



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/226
A.P. (DIR Series) Circular No. 37

October 19, 2011

To,

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

(i) Repatriation of income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement (ii) repatriation of income and sale proceeds of assets acquired abroad through remittances under Liberalised Remittance Scheme - Clarification

Attention of the Authorised Dealer (AD) banks is invited to sections 6(4) of the Foreign Exchange Management Act (FEMA), 1999. Further, the attention of AD banks is also invited to section 8 of FEMA, 1999 which states that save as otherwise provided in this Act, where any amount of foreign exchange is due or has accrued to any person resident in India, such person shall take all reasonable steps to realize and repatriate to India such foreign exchange within such period and in such manner as may be specified by the Reserve Bank.

2. The Committee to Review the Facilities for Individuals under FEMA, 1999 has suggested in its Report that necessary clarifications may be issued forthwith clarifying the position that income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement and income and sale proceeds of assets held abroad through remittances under LRS need not be repatriated.

3. Accordingly, it is clarified as under:

(a) in terms of sub-section 4 of Section (6) of FEMA, 1999, a person resident in India is free to hold, own, transfer or **invest** in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India.

(b) an investor can retain and reinvest the income earned on investments made under the Liberalised Remittance Scheme.

4. AD banks may bring the contents of this circular to the notice of their constituents/customers concerned.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge