RESERVE BANK OF INDIA

RBI/2013-14/180 A. P. (DIR Series) Circular No.23
Dated: August 14, 2013

S.No.		*Amendments*	*Earlier Provisions*	*Reference*
1	**REDUCTION OF LIMIT FOR OVERSEAS DIRECT INVESTMENT**			
	Automatic route	**The limit of 400 per cent of the net worth of the Indian Party has been reduced to 100 per cent of its net worth.**	the total overseas direct investment (ODI) of an Indian Party in all its Joint Ventures (JVs) and / or Wholly Owned Subsidiaries (WOSs) abroad engaged in any bonafide business activity should not exceed 400 per cent of the net worth of the Indian Party as on the date of the last audited balance sheet under the Automatic Route.	**[Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004],** **RBI/2013-14/180 A. P. (DIR Series) Circular No.23 Dated: August 14, 2013**
		This reduced limit would also apply to remittances made under the ODI scheme by Indian Companies for setting up unincorporated entities outside India in the energy and natural resources sectors.		
	Not applicable to	This reduction in limit, however, would not apply to ODI by Navratna PSUs, ONGC Videsh Limited and Oil India in overseas unincorporated entities and incorporated entities, in the oil sector.		
	Approval route	**Any ODI in excess of 100% of the net worth shall be considered under the Approval Route**		
	The above provisions shall come into effect with immediate effect and would apply to all fresh Overseas Direct Investment proposals on a prospective basis but would not apply to the existing JV/WOS set up			

	under the extant regulations.			
2	**LIBERALISED REMITTANCE SCHEME (LRS) FOR RESIDENT INDIVIDUALS**			
	Automatic Route			
	General purpose	Banks may now allow remittance up to USD 75,000 per financial year, for any permitted current or capital account transaction or a combination of both.	Banks allow remittance up to USD 2,00,000 per financial year, for any permitted current or capital account transaction or a combination of both.	**RBI/2013-14/181 A. P. (DIR Series) Circular No.24, Dated: August 14, 2013**
	Acquisition of immovable property,	The scheme should no longer be used for acquisition of immovable property, directly or indirectly, outside India. Therefore, AD Category-I banks may henceforth not allow any remittances under the LRS Scheme for acquisition of immovable property outside India.		
		The scheme should not be used for making remittances for any prohibited or illegal activities such as margin trading, lottery etc., as hitherto.		
	Set up JV / WOS outside India	Resident individuals have now been allowed to set up Joint Ventures (JV) / Wholly Owned Subsidiaries (WOS) outside India for bonafide business activities outside India within the limit of USD 75,000 with effect from August 5, 2013		subject to the terms and conditions stipulated in Notification No.FEMA 263/RB-2013 Dated: August 5, 2013.
	Gift and Loan	The limit for gift in Rupees by Resident Individuals to NRI close relatives and loans in Rupees by resident individuals to NRI close relatives shall accordingly stand modified to USD 75,000 per financial year.	A resident individual to make a rupee gift to a NRI/PIO who is a close relative of the resident individual. The gift amount would be within the overall limit of USD 200,000 per financial year A resident individual may lend to a Non resident Indian (NRI)/ Person of Indian Origin (PIO) close relative , subject to the	In terms of A.P. (DIR Series) Circular No.17 and 18 both dated September 16, 2011

			following conditions: (i) the loan is free of interest and the minimum maturity of the loan is one year; (ii) the loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 200,000 per financial year.	
	Approval route	**Any case not falling above shall be considered under the Approval Route**		

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