

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai- 400 001**

Notification No. FEMA.237/2012-RB

September 25, 2012

**Receipt from, and payment to,
a person resident outside India**

In pursuance of the provisions of Section 3 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in partial modification of its [Notification No.FEMA 16/2000-RB dated May 3, 2000](#), (hereinafter referred to as 'the said Notification'), the Reserve Bank hereby directs that the said Notification shall with effect from September 16, 2011@ be amended as under, namely :-

After Regulation (3) of the said Notification, the following Regulations shall be inserted, namely:-

“(4) Gift in Rupees

An individual resident in India may make a gift to a Non Resident Indian (NRI)/ Person of Indian Origin (PIO), who is a close relative of the resident individual, in rupees by way of crossed cheque /electronic transfer :

Provided that –

- (i) The amount should be credited to the Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c.
- (ii) The gift amount would be within the overall limit per financial year under the Liberalised Remittance Scheme (LRS) for a resident individual.
- (iii) It would be the responsibility of the resident donor to ensure that the gift amount being credited is under the LRS and all the remittances / credits under the LRS during the financial year including the gift amount have not exceeded the limit prescribed there under.

(5) Loan in Rupees to non resident

A resident individual may grant loan in rupees to a NRI relative by way of crossed cheque /electronic transfer subject to compliance with the Regulation 8B of the

Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 ([Notification No. FEMA 4/2000-RB dated 3rd May, 2000](#)), as amended from time to time.

Explanation:

For the purpose of this regulation,

1. Close relative means relative as defined in Section 6 of the Companies Act, 1956;
2. NRI, PIO, NRO account shall have meaning as defined in the Foreign Exchange Management (Deposit) Regulations, 2000; and
3. Liberalised Remittance Scheme means scheme as notified vide [A.P. \(DIR Series\) Circular No. 64 dated February 4, 2004](#) as amended from time to time.”

(Rudra Narayan Kar)
Chief General Manager

Footnote:-

1. @ It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.

2. The Principal Regulations were published in the Official Gazette vide G.S.R. No. 403 (E) dated May 08, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide

(a) G.S.R. No. 860(E) dated November 10, 2000,

(b) G.S.R. No. 483(E) dated June 28, 2001.

Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 17.12.2012- G.S.R.No.894(E)