



**भारतीय रिज़र्व बैंक**

**RESERVE BANK OF INDIA**

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August 14, 2013

## **RBI announces measures to rationalise Foreign Exchange Outflows by Resident Indians**

Keeping in view the current macroeconomic situation, the Reserve Bank of India has today announced the following measures:

- (i) Reduced the limit for Overseas Direct Investment (ODI) under automatic route for all fresh ODI transactions, from 400% of the net worth of an Indian Party to 100% of its net worth. 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. 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.
- (ii) Reduced the limit for remittances made by Resident Individuals, under the Liberalised Remittance Scheme (LRS Scheme), from USD 200,000 to USD 75,000 per financial year. Resident Individuals have, however, now been allowed to set up Joint Venture (JV)/Wholly Owned Subsidiary (WOS) outside India under the ODI route within the revised LRS limit.
- (iii) While current restrictions on the use of LRS for prohibited transactions, such as, margin trading and lottery would continue, use of LRS for acquisition of immovable property outside India directly or indirectly will, henceforth, not be allowed.

The present set of measures is aimed at moderating outflows. However, any genuine requirement beyond these limits will continue to be considered by RBI under the approval route.

**Alpana Killawala**

Principal Chief General Manager

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<b>Related Notifications</b>	
<b>Aug 14, 2013</b>	<a href="#"><u>Overseas Direct Investments</u></a>
<b>Aug 14, 2013</b>	<a href="#"><u>Liberalised Remittance Scheme for Resident Individuals- Reduction of limit from USD 200,000 to USD 75,000</u></a>