



RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Office  
Mumbai - 400 001

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RB/2004-05/394

A.P. (DIR Series) Circular No. 37

March 15, 2005

To

All banks authorised to deal in foreign exchange

Madam/Sirs,

**Operations in Non-Resident External (NRE)/Foreign Currency  
Non-resident (Bank) (FCNR (B)) Accounts by the  
Resident Power of Attorney Holder**

Attention of the banks authorised to deal in foreign exchange is invited to Foreign Exchange Management (Deposit) Regulations, 2000 notified vide Notification No. FEMA 5/2000-RB dated 3rd May 2000. In terms of para 9(c) of Schedule 1 to Notification *ibid*, banks authorised to deal in foreign exchange are permitted to allow operations on the NRE account in terms of Power of Attorney granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments.

2. The position has since been reviewed with reference to the observations/recommendations made in this regard by the Committee on Procedures and Performance Audit on Public Services (CPPAPS) (Chairman: Shri S.S. Tarapore) and it has been decided that in addition to the facility mentioned in paragraph 1, banks authorised to deal in foreign exchange may also permit a resident power of attorney holder to remit, through normal banking channels, funds out of the balances in NRE account to the non-resident account holder provided specific powers for the purpose have been given. The remittances under power of attorney are permitted only to the non-resident account holder.

3. Terms and conditions as applicable to NRE accounts in respect of operations by power of attorney apply, mutatis mutandis, to FCNR (B) accounts. Therefore, banks may allow a resident power of attorney holder to remit, through normal banking channels, funds out of the balances in FCNR (B) account to the non-resident account holder, provided specific powers for the purpose have been given to the power of attorney holder.

4. Necessary amendments to the Foreign Exchange Management (Deposit) Regulations, 2000 are being issued separately.

5. Banks authorised to deal in foreign exchange may bring the contents of this circular to the notice of their constituents concerned.

6. The directions contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999(42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

**F. R. Joseph**  
Chief General Manager