

- ❖ As a liberalization measure to facilitate resident individuals to remit funds abroad for permitted current or capital account transactions or combination of both.

- ❖ **Liberalised Remittance Scheme (LRS) of USD 2,50,000 for resident Individuals**

1. Under the Liberalised Remittance Scheme, Authorised Dealers may freely allow remittances by resident individuals *including minor* up to USD 2,50,000 per Financial Year (April- March) for any permitted current or capital account transaction or a combination of both. The Scheme is not available to corporates, partnership firms, HUF, Trusts, etc.

- 2 LRS Limit

Date	Feb 4, 2004	Dec 20, 2006	May 8, 2007	Sep 26, 2007	Aug 14, 2013	Jun 3, 2014	May 26, 2015
LRS limit (USD)	25,000	50,000	1,00,000	2,00,000	75,000	1,25,000	2,50,000

- ❖ The permissible capital account transactions by an individual under LRS are :
  - (i) opening of foreign currency account abroad with a bank;
  - (ii) purchase of property abroad;
  - (iii) making investments abroad- acquisition and holding shares of both listed and unlisted overseas company or debt instruments; acquisition of ESOPs (the Scheme is in addition to acquisition of ESOPs linked to ADR / GDR and acquisition of qualification shares); investment in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes;
  - (iv) setting up Wholly Owned Subsidiaries and Joint Ventures (with effect from August 05, 2013) outside India for bonafide business subject to the terms & conditions stipulated in [Notification No FEMA.263/ RB-2013 dated March 5, 2013](#);
  - (v) extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives as defined in Companies Act, 1956.

- ❖ The limit of USD 2,50,000 per Financial Year (FY) under the Scheme also ***includes/subsumes remittances*** for current account transactions (viz. private visit; gift/donation; going abroad on employment; emigration; maintenance of close relatives abroad; business trip; medical treatment abroad; studies abroad). available to resident individuals under Para 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015
- ❖ **Gift/donation**  
Any resident individual may remit up-to USD 2,50,000 in one FY as gift to a person residing outside India or as donation to an organization outside India.
- ❖ It is mandatory to have PAN card to make remittances under the Scheme for capital account transactions. However, PAN card need not be insisted upon for remittances made towards permissible current account transactions up to USD 25,000.
- ❖ Investor, who has remitted funds under LRS can retain, reinvest the income earned on the investments. At present, the resident individual is not required to repatriate the funds or income generated out of investments made under the Scheme.
- ❖ **Facility to grant loan in rupees up to USD 2,50,000 to NRI/ PIO close relative under the Scheme for his personal or business use only.**
- ❖ A resident individual can make a **Rupee gift to a NRI/PIO** who is a relative of the resident individual ['relative' as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer. The amount should be credited to the Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c.
- ❖ The Reserve Bank will not, generally, prescribe the documents which should be verified by the Authorised Persons while releasing foreign exchange for current account transactions. It shall be mandatory on the part of Authorised Dealers to comply with the requirement of the tax laws, as applicable.
- ❖ The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittances for capital account transactions. If the applicant seeking to make the remittances is a new customer of the bank, Authorised Dealers should carry out due diligence on the opening, operation and maintenance of the account.