

**Foreign Currency Loans in India to holders of
FCNR(B) Deposits – Clarification
A.P (DIR Series) Circular No.55 (November 26, 2002)**

**Reserve Bank of India
Exchange Control Department
Central office
Mumbai-400 001**

November 26, 2002

A.P (DIR Series) Circular No.55

To
All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Foreign Currency Loans in India to holders of
FCNR(B) Deposits – Clarification**

Attention of authorised dealers is invited to AP (DIR Series) Circular No.24 dated September 25,2002 in terms of which they are permitted to grant foreign currency loans in India against the security of funds held in FCNR(B) deposit accounts to the account holders only, subject to the guidelines given in the Annexure thereto.

2. It is clarified that the prohibitions placed on grant of rupee loans against NRE/FCNR deposits for purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business shall also be applicable, to foreign currency loans granted in terms of the above circular.

3. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act,1999(42 of 1999).

Yours faithfully,

**Grace Koshie
Chief General Manager**