

FEMA Ke Fundae

#FamiliarwithFEMA

**Basic Concepts of the
Liberalized Remittance
Scheme(LRS)
(Part 1 of 3)**

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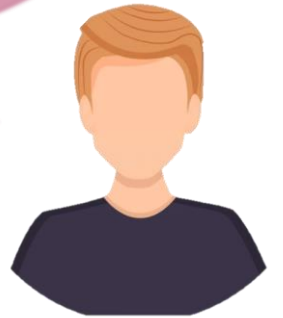




Ronak
Indian resident

Hello, Mr. FEMA Gyani. I want to send some money to US for my daughter education. Am I allowed to do so as per FEMA?

Yes, Ronak you can transfer funds to your daughter within the framework of the Liberalized Remittance Scheme (LRS).



The FEMA Gyani

That's Great. Can you tell me what is LRS?



Ronak
Indian resident

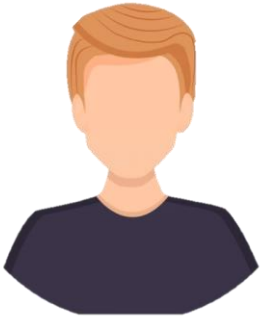
The LRS is a scheme created by the Reserve Bank of India (RBI) that allow Indian resident individuals to send money outside India for specified purposes. Sending money for Children's education is covered under LRS.

Ok. How much amount can I send under LRS?

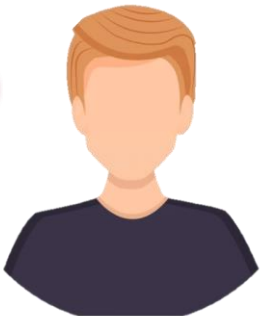
Under LRS, resident individuals are allowed to send up to a certain amount of money each year without requiring permission from the RBI beforehand. The limit of LRS has changed multiple times. Currently, the limit is set at USD 250,000 per financial year (April to March).



Ronak
Indian resident



The FEMA Gyani



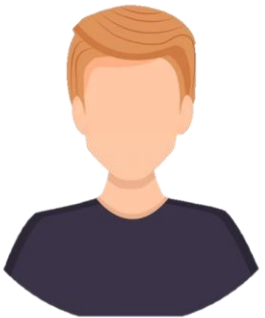
The FEMA Gyani



Ronak
Indian resident

Oh, the limit seems a little less to me.

Well you will be surprised to know that when LRS was introduced in 2004, the initial limit was \$25,000. The limit has now been increased to \$250,000. I'll tell you the gradual increase in LRS limit over years.



The FEMA Gyani

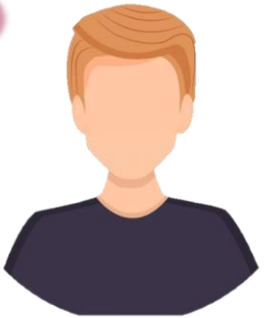
Date	Feb 4, 2004	Dec 20, 2006	May 8, 2007	Sep 26, 2007	Aug 14, 2013	Jun 3, 2014	May 26, 2015
LRS Limit (USD)	25,000	50,000	1,00,000	2,00,000	75,000	1,25,000	2,50,000



Ronak
Indian resident

Ok. But what should I do if I want to send more than \$250,000?

Ronak, If you wish to send an amount exceeding \$250,000 limit, you would need to take specific approval from the Reserve Bank of India (RBI) by providing valid reasons for the higher remittance.



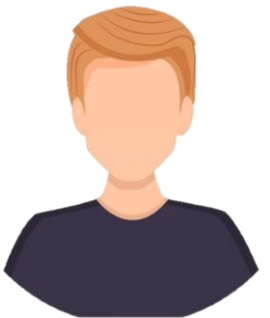
The FEMA Gyani



Ronak
Indian resident

Under LRS, can a company also send money from India to someone abroad?

No, Ronak, this scheme is not available for corporate entities, partnership firms, HUF (Hindu Undivided Family), trusts, etc. It is only applicable for Indian resident individuals.



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Ronak
Indian resident

If this scheme is available only for resident individuals, is it applicable to minor also?

Yes! This scheme is available to all resident individuals including minors also.



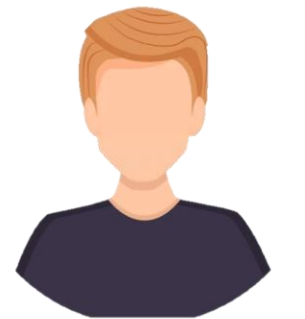
The FEMA Gyani



Ronak
Indian resident

Oh Great. Then my 15-year-old son can also send money to his sister abroad?

Yes, Ronak Your son can also remit money under the LRS. However, the remittance must be made through the minor's guardian. The declaration form of LRS must be signed by the both minor and guardian and provide their PAN number.



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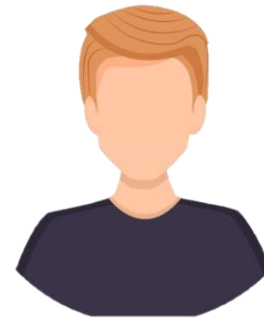


In the next part, we will **Cover Permissible Capital and Current Account Transactions.**

**To be continued
next WEDNESDAY...**



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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WEBSITE

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Group, kindly scan the QR code

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