years from the date of final purchase deed or from the date of payment of final instalment of consideration amount, whichever is later. Applications for the purpose should be made to Reserve Bank (Central Office) in [form IPI 8](#) within 90 days of the sale of the property.

B. Acquisition/Disposal of Residential property by way of Gift

1. Properties (up to two houses) are acquired, transferred or disposed of by way of gift from or to a relative who may be an Indian citizen or a person of Indian origin whether resident in India or not.
2. Gift tax, if any, has been paid.

NOTE: *The word relative has the meaning assigned to it under Section 6 of the Companies Act, 1956 (1 of 1956).*

C. Acquisition by way of purchase or inheritance or Disposal by way of sale of Commercial Property/ies in India

1. Property (not being agricultural land/farm house/plantation property) situate in India is acquired by way of purchase or inheritance and transferred or disposed of by way of sale (No restrictions are placed on the number of such properties acquired/disposed of under the general permission except what is mentioned against condition 4 below).
2. Consideration for the property purchased is met out of foreign exchange remitted from abroad through normal banking channels or funds withdrawn from the purchaser's NRE/FCNR account maintained with banks in India.
3. A declaration is submitted to Reserve Bank (Central Office) about acquisition of the commercial property in [form IPI-7](#) within a period of 90 days from such acquisition/final payment of purchase consideration along with a certified copy of the document evidencing the transaction and bank certificate regarding the consideration paid.
4. Reserve Bank would consider applications for repatriation of original investment in commercial property in respect of properties purchased on or after 26th May 1993 up to the consideration amount remitted in foreign exchange for the acquisition of the property provided the property is sold after a period of three years from the date of the final purchase deed or from the date of payment of final instalment of consideration amount, whichever is later. The balance amount of sale proceeds of the property/ies should be credited to the seller's NRO account or Resident Rupee Account (Q.A. 22 Account) in the case of resident foreign citizens maintained with a bank in India. Applications for repatriation of the amount should be made to Reserve Bank (Central Office) in [form IPI-8](#) within 90 days of the sale of the property.

(ii) For the purpose of above general permission, a foreign citizen is deemed to be of

Indian origin if (a) he held an Indian passport at any time, or (b) he or his father or paternal grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955) provided that the citizen of Pakistan, Bangladesh, Afghanistan, Bhutan, Sri

Lanka and Nepal shall be deemed to be not of Indian origin.

- (iii) Non-resident Indian nationals are also eligible for the facility regarding repatriation

of sale proceeds of the properties referred in items A.6 and C.4 above of sub-paragraph (i), provided the other conditions referred to in the said sub-paragraph are satisfied.

NOTE: See [paragraph 10C.24A](#) regarding repatriation of income/interest earned during the financial year 1994-95 and onwards.

General Permission for letting out of Residential Property in India by Non-resident Indians and Persons of Indian origin

11E.7 By its [Notification No.FERA.155/93-RB](#) dated 16th September 1993, issued under Section 29(1) of FERA 1973, Reserve Bank has granted general permission to

non-resident Indian citizens and foreign citizens of Indian origin to let out any immovable property in India held by them. The rental income or proceeds of any investment of such income shall not be repatriable outside India at any time in future and such funds should be credited to the owner's Ordinary Non-Resident Rupee (NRO) account maintained with a bank in India.

NOTE: See [paragraph 10C.24A](#) regarding repatriation of income/interest earned during the financial year 1994-95 and onwards.

Purchase of Immovable Property in India by Foreign Citizens of Non-Indian origin/Foreign Companies

11E.8 (i) Foreign citizens of Non-Indian origin (whether resident in India or not) and foreign companies including trusts, societies and associations incorporated/

registered abroad will be permitted by Reserve Bank, on application, to acquire immovable property in India, provided the following conditions are satisfied.

- (a) The property to be purchased is for residential use only.
- (b) The consideration for purchase of the property is met out of foreign exchange remitted from abroad in any convertible currency through normal banking channels.
- (c) Income accruing by way of rent from the property purchased, or the sale proceeds of such property/income arising out of investment of such sale proceeds at any future date shall be credited only to the Ordinary Non-resident Rupee (NRO) account of the non-resident purchaser.

(ii) Applications for necessary permission under Section 31(1) of FERA, 1973

for purchase of immovable property in India should be made in "[form IPI 1](#) together with the documents indicated therein to the Chief General Manager, Exchange Control Department, (Foreign Investment Division-III), Reserve Bank of India, Central Office, Mumbai 400 001.

Acquisition, Transfer of Property in India by way of Lease, Mortgage, Gift, Inheritance, etc.

11E.9 Applications for permission to acquire or transfer immovable property by way of lease exceeding 5 years or by way of mortgage, gift, inheritance, settlement, etc.

other than those covered by general permissions referred to in [paragraphs 11E.4](#) and [11E.6](#) should be made to Reserve Bank in the appropriate form together with relevant documents indicated therein (see [paragraph 11E.3](#)).