

**Reserve Bank of India  
Foreign Exchange Department)  
Central Office  
Mumbai 400 001**

Notification No.FEMA.115/2004-RB

dated 25<sup>th</sup> March, 2004

**Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2004**

In exercise of the powers conferred by clause (e) of Sub-section (3) of Section 6 and Sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in partial modification of its Notification No.FEMA.4/2000-RB, dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, namely :

**1. Short title and commencement :**

- (i) These Regulations may be called the Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2004.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

**2. Amendment of the Regulations**

In the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, in Regulation 7, the following amendments shall be made, namely :

- (i) the title shall be substituted as "Loans in Rupees to non-residents"
- (ii) after Sub-regulation (B) the following Sub-regulation shall be inserted, namely :

"(C) for any purpose as per the loan policy laid down by the Board of Directors of the Authorised Dealer : Provided that :

- (a) the loan shall not be utilised either singly or in association with other person for
  - (i) the business of chit fund, or
  - (ii) Nidhi Company, or
  - (iii) agricultural or plantation activities or in real estate business or construction of farm houses, or
  - (iv) trading in Transferable Development Rights (TDRs), or
  - (v) investment in capital market including margin trading and derivatives.
- (b) the Reserve Bank's directives on such advances shall be duly complied with;
- (c) the loan amount shall not be credited to NRE / FCNR(B) accounts;
- (d) the loan amount shall not be remitted outside India;
- (e) repayment of loan shall be made from out of remittances from outside India through normal banking channels or by debit to NRE / FCNR(B) / NRO accounts."

**SHYAMALA GOPINATH  
Executive Director**

**Foot Note :** The Principal Regulations were published in the Official Gazette vide G.S.R.No.387(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide G.S.R.Nos.90(E) dated November 27, 2000 and 754(E) dated August 20, 2002.

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Sub-Section (i) dated 08.06.2004 - G.S.R.No.351(E)**