

**May 18, 2007**

To,

All Category - I Authorised Dealer banks and Authorised banks

Madam / Sir,

**Foreign Exchange Management (Deposit) Regulations, 2000-  
Repatriation of maturity proceeds of FCNR(B) deposits**

Attention of Authorised Dealer Category - I (AD Category – I) and authorised banks is invited to paragraph 11 of Schedule 2 to Notification No. FEMA 5/2000-RB dated May 3, 2000, as amended from time to time, in terms of which the terms and conditions as applicable to Non-Resident (External) Rupee (NRE) accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans / overdrafts against security of funds held in accounts, shall apply mutatis mutandis to Foreign Currency (Non-Resident) Account (Banks) [FCNR (B) accounts].

2. As announced in the Annual Policy Statement for the year 2007-08 [para 146 (ii) (iii)], it has been decided to allow AD Category – I banks and authorised banks to permit remittance of the maturity proceeds of FCNR (B) deposits to third parties outside India, provided the transaction is specifically authorised by the account holder and the authorised dealer is satisfied about the bonafides of the transaction.

3. Necessary amendments to Notification No. FEMA 5/2000-RB dated May 3, 2000, [Foreign Exchange Management (Deposit) Regulations, 2000] are being notified separately.

4. AD Category - I banks and authorised banks may bring the contents of the circular to the notice of their constituents and 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) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(Salim Gangadharan)**  
**Chief General Manager**