

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:818  
ANSWERED ON:25.11.2011  
COMMITTEE ON FEMA  
Sivasami Shri C.

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

- (a) whether a Coinmittee ori the Fbreign Exchange Management Act has recommended several measures;
- (b) if so, the details thereof;
- (c) whether the Government has agreed in principle to accept some of the measures suggested by the said committee; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) Government of India has not set up any Committee on Foreign Exchange Management Act (FEMA). RBI, in pursuance of its Annual Policy Statement for the year 2011-12, constituted a Committee under the Chairmanship of Smt. K.J. Udeshi, former Deputy Governor, Reserve Bank of India to examine the current regulatory framework under FEMA for individuals -Residents as well as NRIs/PIOs; to identify areas for further streamlining and simplification of procedure so as to remove operational impediments and to assess the level of efficiency in the functioning of the Authorised Persons, including infrastructure created by them, in discharging of the powers delegated to them with regard to the facilities available to Residents as well as NRJs / PIOs.

(b) The Committee submitted its Report to Governor, Reserve Bank of India on 8th August, 2011 and made 31 recommendations. The present status of these recommendations are as under:-

No. of Recommendations accepted -10

No. of recommendations deferred for implementation - 05

No. of recommendations referred to Govt. of India - 04

No. of recommendations being examined by Special Committee - 04

No. recommendations being examined in consultation with Foreign Exchange Dealers' Association of India (FEDAI)- 04

No. of recommendations under examination at RBI - 06

The gist of observations and recommendations made by the Committee are available at <http://www.rbi.org.in/scripts/PublicationReportDetail.aspx?UrlPage=&ID-646>

(c) and (d): The following 04 recommendations have been referred to Government of India for their views / comments. These are

(i) To enable hassle-free remittances by resident individuals banks may be advised by RBI not to insist on the submission of form 15 CA/15 CB for any remittances under the Liberalised Remittance Scheme (LRS). ADs may obtain a suitable self-declaration from the resident for such remittances. (Para 3.9 of Report)

(ii) Resident individuals should be enabled to undertake any current account transaction other than those included under Scheme I & II of GOI Notification No. GSR 381(E) dated May 3, 2000 upto US \$2,00,000/-per financial year on the basis of a simple application form (Annex X) presently used for remittances under LRS without banks insisting on any documentary evidence or a Chartered

Accountant's certificate in Form 15 CA/15CB. (Para 3.16 of Report)

(iii) Transfer of funds from one NRO account to another NRO account of the same individual or any other NRI/PIO may be freely permitted. (Para 4.13 of Report)

(iv) NRIs/PIOs may be permitted, subject to payment of applicable taxes, to transfer repatriable funds from their NRO account within the overall ceiling of US \$ 1 million per financial year, for credit to their NRE account in India. (Para 4.17 of Report)

Presently, these recommendations are at different stages of examination in Department of Revenue and Department of Economic Affairs.