



**RESERVE BANK OF INDIA**  
**Foreign Exchange Department**  
**Central Office**  
**Mumbai - 400 001**

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**RBI/2013-14/ 222**  
**A.P. (DIR Series) Circular No.32**

**September 04, 2013**

To

All Authorised Dealer Category-I Banks

Madam / Sir,

**Liberalized Remittance Scheme – Clarifications**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 24 dated August 14, 2013](#). In this connection, Reserve Bank has been receiving queries from the various stakeholders and Authorised Dealer banks. All such queries have been collated and are given at the annex together with the answers/ clarifications.

2. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
3. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(C. D. Srinivasan)**  
**Chief General Manager**

**Clarifications on Liberalized Remittance Scheme (LRS)**

<b>S. No.</b>	<b>Query</b>	<b>Answer / Clarification</b>
1.	Whether LRS can be used for acquisition of both unlisted and listed shares of an overseas company?	In terms of the extant FEMA provisions LRS can be used to acquire both listed and unlisted shares of an overseas company. The Master Circular dated July 1, 2013 has been suitably modified.
2.	Can a resident individual use the other limits under Schedule III to FEM CAT Rules 2000, as amended from time to time, such as remittances for education, health / medical expenses over and above the LRS limit?	<p>As per the current guidelines of LRS, only gift and donation (from the list of items under Schedule III to FEM CAT Rules, 2000), by a resident individual have been subsumed under the LRS limit. For all other purposes such as educational and medical expenses the limits of LRS and Schedule III to FEM CAT Rules 2000 are separate, distinct, mutually exclusive and over and above each other respectively.</p> <p>In this context, it may be noted that under the extant guidelines under FEMA the following remittances can be made over and above the annual limit of USD 75000 permissible under LRS:</p> <ol style="list-style-type: none"> <li>a. A resident individual can make remittances for meeting expenses for medical treatment abroad up to the estimate from a doctor in India or hospital/ doctor abroad under general permission (without any RBI approval – Para 9 of Schedule III to FEM CAT Rules, 2000, as amended from time to time).</li> <li>b. A resident individual can make remittances up to USD 25,000 for maintenance expenses of a patient going abroad for medical treatment or check-up abroad or for accompanying as attendant to a patient going abroad for medical treatment/ check-up (without any RBI approval – Para 8 of Schedule III to FEM CAT Rules, 2000, as amended from time to time).</li> <li>c. A resident individual can make remittances for studies up to the estimates from the institutions abroad or USD 100,000, whichever is higher (without any RBI approval – Para 10 of Schedule III to FEM CAT Rules, 2000, as amended from time to time). This is over and above the remittance</li> </ol>

S. No.	Query	Answer / Clarification
		<p>limit of USD 75,000 which can be made under the LRS route for the same.</p> <p>d. A resident individual can also make all other remittances (other than donation and gifts) as stipulated under Schedules III to FEM CAT Rules, 2000, as amended from time to time.</p> <p>e. A resident individual can also carry out other permissible current account transactions (transactions which are not explicitly prohibited under Schedule I, or restricted under Schedules II and III, to FEM CAT Rules, 2000, as amended from time to time) without any limits through an AD Bank in India subject to the AD bank verifying the bonafides of the transaction (para 6 to Annex 1 of ADMA Circular No.11 dated May 16, 2000).</p> <p>Therefore notwithstanding the revised guidelines and reduction in the LRS limit these guidelines do not affect genuine transactions.</p>
3.	<p>As per para 2 (iii) of AP (Dir Series) Circular No.24 dated August 14, 2013 <a href="#">Notification FEMA 263/2013-RB is dated August 5, 2013</a> but the said Notification as available on the website is dated March 5, 2013? What is the correct date of this Notification?</p>	<p>The said Notification is dated March 5, 2013 but gazetted on August 5, 2013. As per Regulation 1(ii) of this Notification, this Notification shall come into force from the date of publication in Official Gazette, accordingly the effective date of this notification is August 5, 2013 (while the date of the notification is March 5, 2013).</p>
4.	<p>Can resident individuals make remittances under LRS for investments in immovable properties abroad which were acquired under instalment basis?</p>	<p>Resident individuals are permitted to make remittances for acquiring immovable property within the annual limit of USD 75000 for already contracted cases, i.e. only for those contracts which were entered into on or before the date of the circular, i.e., August 14, 2013, subject to satisfaction of the genuineness of the transactions by the AD bank. Such cases should be immediately reported post facto to the Reserve Bank of India by the A D banks.</p>