

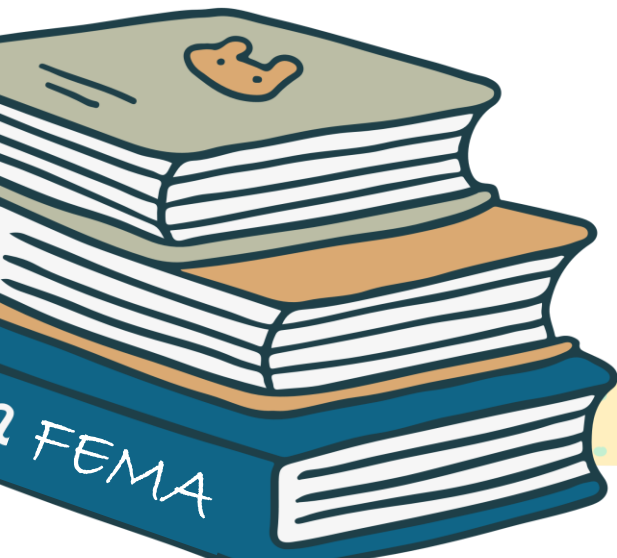
FEMA Ke Fundae

#FamiliarwithFEMA

Refund of
Unutilized Balance
in Travel Cards

Date: 18/03/2026

Issue no:194



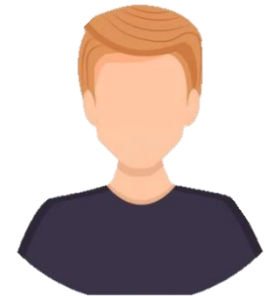


Piyush
(Indian Resident)

Hey FEMA Gyani, I am Piyush, my parents recently returned from an international trip. They had used a prepaid travel card for expenses abroad, Now, there is some unused foreign exchange balance left on the card, so, can you explain what is a travel card and how it works?

Hi Piyush! Let's understand what Foreign Exchange Management Act says about travel cards.

Under Foreign Exchange Management Act, travel cards act as substitutes for cash or Traveller's Cheques. So logically, the facilities available for cash should also apply to travel cards.



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Piyush

Okay, So, if we don't want to use it, can we immediately get the unused balance refunded?
I read somewhere that refund is allowed only after 10 days from the last transaction. Is that true?

Some issuers earlier mentioned such conditions.
But as per FEMA principles:
➤ Refund of unutilized foreign exchange must be allowed immediately upon request.
There is no mandatory 10-day waiting period under FEMA.



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Piyush

So the bank cannot delay at all?

They can retain money only in limited cases:



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1. Authorized but Unsettled Transactions

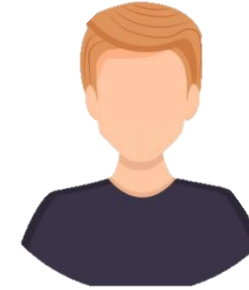
Transactions approved but not yet settled

2. Small Buffer (Max US\$ 100)

To cover possible pipeline transactions

3. Transaction Fees / Taxes in INR

Other than these, refund must be processed immediately



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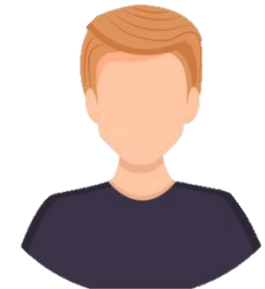


Piyush

Okay but can you explain what is authorized but unsettled transactions?

Yes, so when transaction is done abroad:

- Amount is authorized (blocked)
- Final settlement between banks happens later
- Till settlement cycle completes, issuer can hold that amount
- After settlement → remaining balance must be refunded



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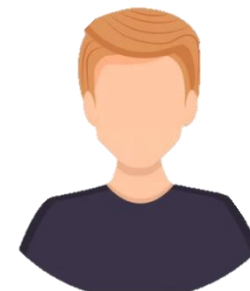
Piyush

So, either I use the card for my trip or redeem it immediately — no forced waiting?

Exactly! If I summarize this for you,

- Travel cards are substitute for cash
- Immediate redemption allowed
- No arbitrary 10-day condition
- Limited retention permitted

Hence, there is Customer convenience and controlled risk protection.



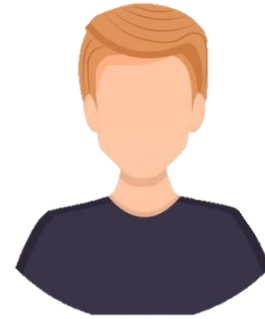
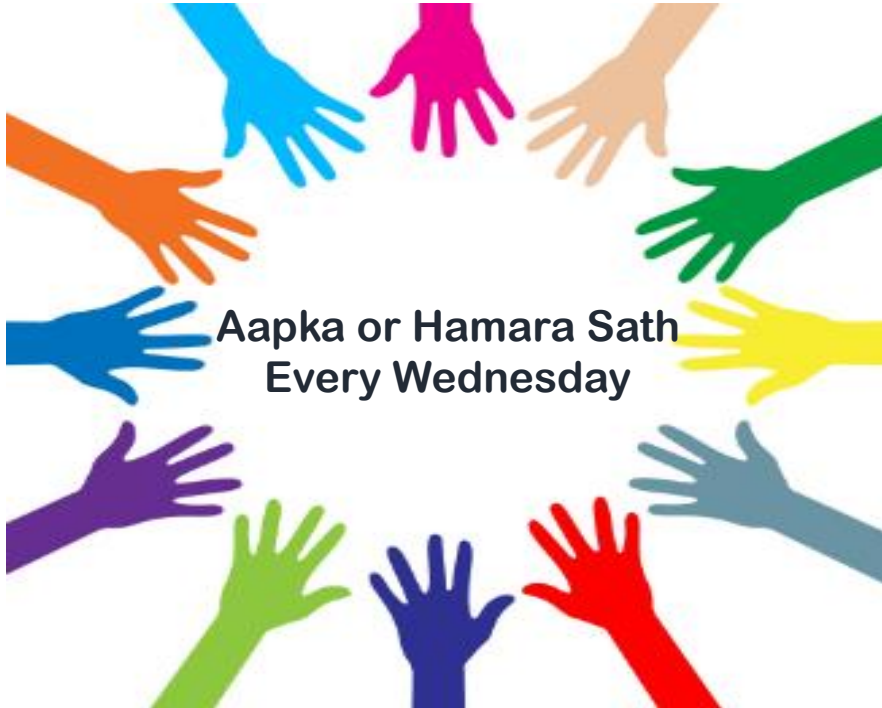
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Piyush

Great, Thank you so much FEMA Gyani!!

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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WEBSITE

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International Tax Gyan   
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