

May 30, 2008

To,

All Category – I Authorised Dealer banks and Authorised Banks

Madam / Sir,

**Foreign Exchange Management (Deposit) Regulations, 2000 –
Credit to Non Resident (External) Rupee Accounts**

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to paragraph 3 of Schedule I to the Foreign Exchange Management (Deposit) Regulations, 2000 [Notification No. FEMA 5/2000-RB dated May 3, 2000], as amended from time to time, giving the permissible credits to the Non-Resident (External) Rupee (NRE) account. Further, in terms of Anti-Money Laundering guidelines [cf A. P. (DIR Series) Circular No. 14 dated October 17, 2007], FFMCs are permitted to encash foreign currency and make cash payment only up to USD 3000 or its equivalent. Amount exceeding USD 3000 or its equivalent has to be paid by way of demand draft or bankers' cheque.

2. As a measure of liberalization and also to meet the genuine needs of the NRE account holders, it has been decided that AD Category – I banks and authorized banks may credit proceeds of demand drafts / bankers' cheques issued against encashment of foreign currency to the NRE account of the NRI account holder where the instruments issued to the NRE account holder are supported by encashment certificate issued by AD Category – I / Category – II.

3. AD Category – I banks and authorized banks may bring the contents of the circular to the notice of their constituents concerned.

4. 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