

I am a customer of SBM bank. My wife and I use SBM Niyo debit card for our international transactions. She had to travel overseas for her studies. The debit card was a godsend since the bank did not levy any fee on top of the transactions. But RBI with its diktats has blocked the card from being used in any form of international transactions. On top of that, in the budget proposal, RBI has planned to introduce Tax Collected at Source of 20% on all international transactions under Liberalized Remittance scheme. I have a few questions I could like the central bank to answer.

Qn 1: What is the exact reason RBI banned SBM international transactions?

When RBI initially banned all international transactions on 23 Jan 2023, Other than a press release saying "the action against the SBM Bank had been taken due to certain material supervisory concerns observed at the bank", RBI has not provided any information that can be understood by an average customer.

Qn 2: Did RBI consider the costs and consequences general customers of the bank would incur due to its actions?

My wife has travelled overseas on a student visa along with our 2-year-old daughter. She was using the card for all her transactions. She had no other means of income. I was paying for her expenses on my monthly salary. By blocking international transactions to serve your agenda and interests, you threw all of us to the wolves.

Qn 3: Why forex sellers who charge a very high markup are not regulated?

Forex sellers at airports and even a few banks indulge in quite a lot of mal-practices in terms of the exchange rate they offer and fee they charge. But RBI seems to target the innovative ones that lower costs for their customers.

Qn 4: Why charge a 20% tax-collected at source from 1st July?

If the objective of TCS is an audit trail, a 1% TCS would suffice. By planning to implement 20%, you are making ordinary people incur higher costs. The press release from you bureaucrats has proclaimed it will help Indian tour operators. The insurmountable amount of paper work and red tape has always been the primary obstacle for growth of enterprising businesses in our country. If you want to help out, stop taxing Liberalized remittance scheme.

Qn 5: Why does RBI halt mutual fund investments into foreign stocks every now and then?

The government is educating the public on mutual funds and SIPs. But RBI using its powers bars mutual funds from investing in overseas stocks. A well-diversified portfolio is vital for financial stability of an individual. RBI should not be barring people from exercising their options. Just because RBI is facing dollar pressure doesn't mean individual should sit idly as opportunity passes by. If needed, RBI should take future and option calls to protect against wild currency fluctuations and not burden the common man.

Qn 6: RBI never does public discourse before acting. 20% is too high. Rename LRS as restricted drip-fee scheme?

Please avoid using the term Liberalized. RBI is a colonial institution and a Bane of new India.

Qn 7: Why is there an exemption from govt employees employed with Indian foreign office?

If there is a law, it should apply without favor. Why do only common people appear as eager targets of such nuisance rules by RBI?

Sources:

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