

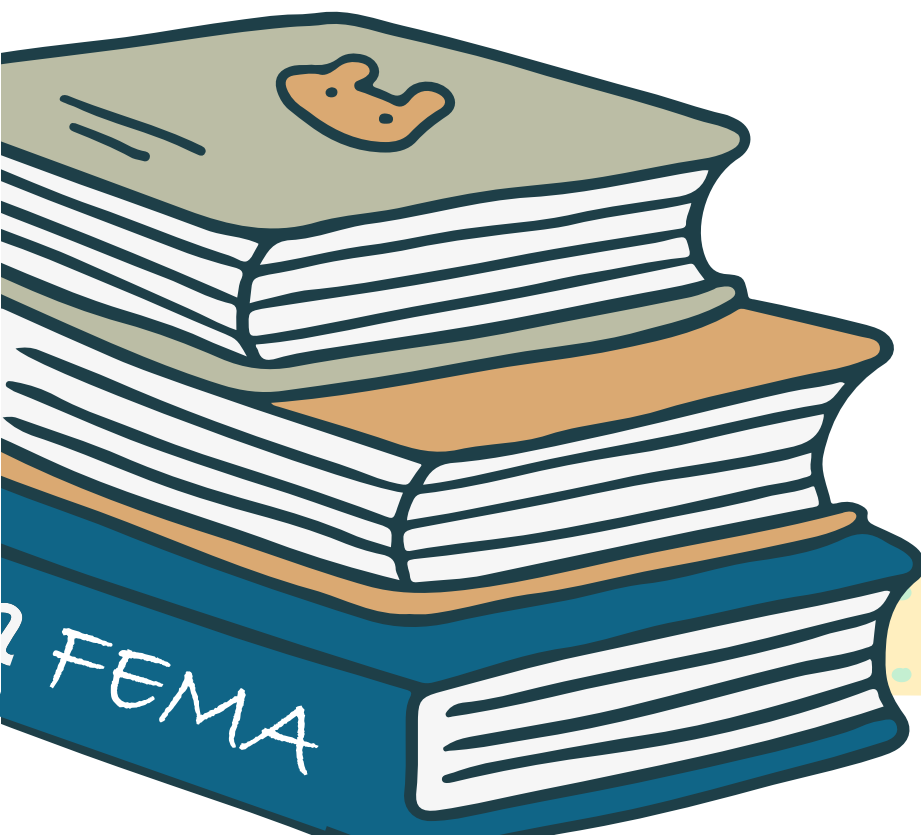
# FEMA Ke Fundae

#FamiliarwithFEMA

Money Changing  
Activities

Date: 01/04/2026

Issue no:196





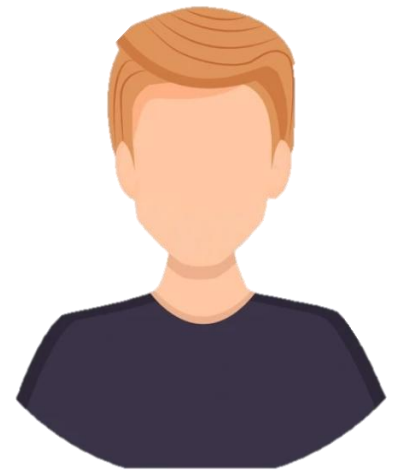
**Kaushik**  
**(Resident Individual)**

Hey FEMA Gyani, I'm Kaushik, a resident Indian. Yesterday, I returned from my foreign trip with some leftover USD. My friend told me I can exchange it anywhere... but someone else warned me saying "It can only be exchanged at places authorized by the Reserve Bank of India (RBI)." Is that true?



Yes Rohit!

Under the Foreign Exchange Management Act, 1999 (FEMA), money changing activities can be undertaken only by persons authorised by the Reserve Bank of India (RBI). Conversion of foreign currency through unauthorised persons or entities is not permitted.



**The FEMA Gyani**



**Kaushik**

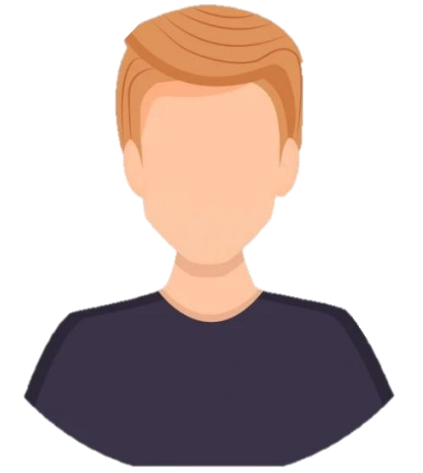
Who is authorised to undertake money changing activities in India?



The RBI authorises the following entities to carry out money changing activities:

- Authorised Dealer (AD) Category–I Banks
- Authorised Dealer (AD) Category–II Entities
- Full Fledged Money Changers (FFMCs)

These entities are authorised under Section 10 of FEMA, 1999.



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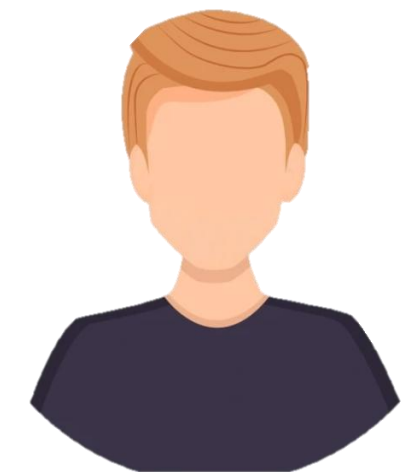


**Kaushik**

What is a Full- Fledged Money Changer (FFMC)?

A Full -Fledged Money Changer (FFMC) is an RBI-authorized entity permitted to:

- Purchase foreign exchange from residents and non-residents, and
- Sell foreign exchange for private and business travel purposes only, subject to prescribed limits and conditions.



**The FEMA Gyani**





**Kaushik**

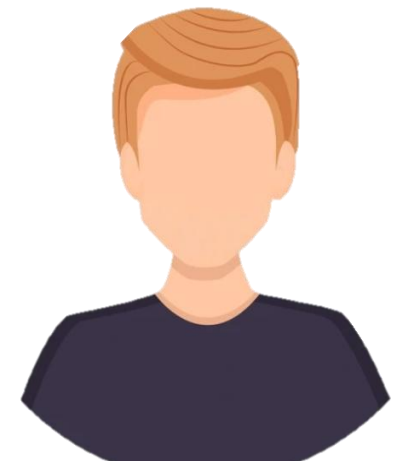
What are the eligibility requirements to obtain an FFMC license?

To be eligible for an FFMC license:

The applicant must be a company registered under the Companies Act, and

The entity must maintain minimum Net Owned Funds (NOF) of:

- ₹25 lakh for a single-branch FFMC
- ₹50 lakh for a multiple-branch FFMC



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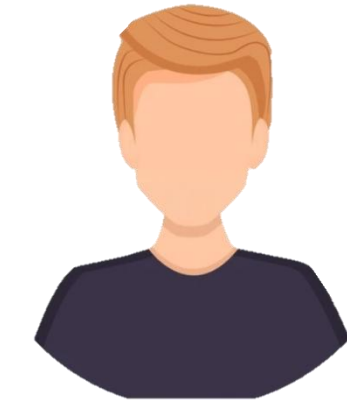


**Kaushik**

Can an FFMC open branches freely across India?



No. An FFMC cannot open any additional place of business without prior approval of the RBI. Each branch or location requires specific authorisation.



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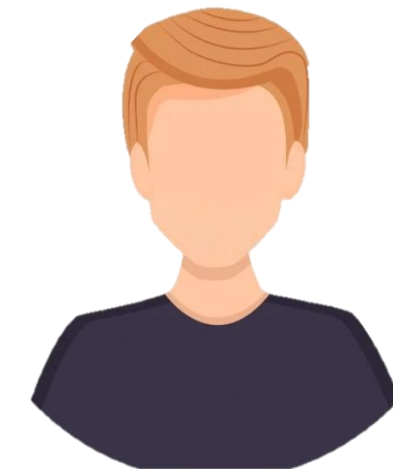


**Kaushik**

What compliance requirements apply to money changing activities?

All authorised persons and their franchisees must strictly comply with:

- Know Your Customer (KYC) norms
- Anti-Money Laundering (AML) and
- Combating of Financing of Terrorism (CFT) guidelines



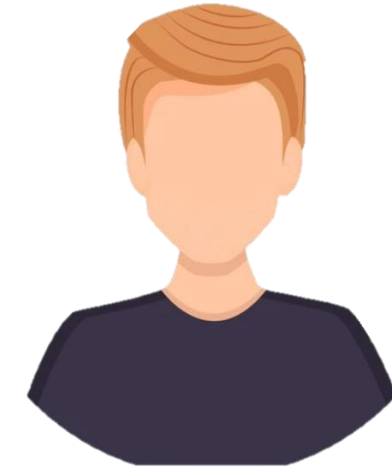
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**Kaushik**

Are there limits on cash transactions in money changing?





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Yes.

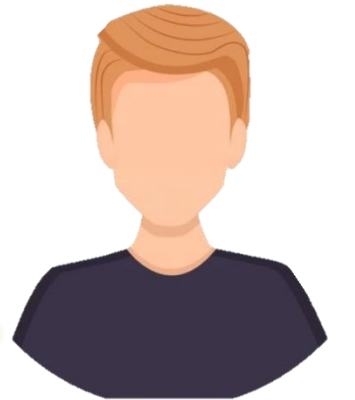
Cash transactions are subject to limits. Generally:

- Cash payment for sale of foreign exchange cannot exceed ₹50,000, and
- Transactions beyond the prescribed limit must be settled only through banking channels.



**Kaushik**

What are the consequences of carrying out money changing without RBI authorisation?



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Undertaking money changing business without a valid RBI license constitutes a contravention of FEMA and attracts penal provisions under the Act.

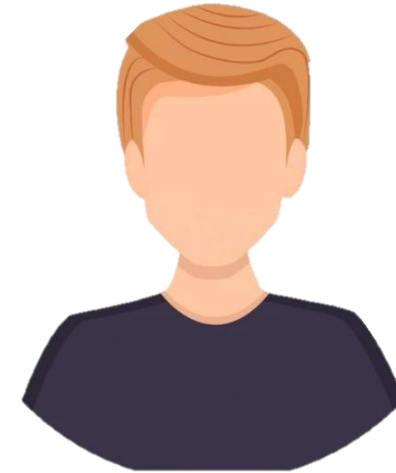
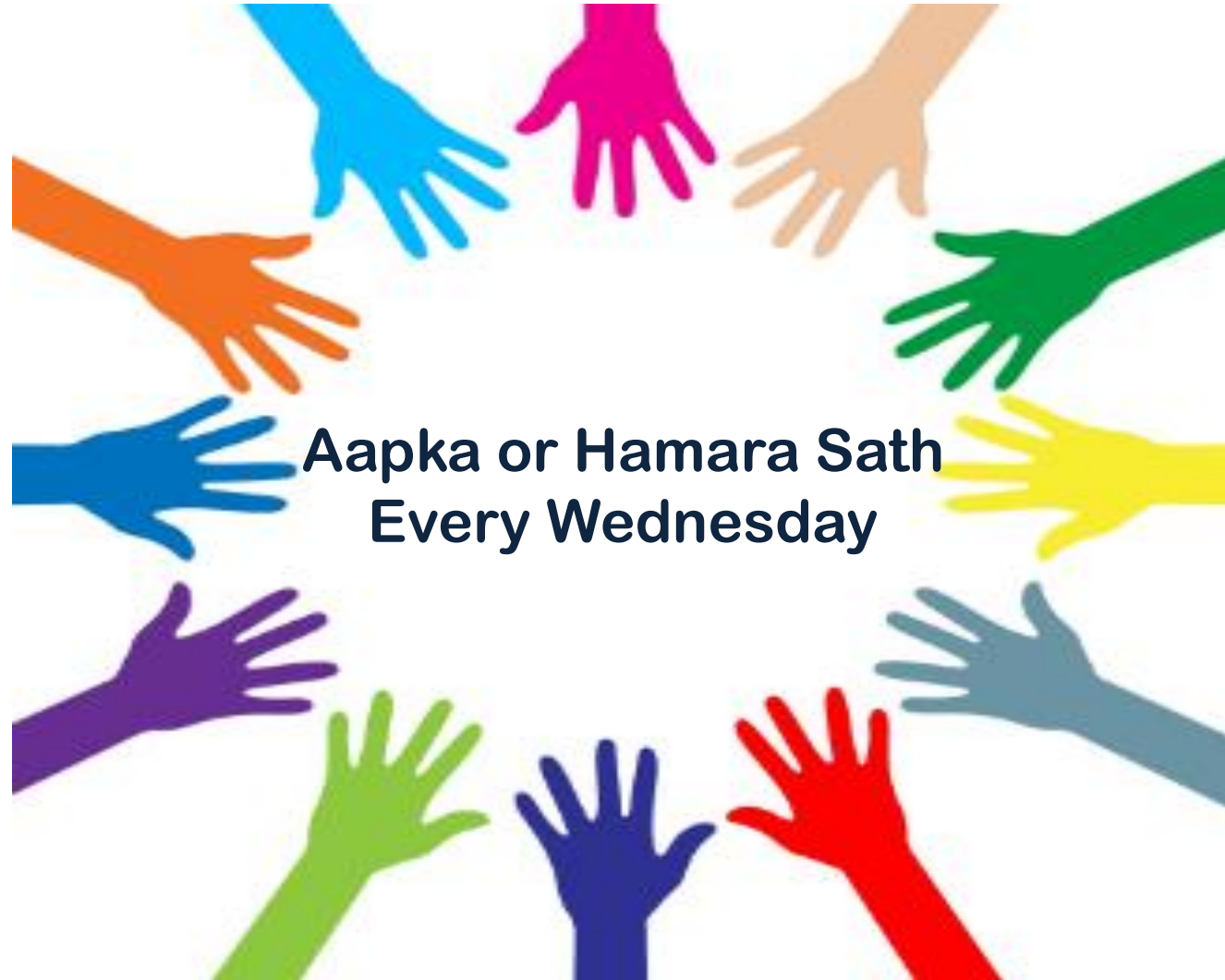


**Kaushik**

Thank you so much FEMA Gyani!



# Thank You



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Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jsoca>

WEBSITE

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