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Daily news summary**RBI Liberalised Remittance Scheme LRS Data**

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WHY IN NEWS

- Outward remittances under the RBI's Liberalised Remittance Scheme (LRS) rose 20% year-on-year to \$2.5 billion in June.

WHAT IS THE LIBERALISED REMITTANCE SCHEME (LRS)?

- Introduced by the RBI in 2004, LRS permits resident individuals to freely remit up to USD 250,000 per financial year.
- Remittances are allowed for permissible current and capital account transactions, including education, medical treatment, travel, and overseas financial investments.

DRIVERS OF OUTWARD GROWTH

- **Equity and Debt:** Remittances for overseas equity and debt investments doubled to \$456.7 million.
- **Consumption demand:** Outward travel and gift remittances remained major components of total outflows.

WHY IT MATTERS

- Reflects growing international capital diversification by domestic retail investors.
- Monitored closely by the RBI to assess capital account pressures and forex outflow dynamics.

KEY TERMS

- **Capital Account Transaction:** An international transaction that alters the assets or liabilities (including contingent liabilities) outside India of persons resident in India.
- **Tax Collected at Source (TCS):** Tax collected by Authorized Dealers on specific foreign remittances under LRS above prescribed thresholds.

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PRELIMS FACTS

- LRS applies only to resident individuals, including minors, and is not available to corporate entities or trusts.

KEY DATA

- **Annual Remittance Limit:** USD 250,000 - Permissible limit per financial year per resident individual under LRS.
- **Governing Statute:** **Foreign Exchange Management Act** (FEMA), 1999 - Statutory framework under which LRS guidelines are promulgated.

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