

# FEMA ke FUNDAE

**Loans to NRI relative by  
Resident Individuals**

**#FamiliarwithFEMA**

**Date : 30.November.2022**

**Issue No. : 25**

Jain Shrimal & Co.



**Ankita**

Hi Mr. FEMA Gyani, My Daughter in Law is presently residing in Australia. She is an NRI and in need of funds. Can I give her loan as per FEMA?



**Ankita**

Ok. So I assume my daughter in law is covered under the definition of 'Relative'?

Hi Ankita! Yes you can give loan to your relative as per FEMA.



**The FEMA Gyani**

Yes Ankita! 'Relative' under FEMA means relative as defined in Section 2(77) of Companies Act, 2013 that includes father, mother, brother, sister, son, daughter, son's wife and daughter's husband. So your daughter in law is covered under the definition.



**The FEMA Gyani**

**Jain Shrimal & Co.**



**Ankita**

Ok Great.! Is there anything else to be kept in mind?



**The FEMA Gyani**

Yes the loan cannot be utilised for the following purposes

Construction of Farm Houses

Real Estate business

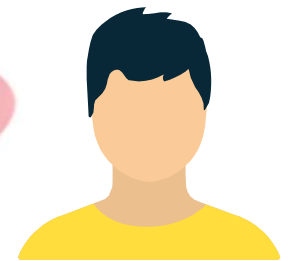
Investment

On lending



**Ankita**


She requires funds for the expansion of her home bakery. So I don't think it will be a problem.



**The FEMA Gyani**

Yes Ankita. Your sister can use the funds for her home bakery. Let me brief you with the compliances now.

**Jain Shrimal & Co.**



The loan amount should be within the overall limit under the Liberalised Remittance Scheme (USD 2,50,000) per financial year available for a resident individual, who shall ensure that the applicable limit is not breached

The loan should be free of interest and the minimum maturity of the loan should be one year.

The loan amount shall not be remitted outside India but shall be credited to the NRO account of the borrower

**The FEMA Gyani**

**Jain Shrimal & Co.**



**Ankita**

Okay Mr. FEMA Gyani. One more question! How can I receive the repayment for such loan?

Repayment of loan shall be made by way of inward remittances from outside India or by debit to the NRO/NRE/FCNR(B) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.



**The FEMA Gyani**



**Ankita**

Okay, Thanks Mr. FEMA Gyani.

# Thank You!

Let's meet every  
Wednesday.

To make you more familiar with FEMA,  
we are happy to listen to your

Comments

Feedbacks

Suggestions



**The FEMA Gyani**

**Jain Shrimal & Co.**



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