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Liberalised Remittance Scheme – Clarification with respect to revised guidelines

The Reserve Bank of India (RBI) vide A.P. (DIR Series) Circular No. 23 dated August 14, 2013, had reduced the monetary limit of remittance under Liberalised Remittance Scheme (LRS) window from USD 200,000 per financial year to USD 75,000 per financial year. Further, the facility of acquisition of immovable property, directly or indirectly, outside India under LRS was withdrawn.

In this regard, the RBI has clarified as follows:

- **Overseas investments by resident individuals**

Under the revised guidelines¹, resident individuals can make investments in both unlisted (including setting up of Joint Ventures (JV)/ Wholly Owned

Subsidiaries (WOS) outside India for *bona fide* business activities) and listed shares of an overseas company (FAQ No. 1).

- **Remittance limit for transactions in India permissible under Schedule III to Foreign Exchange Management (Current Account Transaction) Rules**

Limits of LRS and Schedule III transactions are separate, distinct, mutually exclusive, and over and above each other respectively, except for gift and donation, which are subsumed under the LRS limit.

Accordingly, resident individuals can remit up to USD 75,000 (including remittance for gift/ donation) per financial year under the LRS window over and above the limits prescribed for transactions permissible under Schedule III of Current Account Transaction Rules (FAQ No. 2).

¹ With effect from August 5, 2013, vide Notification FEMA 263/2013-RB dated March 5, 2013

- **Remittance for acquisition of Immovable properties under LRS window post August 14, 2013**

Resident individuals who have already entered into contracts on or before August 14, 2013 would be permitted to make remittances for acquiring immovable property within the annual limit of USD 75000, subject to satisfaction of the genuineness of the transactions by the Authorised Dealer (AD) bank (*FAQ No. 4*).

A.P. (DIR Series) Circular No. 32 dated September 4, 2013

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