

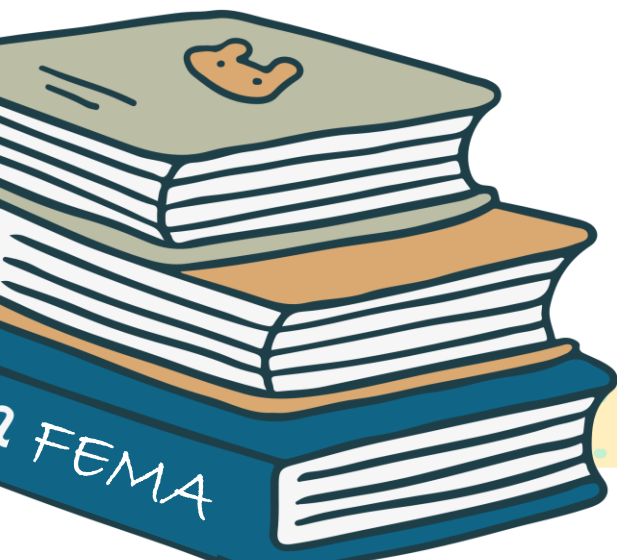
FEMA Ke Fundae

#FamiliarwithFEMA

Remittances for
making tour
arrangements by
agents

Date: 11/03/2026

Issue no:193

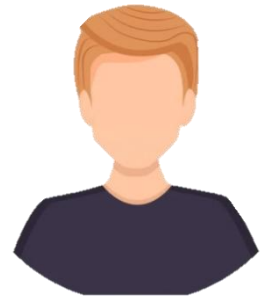




Kartik
(Resident Individual)

Hey FEMA Gyani, I am Kartik, I am Planning an international trip through a travel agent and he is saying that he will handle hotel bookings and transport abroad and make payments directly to foreign hotels. Can an Indian travel agent directly send money abroad like that? Isn't RBI approval required?

Hi Kartik! Let's understand what Foreign Exchange Management Act says about this.



FEMA Gyani

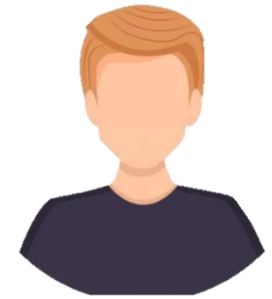


Kartik

Okay, so when can travel agents remit money abroad?



Authorised Dealers (AD Banks) may allow remittances if:



FEMA Gyani

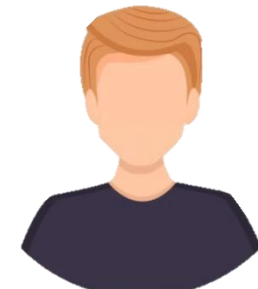
- The agent has tie-up arrangements with hotels/agents abroad
 - The remittance is made out of foreign exchange purchased by the traveller
 - The forex was purchased in accordance with FEMA Rules & Regulations
- Meaning: The agent cannot use random funds.
It must come from the traveller's legitimate forex purchase.



Kartik

Can travel agents maintain foreign currency accounts?

Yes, AD Banks can open foreign currency accounts in the name of such agents, provided:



FEMA Gyani

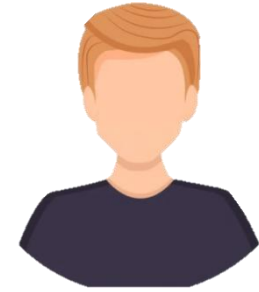


1. Credits Allowed:

- Forex collected from travellers
- Refunds from foreign hotels (cancellation, etc.)

2. Debits Allowed:

- Payments for hotel accommodation
- Tour arrangements outside India
- No unrelated transactions allowed in this account.



FEMA Gyani



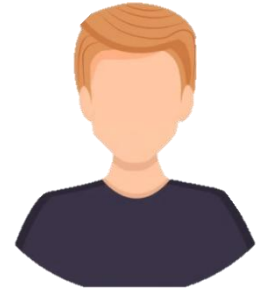
Kartik

What about rail or cruise bookings abroad?

AD Banks may allow tour operators to remit:

- Rail charges
- Road transport
- Water transport (cruise, ferry, etc.)

No prior RBI approval required.
Remittance can be made net of commission/markup.



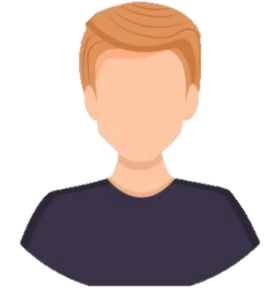
FEMA Gyani





Kartik

- Tickets in India can be sold:
 - Against INR payment, OR
 - Against foreign exchange released for travel.

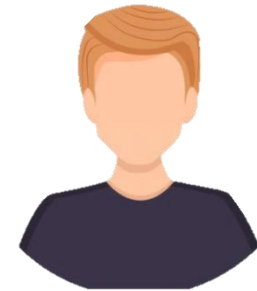


FEMA Gyani

What if a foreign tourist books a combined India–Nepal–Sri Lanka tour?

In consolidated tours:

- Foreign exchange is received in India in advance
- Part of it may need to be remitted to neighbouring countries (like Nepal, Bangladesh, Sri Lanka)
- AD Bank may allow remittance if:
 - Total remittance does NOT exceed forex received in India
 - Beneficiary country is NOT Pakistan



FEMA Gyani





Kartik

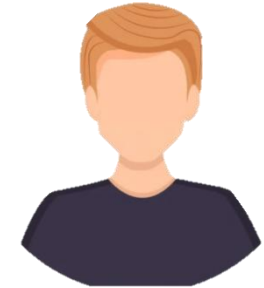
Can you explain with an example?

Foreign tourist pays = USD 5,000 to Indian agent
Agent needs to remit:

- USD 1,500 to Nepal hotels
- USD 1,000 to Sri Lanka transport

Total remittance = USD 2,500

- Allowed (since \leq USD 5,000 received)
- Not allowed if remittance exceeds forex received



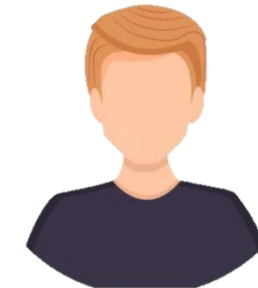
FEMA Gyani



Kartik

Great, Thank you so much FEMA Gyani!!

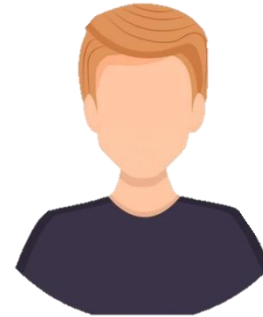
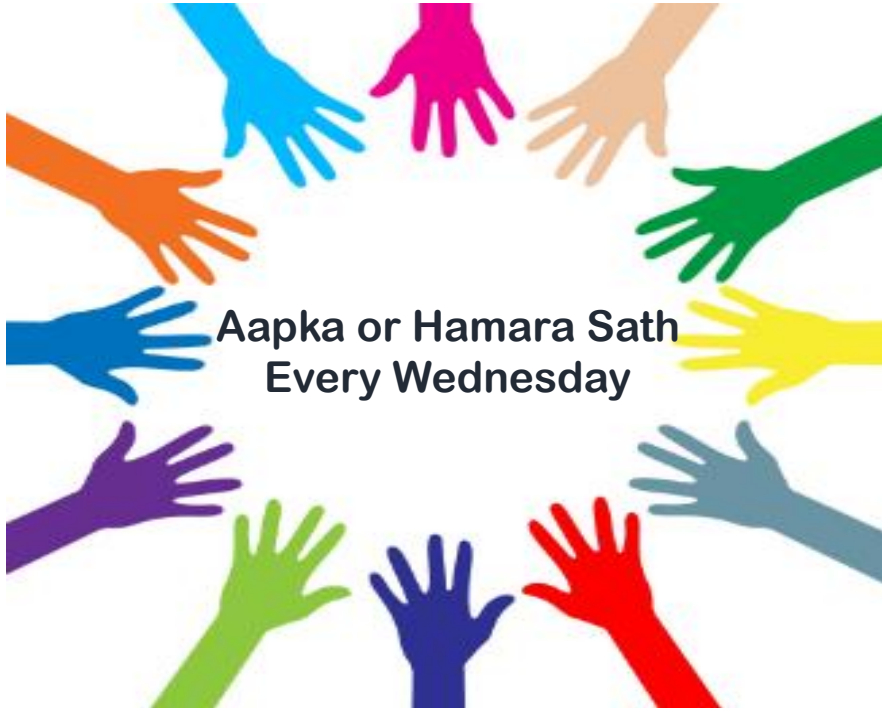
You're Welcome, Kartik!



FEMA Gyani



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan   
WhatsApp group



Disclaimer

- ❑ This presentation has been prepared on the basis of information available in the public domain and is intended for guidance purposes only.
- ❑ Jain Shrimal & Co. has taken reasonable care to ensure that the information in this presentation is accurate. It however accepts no legal responsibility for any consequential incidents that may arise from errors or omissions contained in this presentation.
- ❑ This presentation is based on the information available with us at the time of preparing the same, all of which are subject to changes which may, directly or indirectly impact the information and statements given in this presentation.
- ❑ Neither Jain Shrimal & co., nor any person associated with us will be responsible for any loss however sustained by any person or entity who relies on this presentation. Interested parties are strongly advised to examine their precise requirements for themselves, form their own judgments and seek appropriate professional advice.

