CHAPTER 3

CURRENT AND CAPITAL ACCOUNT TRANSACTIONS

3.1 INTRODUCTION

This chapter covers some of the most relevant provisions of FEMA, 1999. Although the FEMA, 1999 comprises only 49 sections, yet it is very complex Act. It is a transaction based Act and each transaction is governed by different set of rules and regulations. Also, there are different norms for different type of entities. The purpose of FEMA is not revenue generation, it aims more for regulation, reporting and compliance. However, since it governs the transaction involving Foreign Exchange, it is always under the close scrutiny of regulatory authorities. Therefore, before undertaking any transaction, be it loan from foreign entity or making an investment in immovable property by NRI it is pertinent to have the proper understanding of the Act.

3.2 EPICENTER OF FEMA

First and most important concept to understand under FEMA is the current and capital account transactions. The whole framework of FEMA, 1999 is based on the capital and current account transaction therefore an understanding of definition of current account and capital account transaction along with the difference between two is very essential.

All the foreign exchange Transactions are divided into two categories:

(1) Current Account Transactions

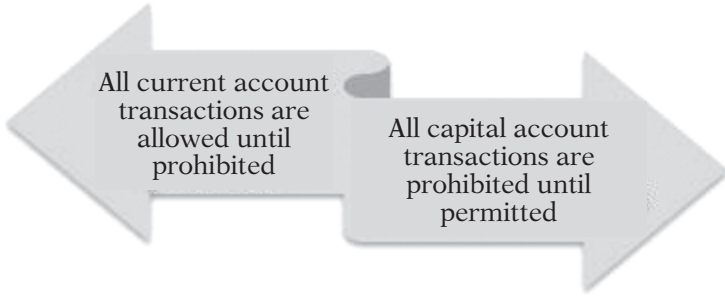
(2) Capital Account Transactions

For both current and capital account transaction, it is important to understand the following aspects and it has been discussed in the subsequent paragraphs:



- **Definition:** What is meaning of both the terms *i.e.* Current Account Transaction and Capital Account Transaction under FEMA and how is it defined in the Act.
- **Characterisation:** What is the character of transaction. Does it fall under the Current Account or does it fall under the Capital Account Transaction?
- **Allowability:** Whether the transaction is allowed to be undertaken? Is yes, Whether the transaction is allowed to be undertaken with or without restrictions.

General rule: As a general rule, all the current account transactions under FEMA are permitted (except those specified) and all the capital account transactions are prohibited or regulated.



Let us understand each of these two terms in detail.

3.2.1 Current Account Transactions

3.2.1.1 *Definition*

The term Current Account Transaction has been defined under the Act. It is defined as under:

As per **section 2(*j*)** of FEMA:

> *"Current Account Transactions" means a transactions other than a capital account transactions and without prejudice to the generality of the foregoing such transactions includes:*
>
> (*i*) *Payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business,*
>
> (*ii*) *Payments due as interest on loans and as net income from investments,*
>
> (*iii*) *Remittances for living expenses of parents, spouse and children residing abroad, and*
>
> (*iv*) *Expenses in connection with foreign travel, education and medical care of parents, spouse and children".*

The definition of current account transaction is divided into two parts i.e.



Transaction other than Capital Account Transaction: The definition of Current Account transaction says that it means a transaction other than a capital account transaction which gives the understanding that every transaction first needs to be checked whether it is capital account transaction or not and if it is not capital account transaction then it shall by default be taken as current account transaction.

Meaning of "without prejudice to the generality of the foregoing": The words 'without prejudice to the generality of the foregoing such transactions includes' imply that even if the transactions listed in the definition may fit into the definition of capital account transactions, such transactions shall be deemed as current account transaction. For example, resident of India imports goods from outside India on a short-term credit of less than six months, he is creating a liability outside India and thus, it can be treated a capital account transaction, but it is specifically included in the above definition under section 2(*j*)(*i*); therefore, it shall be treated as a current account transaction only.

Includes the following transactions specifically: Current account transaction means a transaction other than capital account transaction and without prejudice to the generality of foregoing, includes the below mentioned transactions:

(*i*) *Payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business,*

(*ii*) *Payments due as interest on loans and as net income from investments,*

(*iii*) *Remittances for living expenses of parents, spouse and children residing abroad, and*

(*iv*) *Expenses in connection with foreign travel, education and medical care of parents, spouse and children.*

Each of above clauses have been discussed in detail below:

(*i*) Payment due in connection with –

(*a*) Foreign trade

(*b*) Other current business

(*c*) Services

(*d*) Short-term banking facilities

(*e*) Credit facilities in ordinary course of business

The clause (*i*) of section 2(*j*) mainly deals with corporates and with the requirement of day to day functioning of the corporates. Payment due in connection with credit facilities in the ordinary course of business are construed as the current account transaction. The ordinary course of business is dependent on the operating cycle of the business. The operating cycle of one business may be different from the operating cycle of other business.

(*ii*) The payment of Interest on loans; and Net income from investment fall under the current account transaction.

The clause (*ii*) of section 2(*j*) deals with income in the nature of:



Interest on loan: Interest on loan is specifically included in the current account transaction. There is no specific approval required for the purpose of buying foreign exchange for the purpose of remittance as interest on loan. However, there may be instances where in the interest is long pending to be paid. In such cases the approval from RBI shall be required to be taken for making the payment.

Net income from investment: There is no specific approval required for the purpose payment by way of Net income from investment like dividends etc. However, the compliances needs to be undertaken w.r.t. Companies Act, 2013. There use to be requirement of dividend balancing. Such a requirement had been done away with.

(*iii*) Remittances for living expenses of parent, spouse and children residing abroad;

(*iv*) Expenses in connection with –

(*a*) Foreign travel

(*b*) Education

(*c*) Medical care of parents, spouse and children

While clauses (*i*) and (*ii*) of section 2(*j*) predominantly deals with corporates the clauses (*iii*) and (*iv*) deals with the resident individuals. There are specific limits for each of the expenses as mentioned in the clauses (*iii*) and (*iv*) under Foreign Exchange Management (Current Account Transactions) Rules, 2000 which needs to be complied with.

Limit upto which remittance can be made without prior approval of RBI

Remittances for current account transactions (*viz.* private visit; gift/donation; going abroad on employment; emigration; maintenance of close relatives abroad; business trip; medical treatment abroad; studies abroad) available to resident individuals under Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015, dated May 26, 2015 are subsumed under the Liberalised Remittance Scheme (LRS) of USD 2,50,000 per Financial Year (FY) with effect from May 26, 2015 [Instructions on LRS are available on Master Direction on Liberalised Remittance Scheme dated January 1, 2016]. Release of foreign exchange exceeding USD 2,50,000, requires prior permission from the Reserve Bank of India.

The limits as specified in Current Account Rules is as follows:

Remittances for Travel: Out of the overall foreign exchange (USD 250,000 per financial year) being sold to a traveller, exchange in the form of foreign currency notes and coins may be sold up to the limit indicated below:

(*i*) Travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States - not exceeding USD 3000 per visit or its equivalent.

(*ii*) Travellers proceeding to Iraq or Libya - not exceeding USD 5000 per visit or its equivalent.

(*iii*) Travellers proceeding to Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States - full exchange may be released.

(*iv*) Travellers proceeding for Haj/Umrah pilgrimage- full amount of entitlement in cash or up to the cash limit as specified by the Haj Committee of India, may be released.

Authorised Dealers may remit foreign exchange up to a reasonable limit, at the request of a traveller towards his hotel accommodation, tour arrangements, etc., in the countries proposed to be visited by him. Further, all tour related expenses including cost of rail/road/water transportation charges outside India and remittances relating towards cost of Euro Rail; passes/tickets, etc. for Indian travellers and overseas hotel/flight charges have been subsumed under the LRS limit of USD 2,50,000.

Excess Limit is allowed in case of remittance for certain specified expenses:

1.1 *Limit upto which remittance can be made without prior approval of RBI*

The remittances for current account transactions (*viz*, private visit, gift/donation, going abroad on employment, emigration, maintenance of close relatives abroad, business trip, medical treatment abroad, studies abroad, etc.) are available to resident individuals under Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 dated May 26, 2015 are subsumed in the limit of Liberalised Remittance Scheme of USD 2,50,000.

Any additional remittance in excess of the said limit for the aforementioned purposes shall require prior approval of the Reserve Bank of India.

1.2 *Excess Limit is allowed in case of remittance for certain specified expenses.*

There is an exception to the above limits of USD 2,50,000 in case of expenses for emigration expenses, for expenses in connection with medical treatment abroad and studies abroad wherein individual may avail of an exchange facility for an amount in excess of the limit if it is so required by a country of emigration, medical institute offering treatment or the university, respectively.

1.3 *Citizens of a foreign State and other specified citizens may remit up to their net salary*

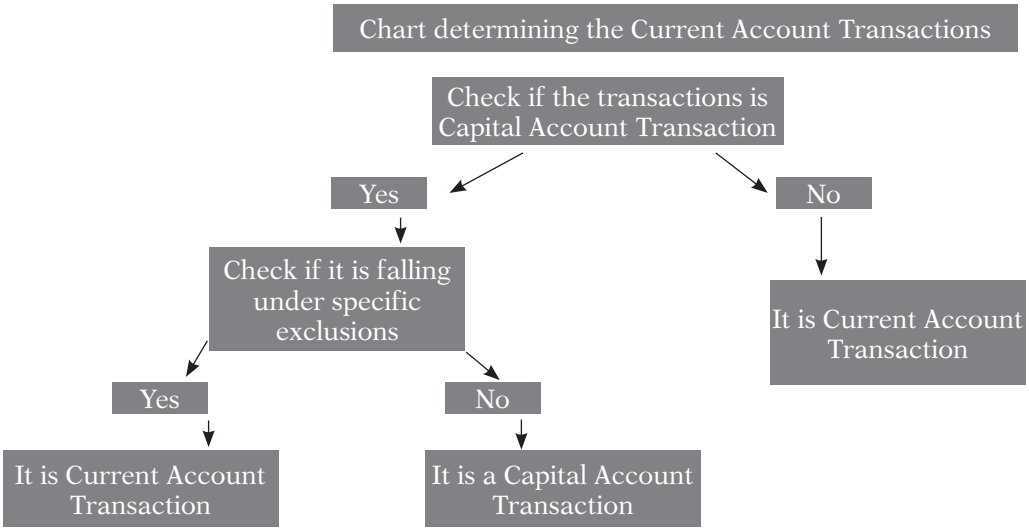
Schedule III provides that for a person who is resident but not permanently resident in India and—

(a) is a citizen of a foreign State other than Pakistan; or

(b) is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company, may make remittance up to his net salary (after deduction of taxes, contribution to provident fund, and other deductions).

The Schedule further clarified that for the purpose of this item, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignments, the duration of which does not exceed 3 years, is a resident but not permanently resident.

Process of determination of current account transaction



Terms used in the definition*:* Most of the terms used in the definition have not been defined under FEMA. For *i.e.* the term 'Foreign Trade', 'Other current business', 'Short term banking facilities' etc. have not been defined anywhere. Only the term " Services" is defined under section 2 of clause *(zb) as "service" means service of any description which is made available to potential users and includes the provision of facilities in connection with banking, financing, insurance, medical assistance, legal assistance, chit fund, real estate, transport, processing, supply of electrical or other energy, boarding or lodging or both, entertainment, amusement or the purveying of news or other information, but does not include the rendering of any service free of charge or under a contract of personal service.*

For the terms not defined in the Act, the closest reference that can be taken is from Balance of Payment.

Example

An Indian resident imports machinery from a vendor in UK for installing in his factory on cash. Let us determine what kind of transaction is this. As per accounts and income tax law, machinery is a "capital expenditure".

However, under FEMA, it does not alter/create an asset in India for the UK vendor. It does not create any liability to a UK vendor for the Indian importer. Once the payment is made, the Indian resident or the UK vendor neither owns nor owes anything in the other country. Therefore, it is not a capital account transaction. Since it is not a capital account transaction, it is a Current Account Transaction.

Let us alter the example to understand the second limb of the definition

An Indian resident imports machinery from a vendor in UK for installing in his factory on a credit period of 3 months.

As per accounts and income-tax law, for the credit period of 3 months, there is a liability of the Indian importer to the UK vendor. Technically under FEMA also, it is a liability outside India. However, as per the definition of Current Account Transaction *"short-term banking and credit facilities in the ordinary course of business"* are specifically included in the definition of Current Account Transaction and therefore, it is considered to be Current Account Transaction.

What is short term credit for one industry may be long term for other. The term short term banking and credit facilities needs to be read with regard to the sector in which the entity undertaking the transaction is operating.

Payment of Royalty is Current Account Transaction.

There is no restriction on % of the royalty for use of technology or trademark. There was restriction on % of Royalty earlier, which had been removed in 2010. *Vide* press note 8 of 2009, [1]RBI *vide* A. P. (DIR Series) Circular No. 52, dated May 13, 2010 did away with restriction on payment of Royalty.

- **Relevant extracts from the circular is produced below:**

  "2. In terms of Rule 4 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, prior approval of the Ministry of Commerce and Industry, Government of India, is required for drawing foreign exchange for remittances under technical collaboration agreements where payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds USD 2 million [item 8 of Schedule II to the Foreign Exchange Management (Current Account Transactions) Rules, 2000]. The Government of India has reviewed the extant policy with regard to liberalization of foreign technology agreement and it was decided to omit item number 8 of Schedule II to the Foreign Exchange Management (Current Account Transactions) Rules, 2000, and the entry relating thereto.

  3. Accordingly, AD Category-I banks may permit drawal of foreign exchange by persons for payment of royalty and lump-sum payment under technical collaboration agreements without the approval of Ministry of Commerce and Industry, Government of India."

3.2.1.2 *Allowability of Current Account Transactions*

All current account transactions are permitted until unless prohibited: A person can draw foreign exchange for the purpose of current account transaction; however, the Central Government has been given power to prohibit or restrict any current account transaction.

As per section 5 of FEMA:

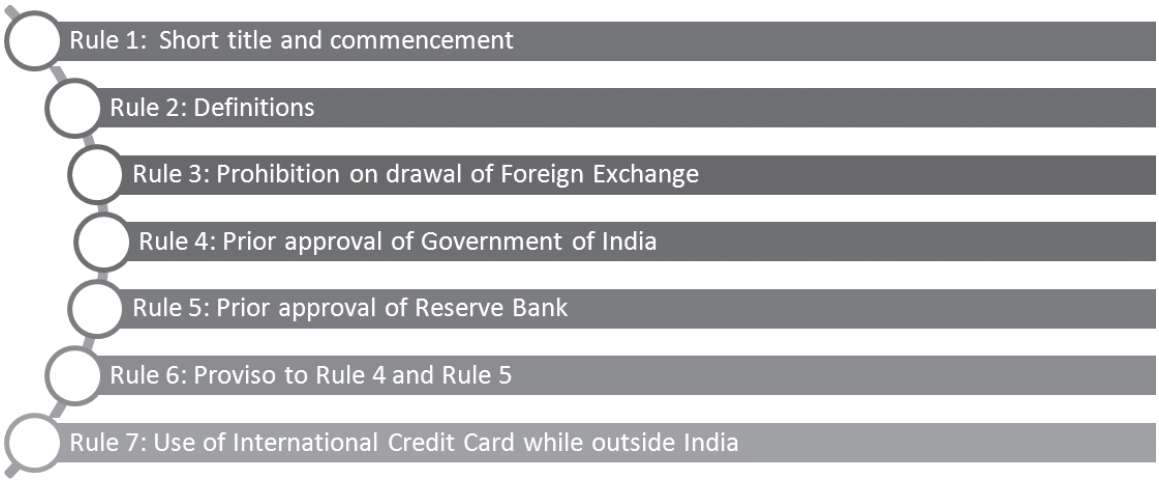
> *"Any person may sell or draw foreign exchange to or from an authorized person, if such sale or drawal is a current account transaction:*
>
> ***Provided** that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed."*

Thus, a person can draw foreign exchange for the purpose of current account transaction; however, the Central Government has been given power to prohibit or restrict any current account transaction.

***Foreign Exchange Management (Current Account Transactions) Rules, 2000*:** In exercise of the power conferred under sections 5 and 46 of FEMA, the Central Government in consultation with the Reserve Bank of India (RBI) has framed Foreign Exchange Management (Current Account Transactions) Rules, 2000, (hereinafter referred as '**CAT Rules, 2000**') as notified by the Government of India *vide* Notification No. G.S.R. 381(E) dated 3 May 2000 (Rules).

1. *http://dipp.nic.in/English/policy/changes/pn8_2009.pdf.*

The CAT Rules, 2000 has 7 Rules in all:



Before understanding the framework of CAT Rules, 2000 it is very important to understand the meaning of term Drawal.

The term "Drawal" is defined in rule 2(*b*) of the CAT Rules, 2000. The term "Drawal" is defined in rule 2 to mean!

> *"drawal of foreign exchange from an authorised person and includes opening of letter of credit or use of International credit card or International debit card or ATM card or any other thing by whatever name called which has the effect of creating foreign exchange liability".*

The scope of definition of Drawal is very vast as it not only covers the drawal by foreign exchange from an authorised person but it includes all other ways which has the effect of creating foreign exchange liability. Drawal as defined basically consists of the following:

(1) *drawal of foreign exchange from an authorised person and*

(2) *includes opening of letter of credit or*

(3) *use of international credit card or*

(4) *international debt Card or ATM card or*

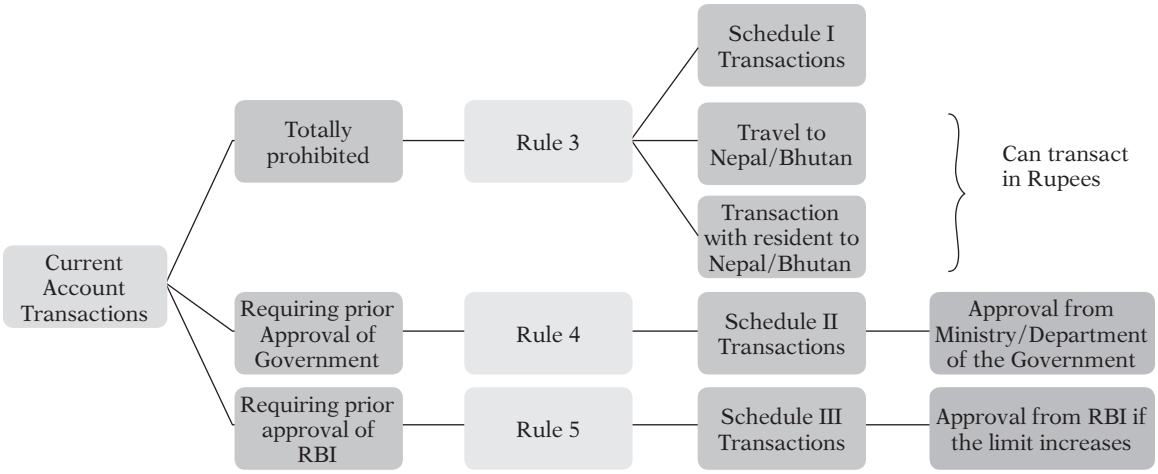
(5) *any other thing by whatever name called which has the effect of creating foreign exchange liability.*

Section 5 of the Act, specifies that any person may sell or draw foreign exchange to or from an authorised person, if such sale of drawal is a current transaction. Provided that Central Government can impose reasonable restrictions for CAT. Pursuant to this, CAT Rules, 2000 have been framed. There are three type of restrictions raised in CAT Rules, 2000.

(1) Transactions which are expressly prohibited. **(Rule 3)**

(2) Transactions which are permitted by securing the approval from the Ministry/Department of the Government of India as specified therein. **(Rule 4)**

(3) Transactions for which prior approval of the RBI is required if the amount exceeds the specified limits. The release of foreign exchange up to the threshold ceilings specified in Schedule III is delegated to the authorised dealer banks. **(Rule 5)**



Authorised dealer banks are guided by the above rules for release of foreign exchange to persons resident in India for various current account transactions.

Each of the three Rules have been detailed below:

Prohibited Current Account Transactions: Rule 3 specifies the transactions which are prohibited. No foreign exchange can be drawn for any of these eight type of transactions.

These transactions are as mentioned below:

1. Remittance out of lottery winnings.
2. Remittance of income from racing/riding, etc., or any other hobby.
3. Remittance for purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes etc.
4. Payment of commission on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies.
5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.
6. Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.
7. Payment related to "Call Back Services" of telephones.
8. Remittance of interest income on funds held in Non-resident Special Rupee Scheme A/c.

If a person wants to draw foreign exchange for remittance out of lottery winnings that is not permissible. That is the remittance out of lottery winnings are not possible in any manner. We have already discussed the meaning of the "drawal" in detail. Now, reading the definition along with rule 3 and the example of lottery tickets will mean that a person cannot make remittance out of lottery proceeds in any manner be it by purchasing cash, by use of International debit card or in any other manner.

Each of the prohibited items is discussed in detail below:

1. Remittance out of lottery winnings: The remittance is for activity which is speculative in nature that's why are prohibited to be undertaken.
2. Remittance of income from racing/riding, etc., or any other hobby: The remittance is for activity which is speculative in nature that's why are prohibited to be undertaken.

3. Remittance for purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes etc.

   The remittance is for activity which is speculative in nature that's why are prohibited to be undertaken.

4. Payment of commission on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies.

   Few of the Indian exporters appoint agents abroad for securing their export contracts and such agents are paid agency commission as a percentage of the value by the Indian exporters. Payment of commission on exports is allowed.

   Also, as per Notification No. FEMA 120/RB-2004 dated July 7, 2004, Indian companies are allowed to made equity investments in foreign subsidiary/JV by export of goods instead of bank transfer.

   As per **FED Master Direction No. 16/2015-16 updated as on 19th Oct. 2020** *Payment of commission on exports can be made:*

   (*i*) *AD Category–I banks may allow payment of commission, either by remittance or by deduction from invoice value, on application submitted by the exporter. The remittance on agency commission may be allowed subject to conditions as under:*

      (*a*) *Amount of commission has been declared on EDF/SOFTEX form and accepted by the Customs authorities or Ministry of Information Technology, Government of India/EPZ authorities as the case may be. In cases where the commission has not been declared on EDF/SOFTEX form, remittance may be allowed after satisfying the reasons adduced by the exporter for not declaring commission on Export Declaration Form, provided a valid agreement/written understanding between the exporters and/or beneficiary for payment of commission exists.*

      (*b*) *The relative shipment has already been made.*

   (*ii*) *AD Category–I banks may allow payment of commission by Indian exporters, in respect of their exports covered under counter trade arrangement through Escrow Accounts designated in US Dollar, subject to the following conditions:*

      (*a*) *The payment of commission satisfies the conditions as at (a) and (b) stipulated in paragraph (i) above.*

      (*b*) *The commission is not payable to Escrow Account holders themselves.*

      (*c*) *The commission should not be allowed by deduction from the invoice value.*

   (*iii*) *Payment of commission is prohibited on exports made by Indian Partners towards equity participation in an overseas joint venture/wholly owned subsidiary as also exports under Rupee Credit Route except commission up to 10 per cent of invoice value of exports of tea & tobacco.*

   However as per the rule 3 no foreign exchange can be drawn to pay commission on such an export made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies.

5. Remittance of dividend by any company to which the requirement of dividend balancing is applicable.

   The condition of dividend balancing is not in existence anymore. The government abolished a dividend-balancing requirement in July 2000 through press note No.7 (wherein units

operating in 22 consumer-goods industries had been subject to dividend balancing with matching export earnings for seven years). As per the dividend balancing the requirement was that the cumulative outflow of foreign exchange on account of payment of dividend over a period of seven years from the date of commencement of commercial production to investors outside India shall not exceed cumulative amount of export earning of the company during those years.

6. Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.

   Prior to February 20, 2004 the remittance for payment of commission on exports under Rupee state credit route was completely prohibited however, vide A.P. (DIR Series) Circular No. 71 it was decided to permit payment of commission in free foreign exchange for exports of tea and tobacco to Russia against repayment of State Credits upto 10 per cent of the invoice value.

   However, the clause is no more relevant as Rupee state credit Route as past been gone.

7. Payment related to "Call Back Services" of telephones.

   Looking into evolution of telecommunication medium, the clause is also no more relevant.

8. Remittance of interest income on funds held in Non-resident Special Rupee Scheme A/c.

   As per erstwhile FOREIGN EXCHANGE MANAGEMENT (DEPOSIT) REGULATIONS, 2000 there use to be NRSR account' means a Non-Resident (Special) Rupee account scheme. Non-Resident Special Rupee [NRSR] Account could be opened and maintained by an NRI being a citizen of India or foreign citizens of Indian origin residing outside India. The accounts were non-convertible/non-repatriable and were maintained in Indian rupees in the form of savings, current and recurring or fixed deposit accounts.

   The Reserve Bank of India's Notification No. FEMA 52/RB-2002.[2] dt.1st March,2002 notifying "Full Convertibility of Deposit Schemes For Non-Resident Indians" has discontinued the said schemes w.e.f.1-4-2002. Hence, no fresh deposits will be accepted nor existing deposits will be renewed on or after 1-4-2002. Existing deposits upon maturity will be converted to NRO account at the option of the account holder. Hence, the above clause is also of only theoretical reference.

Current Account Transactions that needs prior approval of Central Government: Rule 4 specifies the transactions which need prior approval from Central Government. Government functions by various ministries. Therefore, it means the approval from particular ministry is required. Following are the transactions which require approval of Central Government along with the Ministry/ department from which the approval is required.

Purpose of Remittance	Ministry/Department of Govt. of India whose approval is required
1. Cultural Tours	Ministry of Human Resources Development, (Department of Education and Culture)
2. Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Government and its Public Sector Undertakings	Ministry of Finance, (Department of Economic Affairs)
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)
4. Payment of import through ocean transport by a Govt. Department or a PSU on c.i.f. basis (*i.e.* other than f.o.b. and f.a.s. basis)	Ministry of Surface Transport, (Chartering Wing)

2. *https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=582&Mode=0.*

Purpose of Remittance	Ministry/Department of Govt. of India whose approval is required
5. Multi-modal transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping
6. Remittance of hiring charges of transponders by (*a*) TV Channels (*b*) Internet Service providers	Ministry of Information and Broadcasting Ministry of Communication and Information Technology
7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
8. Omitted	
9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International/ National/State Level sports bodies, if the amount involved exceeds USD 100,000.	Ministry of Human Resources Development (Department of Youth Affairs and Sports)
10. Omitted	
11. Remittance for membership of P&I Club	Ministry of Finance (Insurance Division)

Compounding Order for contravention of Rule 4

In the matter of **TV Today Network Limited**

The applicant was incorporated as T.V. Today Network Limited on December 28, 1999 under the Companies Act, 1956 (CIN: L92200DL1999PLC103001). The applicant is engaged in the business of broadcasting of news television channels in India and abroad. At the time of launch of its first news channel, the applicant received permission of Ministry of Information and Broadcasting (MIB) on December 04, 2000 to uplink using the infrastructure facilities of Videsh Sanchar Nigam Limited (VSNL), which was a Government of India owned entity at the time. On December 23, 2002, the applicant entered into an agreement with Intelsat Global Sales and Marketing Ltd., UK (Intelsat), for a period ranging from March 2003 to December 2005. The applicant received approval from Ministry of Information and Broadcasting (MIB) for the arrangement.

The applicant also sought approval from RBI for making payment to the overseas service provider, which was granted *vide* our letter dated on April 17, 2003.

Foreign Exchange Management (Current Account Transactions) Rules, 2000, were amended with effect from September 13, 2004, whereby it was notified that remittances towards hiring of transponders by TV channels would require specific prior approval of Ministry of Information and Broadcasting.

Thereafter, due to technical issues, the applicant shifted its uplinking to a new satellite where the service provider was PanAmSat Corporation. The applicant obtained approvals from MIB for uplinking, but specific approval for remittances towards hiring of transponders was not taken. Subsequently, PanAmSat merged with Intelsat and Intelsat Corporation came into existence. Therefore, the applicant made remittances to Intelsat Corporation from July, 2006 onwards.

In July, 2014, MIB issued an advisory wherein the requirement of specific approval of MIB before making remittances in foreign exchange towards hiring charges of transponders was mentioned. The applicant, thus, applied for *post facto* approval and MIB granted it *vide* their letters Nos. 1402/07/2015-TV (I) Pt. (II) dated May 18 and 1402/07/2015-TV (I) Pt. I dated May 19, 2016, subject to compounding by RBI.

All the remittances were in contravention of Rule 4 read with item 6(*a*) of Schedule II to Foreign Exchange Management (Current Account Transactions) Rules, 2000.