



**RESERVE BANK OF INDIA**  
**Mumbai - 400 001**

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RBI/2020-21/99

February 16, 2021

A.P. (DIR Series) Circular No. 11

To  
All Category-I Authorised Dealer Banks

Madam / Sir

**Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)**

Please refer to the [Statement on Development and Regulatory Policies](#) announced as part of the [Bi-monthly Monetary Policy Statement dated February 05, 2021](#) on the above subject.

2. With a view to deepen the financial markets in International Financial Services Centres (IFSCs) and provide an opportunity to resident individuals to diversify their portfolio, the extant guidelines on Liberalised Remittance Scheme (LRS) have been reviewed and it has been decided to permit resident individuals to make remittances under LRS to IFSCs set up in India under the Special Economic Zone Act, 2005, as amended from time to time. Accordingly, AD Category - I banks may allow resident individuals to make remittances under LRS to IFSCs in India, subject to the following conditions:

- i. The remittance shall be made only for making investments in IFSCs in securities, other than those issued by entities/companies resident (outside IFSC) in India.
- ii. Resident Individuals may also open a non interest bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS. Any funds lying idle in the account for a period upto 15 days from the date of its receipt into the account shall be immediately repatriated to domestic INR account of the investor in India.
- iii. Resident Individuals shall not settle any domestic transactions with other residents through these FCAs held in IFSC.

3. AD Category - I banks, while allowing such remittances, shall ensure compliance with all other terms and conditions, including reporting requirements prescribed under the Scheme. It may be noted that any person resident in India (outside IFSC) entering into any transaction with a person/entity in IFSC shall only be governed by regulations/directions and rules issued/notified by the Reserve Bank of India and the Government of India respectively under Foreign Exchange Management Act (FEMA), 1999. Further, compounding of any contravention of FEMA provision by such person resident in India shall be dealt by the Reserve Bank of India in accordance with the extant instructions/provisions on compounding of contraventions under FEMA.

4. [Master Direction No.7 \(Master Direction – Liberalised Remittance Scheme\)](#) is being updated to reflect the above changes. AD Category - I banks should bring the contents of this circular to the notice of their constituents and customers.

5. 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

Ajay Kumar Misra  
Chief General Manager-in-Charge