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# Liberalised Remittance Scheme (LRS)

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**Context:** RBI is reviewing the Liberalised Remittance Scheme (LRS) in 2025 due to high capital outflows

## About LRS

- **Full form:** Liberalised Remittance Scheme
- **Regulator:** Reserve Bank of India (RBI)
- **Eligibility:** Resident individuals (including minors via guardians)
- **Annual Limit:** USD 250,000 per individual per financial year

## Permitted Uses

### Residents can remit abroad for:

- **Education:** Tuition and living expenses abroad
- **Travel & Tourism:** Holiday or business trips
- **Medical Treatment:** Personal and family healthcare
- **Gifts & Donations:** To relatives or charitable organisations abroad
- **Overseas Investment:** Equity, debt instruments, mutual funds, property
- **Business Purposes:** Setting up foreign offices or professional obligations
- **Foreign Currency Accounts:** Within permitted regulatory guidelines

## Prohibited / Restricted Uses

- **Entities Not Eligible:** Corporates, HUFs, firms, trusts
- **Speculative Activities:** Lottery, gambling, margin trading, forex speculation
- **Recent 2025 Restrictions:** RBI proposes to **ban LRS remittances into offshore time deposits** and lock-in interest-bearing foreign accounts, aiming to prevent **passive accumulation of foreign assets**

## Significance

- **Ease of outward remittance:** Facilitates personal, educational, medical, and investment needs abroad legally
- **Global financial integration:** Supports Indians in participating in international financial markets
- **Macroeconomic stability:** RBI oversight ensures **foreign exchange reserves protection** and **capital account management**
- **Policy balance:** Illustrates India's approach to **gradual liberalisation** while limiting potential risks from unrestricted capital outflows

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