

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

Notification No.FEMA.67/2002-RB

dated August 20, 2002

Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2002

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/RB-2000, dated May 3, 2000, Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended from time to time namely :

Short title and commencement

1. (a) These Regulations may be called the Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2002.
- (b) They shall come into force from the date of their publication in the Official Gazette.

Amendment of the Regulations

2. In the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, after Regulation 8, the following Regulation shall be inserted, namely :

"8A Rupee Loans to NRI/PIO employees of Indian body corporate

A body corporate registered or incorporated in India may grant rupee loan to its employees who is a non-resident Indian or a Person of Indian Origin, subject to the following conditions, namely :

- (i) The loan shall be granted only for personal purposes including purchase of housing property in India;
- (ii) The loan shall be granted in accordance with the lender's Staff Welfare Scheme/Staff Housing Loan Scheme and other terms and conditions applicable to its staff resident in India;
- (iii) The lender shall ensure that the loan amount is not used for the purposes specified in sub-clauses (i) to (iv) of clause (1) and in clause (2) of Regulation 6;
- (iv) The lender shall credit the loan amount to the borrower's NRO Account in India or shall ensure credit to such Account by specific indication on the payment instrument;
- (v) It shall be a term of the loan agreement that the repayment of loan shall be made by way of remittance from outside India or from NRE/NRO/FCNR Account of the borrower; and the lender shall not accept repayment made from any other source.

**K.J.Udeshi
Executive Director**

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