



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI-400 001**

RBI/2004/219
A.P.(DIR Series) Circular No. 93

May 25, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 -
Housing Loan in Rupees to NRIs/PIO**

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 notified vide Notification No. FEMA 4/2000-RB dated May 3, 2000. In terms of Regulation 8 of the Notification *ibid*, an authorised dealer or a housing finance institution in India approved by the National Housing Bank is allowed to provide housing loan to a non-resident Indian or a person of Indian origin resident outside India, for acquisition of a residential accommodation in India. The instalment of such loans, interest and other charges, if any, are required to be paid by the borrower either by way of inward remittance through normal banking channel or by debit to his NRE/FCNR (B)/NRO/NRNR/NRSR account or out of rental income derived from renting out the property acquired by utilisation of the loan.

2. As a further measure of liberalisation, it has been decided to allow the close relatives (as defined under Section 6 of the Companies Act, 1956) of the borrower in India to repay the instalment of such loans, interest and other

charges, if any, through their bank account directly to the borrower's loan account with the authorised dealer/housing finance institution.

3. Necessary amendments to the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, are being issued separately.
4. Authorised Dealers may bring the contents of this circular to the notice of their constituents/customers concerned.
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).

Yours faithfully,

Grace Koshie

Chief General Manager