



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

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**RBI/2008-09/462**

**A. P. (DIR Series) Circular No.66**

**April 28, 2009**

To,

All Category - I Authorised Dealer banks and Authorised Banks

Madam / Sir,

**Foreign Exchange Management (Deposit) Regulations, 2000-  
Loans to Non Residents / third party against security of Non Resident  
(External) Rupee Accounts [NR (E) RA / Foreign Currency Non Resident  
(Bank) Accounts [FCNR(B)] -Deposits**

Attention of Authorised Dealer Category - I banks and Authorised banks ( the banks) is invited to Para 6 (a), (b), (c) and (d) of Schedule 1 and Para 9 of Schedule 2 to Foreign Exchange Management (Deposit) Regulations, 2000 notified vide [Notification No. FEMA 5 / 2000-RB](#) dated May 3, 2000, as amended from time to time regarding loans against security of funds held in deposit accounts. Further, attention of the banks is also invited to [A. P. \(DIR Series\) Circular No.29](#) dated January 31, 2007 prohibiting banks from granting fresh loans or renewing existing loans in excess of Rs.20 lakh against NR(E)RA and FCNR(B) deposits either to the depositors or third parties. The banks were also advised not to undertake artificial slicing of the loan amount to circumvent the ceiling.

2. As announced in [Para 111 of the Annual Policy Statement 2009-10](#), it has been decided to enhance the existing cap of Rs.20 lakh to Rs.100 lakh on loans against security of funds held in NR(E)RA and FCNR(B) deposits either to the depositors or third parties.

3. Accordingly, the banks may now grant loans against NR(E)RA and FCNR(B) deposits either to the depositors or third parties up to a maximum limit

of Rs.100 lakh. The banks are also advised not to undertake artificial slicing of the loan amount to circumvent the aforesaid ceiling.

4. The above instructions shall come into force with immediate effect.
5. The banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. 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-in-Charge