



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/179
A.P. (DIR Series) Circular No. 17

September 16, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Gift in Rupees by Resident Individuals to NRI close relatives

Attention of the Authorised Dealer (AD) banks is invited to [A.P. \(DIR Series\) Circular No. 24 dated December 20, 2006](#) and [A.P. \(DIR Series\) Circular No. 9 dated September 26, 2007](#) in terms of which the remittances towards gift and donation by a resident individual was included in the Liberalised Remittance Scheme.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act (FEMA), 1999 has in its Report recommended that the ambit of [FEMA Notification No.16/RB-2000 dated May 3, 2000](#) may be expanded to include permission to residents making gifts to and bearing medical expenses of visiting NRIs/PIOs.

3. The extant position has been reviewed and it has been decided to permit a resident individual to make a rupee gift to a NRI/PIO who is a close relative of the resident individual [close relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer. 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. The gift amount would be within the overall limit of USD 200,000 per financial year as permitted under the Liberalised Remittance Scheme (LRS) for a resident individual. It would be the responsibility of the resident donor to ensure that the gift amount being remitted is under the LRS and all the remittances under the LRS during the financial year including the gift amount have not exceeded the limit prescribed under the LRS.

4. The necessary amendments to the Foreign Exchange Management (Deposit) Regulations, 2000 and Notification No. FEMA 16/RB-2000 dated May 3, 2000 viz. Receipt from and Payment to, a Person Resident Outside India are being issued separately.

5. AD banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager In-Charge