

**RESERVE BANK OF INDIA
(FOREIGN EXCHANGE DEPARTMENT)
CENTRAL OFFICE
MUMBAI**

Notification No. FEMA.142/2005-RB.

Dated December 6, 2005

**Foreign Exchange Management (Borrowing or Lending in
Foreign Exchange) (Second Amendment) Regulations, 2005**

In exercise of the powers conferred by clause (d) of sub-section (3) of Section 6 and sub section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following regulations to amend the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No.FEMA.3/2000-RB dated 3rd May 2000) as amended from time to time namely :-

2. Short title and commencement

(a) These Regulations may be called the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Second Amendment) Regulations, 2005.

(b) They shall be deemed to have come into force from April 25, 2005.@

3. Amendment to Schedule I

In the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, in Schedule I,

I) in paragraph (1), for sub Paragraph i), the following shall be substituted, namely,:-

“ i) Eligibility

- a) Any company registered under the Companies Act, 1956, other than a financial intermediary (such as a bank, financial institution, housing finance company and a non-banking finance company) is eligible to borrow under this Schedule.
- b) Non-Government Organisations engaged in micro-finance activities may borrow in foreign exchange under this Schedule under such terms and conditions as specified by the Reserve Bank from time to time.
- c) Any other entity as specified by the Reserve Bank.”

II) in paragraph (1), for sub Paragraph ii), the following shall be substituted, namely,:-

“ii) Amount

- a) The borrowing in foreign exchange by an entity as specified in paragraph i) a) of section I of Schedule I, under the Automatic Route whether raised in tranches or otherwise, shall not exceed USD 500 million or equivalent in any one financial year (April – March).
- b) The borrowings in foreign currency under as specified in paragraph i) b) of section I of Schedule I, by a non-government organisation engaged in micro-finance activities shall not exceed USD 5 million or equivalent during a financial year (April – March).”

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III) In paragraph (1) in sub paragraph (iv), in clause A, after sub clause (c), the following shall be inserted.

“d) any other eligible purpose as specified by the Reserve Bank.”

Vinay Baijal
Chief General Manager

Foot Note:

i) The Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No.3 dated May 3, 2000) was published in the Official Gazette vide G.S.R. No.386 (E) dated May 5, 2000 in Part II, Section 3, sub-section (i) and was subsequently amended by the following :

- (a) G.S.RNo.674(E) dated August 25, 2000
- (b) G.S.RNo.476(E) dated July 8, 2002
- (c) G.S.RNo.854(E) dated December 31, 2002
- (d) G.S.RNo.531(E) dated July 9, 2003
- (e) G.S.RNo.533(E) dated July 9, 2003 and
- (f) G.S.RNo.208(E) dated March 23, 2004
- (g) G.S.RNo.825(E) dated December 22, 2004
- (h) G.S.RNo.60(E) dated February 9, 2005

ii) @ It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.

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of India - Extraordinary - Part-II, Section 3,
Sub-Section (i) dated 22.12.2005 - G.S.R.No.739(E)**