

**JAIIB Examination**  
**10-Minute Series**  
**(Principle and Practices of Banking)**  
**Module A-Liberalised Remittance Scheme**



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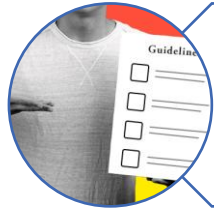
# Liberalised Remittance Scheme



RBI eased restrictions for outward remittance under LRS



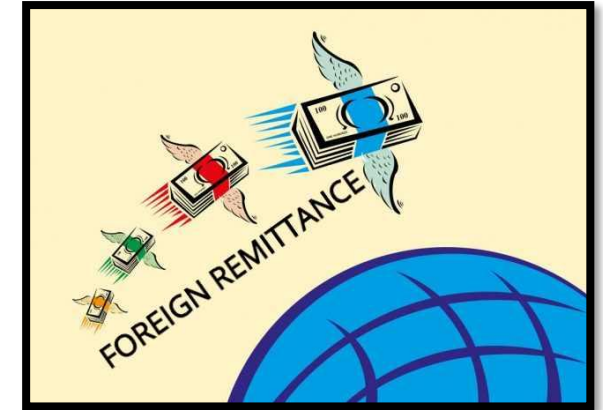
All resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.



In case of remitter being a minor, the LRS declaration form must be countersigned by the minor's natural guardian.



Not available to corporates, Partnership firms, HUF, Trusts



# Liberalised Remittance Scheme

PAN is mandatory

In a sole proprietorship business, there is no legal distinction between the individual / owner and as such the owner of the business can remit USD up to the permissible limit under LRS.

The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance for capital account transactions.

There are no restrictions on the frequency of remittances under LRS.

Applicant should designate one bank of one branch for LRS

# Liberalised Remittance Scheme

Remittances under the facility can be consolidated in respect of family members subject to the individual family members complying with the terms and conditions of the Scheme.

The remittances can be made in any freely convertible foreign currency.



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# Prohibited items under the Scheme

Remittance for any purpose specifically prohibited under Schedule-I or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.

For margins or margin calls to overseas exchanges / overseas counterparty.

For purchase of FCCBs issued by Indian companies in the overseas secondary market.

For trading in foreign exchange abroad.

Capital account remittances, directly or indirectly, to countries identified by the FATF as “non-cooperative countries and territories”, from time to time.



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# Prohibited items under the Scheme

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Remittances directly or indirectly to those individuals and entities identified as posing significant risk of **committing acts of terrorism** as advised separately by the Reserve Bank to the banks.

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**Gifting by a resident to another resident**, in foreign currency, for the credit of the latter's foreign currency account held abroad under LRS.

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The resident individual making remittance should furnish Form A2 for purchase of Forex under LRS.

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Unrealized surrendered within 180 days.

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Traveler can retain upto USD 2000 and foreign coins without ceiling beyond 180 days.

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# JAIIB – PPB PRACTICE QUESTION

Q.1

What is the maximum amount that an Indian resident individual can remit under LRS per financial year?

- A) USD 100,000
- B) USD 200,000
- C) USD 250,000
- D) USD 500,000

Answer: Option C



*Thank You*

**For More Info Contact us:**

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