



International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2020-21/11

February 11, 2021

To,

All Banking Units

Dear Sir/Madam,

Transactions with residents of Nepal and Bhutan- clarification

Banking units (BUs) may refer to para 20 of the annex to the “Instructions and clarifications on circulars issued under the IFSC (Banking) Regulations, 2020” dated December 24, 2020.

2.It is hereby clarified that remittance between a financial institution (as defined in Section 3 (1)(c) of the International Financial Services Centres Authority Act, 2019) and a person resident outside India, being a transaction between persons resident outside India, the prohibition on drawal of foreign exchange vide Section 3 (c) of the FEMA (Current Account Transaction) Rules, 2000 shall not be applicable to such transactions.

3. Further, as such transactions do not involve conversion from INR to foreign exchange or vice-versa, the concept of authorised person (as defined in section 2(c) of the Foreign Exchange Management Act,1999) shall not be applicable to BUs.

4. BUs may therefore permit remittances by their clients, being financial institutions, to persons resident outside India (including residents of Nepal and Bhutan).

Yours faithfully

(Supriyo Bhattacharjee)

General Manager

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