

FEMA Ke Fundae

#FamiliarwithFEMA

Can NRI give loan to LLP
in India?

Issue No : 103

Date : 29th May, 2024



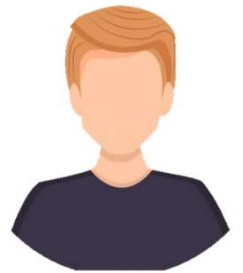


Daya
(Indian citizen)

Hello, Mr Fema Gyani, I have a LLP in India and we needed funds for working capital purpose in the company. I know some NRIs who are willing to invest in my LLP. Can I borrow funds from them?



Hey Daya!
Yes, you can borrow required funds from NRIs.



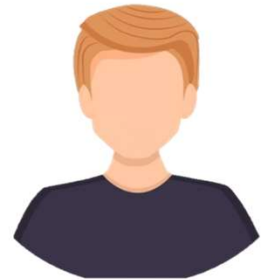
The FEMA Gyani



Daya
(Indian citizen)

That's Great!
Can I hold such borrowed funds for 5 years?

No!
The time period for which such funds can be hold shall not exceed 3 years. Therefore, the loan so acquired by your LLP from NRIs should be repaid within 3 year.



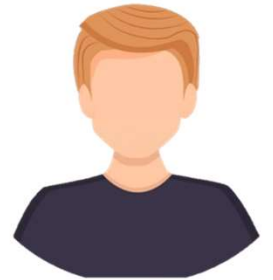
The FEMA Gyani



Daya
(Indian citizen)

Got it!
Also, I am curious to know that, Is there any fixed interest rate at which the funds should be borrowed?

Yes,
As per FEMA provision , the rate of interest shall not exceed two percent more than the bank rate prevailing on the date of borrowings.



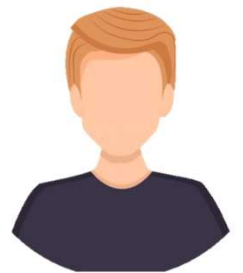
The FEMA Gyani



Daya
(Indian citizen)

Okay!
What will be the manner in which my LLP can receive such borrowed funds?

An LLP in India can borrow from NRIs either by **inward remittance** or by **debit NRE/NRO/FCNR account** of your Lender, **maintained with an authorised dealer or an authorised bank in India.**



The FEMA Gyani

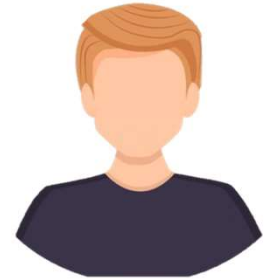


Daya
(Indian citizen)

Got it!

Can you also brief me about the account in which the repayment of principal and payment of interest will be made by us?

Payment of interest and repayment of principal shall be made only in **NRO Account of the holder.**



The FEMA Gyani

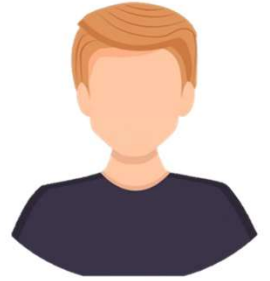


Daya
(Indian citizen)

Got it!

Further, I wanted to know that weather the amount borrowed can be repatriated outside India?

No, The amount borrowed from outside India by LLP can not be repatriated. **The borrowings can only be on Non-Repatriable Basis.**



The FEMA Gyani

Okay! Thank You FEMA Gyani



**Daya
(Indian citizen)**

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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