Liberalised Remittances Scheme (LRS)

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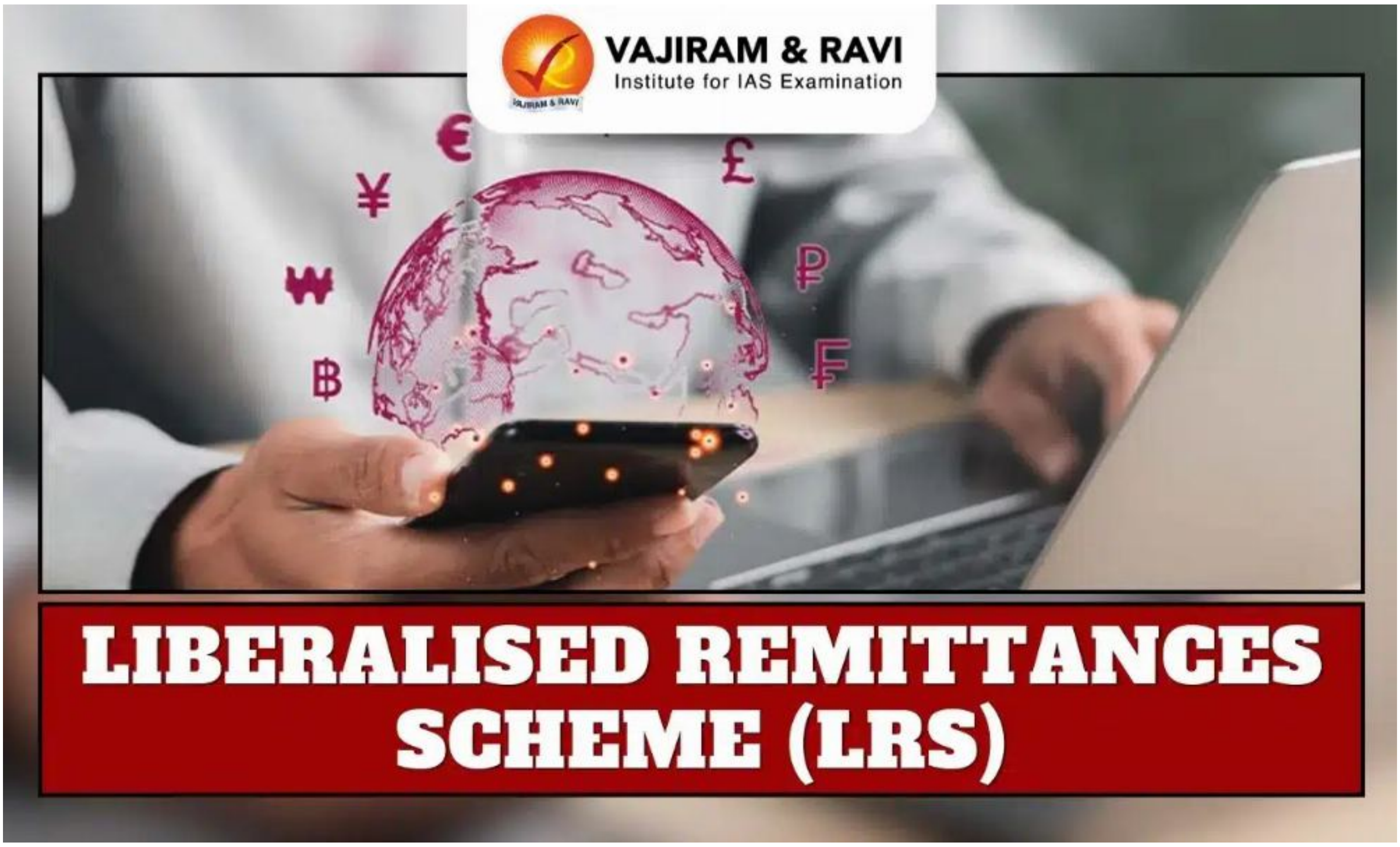

Liberalised Remittances Scheme (LRS) Latest News

Analysis of data on the outward remittances under the RBI's Liberalised Remittances Scheme (LRS) shows that the amount of money sent or spent abroad by Indians fell to a two-year low of $1.94 billion in November 2025, pulled down in large part by a sharp dip in the amount spent on foreign studies.

About Liberalised Remittances Scheme (LRS)

- It is **part of the Foreign Exchange Management Act (FEMA) 1999,** which lays down the guidelines for outward remittance from India.
- **Under LRS**, **all resident individuals, including minors**, are allowed to **freely remit up to USD $250,000 per financial year** (April–March).
  - This can be for any **permissible current or capital account transaction,** or a **combination of both.**
  - Any **remittance exceeding this limit requires prior permission from the RBI.**
- The scheme was **introduced** on February 4, **2004**.

- **Who can remit funds under LRS?**
  - **Only individual Indian residents, including minors,** are permitted to remit funds under LRS.
  - **Corporates, partnership firms, Hindu Undivided Family (HUF), trusts,** etc., are **excluded** from its ambit.
- **Frequency of Remittances:**
  - There is **no restriction on the frequency** or number of **transactions** during a financial year.
  - However, the **total amount** of foreign exchange remitted through all sources in India **under LRS during the current FY** should be within the LRS limit as specified by the RBI, i.e., **USD $250,000.**
- **Types of transactions permitted:**
  - **Opening of a foreign currency account abroad** with a bank;
  - **Acquisition of immovable property** abroad, **overseas direct investment** (ODI), and **overseas portfolio investment** (OPI);
  - **Extending loans,** including loans in Indian Rupees **to non-resident Indians (NRIs) who are relatives** as defined in the Companies Act, 2013;
  - **Private visits abroad** (excluding Nepal and Bhutan);
  - **Maintenance of relatives abroad;**
  - **Medical treatment abroad;**
  - **Pursuing studies** abroad;
  - Any other current account transaction that does not fall under the definition of current account (FEMA 199);
- **Types of transactions not permitted:**
  - **Remittance for purposes specifically prohibited**, such as **buying lottery tickets** or restricted items.
  - Sending money from India **for margins or margin calls to overseas exchanges** or parties.
  - Remittance for **buying Foreign Currency Convertible Bonds (FCCBs) issued by Indian companies** in the overseas secondary market.
  - Sending money **for trading in foreign exchange abroad.**
  - Sending **money to individuals** and entities identified as posing a significant **risk of terrorism.**
  - Sending money **to countries identified as "non-cooperative countries** and territories**" by the Financial Action Task Force (FATF).**
- **Tax Imposed on LRS:**
  - Tax Collected at Source (**TCS**) **applies to LRS transactions exceeding INR 7 lakh** in a financial year.
    - Current TCS rates are 2**0% for general remittances** and may vary based on the purpose and the total amount remitted.
  - **Any profit made** from abroad **investments under LRS** is **subject to tax in India** depending on the holding period.

Source: TH
