



RBI/FED/2015-16/9

FED Master Direction No. 14/2015-16

January 1, 2016

To,

All Authorised Dealer Category – I banks and Authorised banks

Madam / Sir,

Master Direction - Deposits and Accounts

Opening, holding and maintaining foreign currency accounts by a person resident in India is regulated in terms of section 9 of the Foreign Exchange Management Act, 1999 (FEMA) read with Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000 issued vide [Notification No. FEMA 10/2000-RB dated May 3, 2000](#). Maintenance of deposits/ accounts between a person resident in India and a person resident outside India is regulated in terms of sub-section (3) of section 6 of the Foreign Exchange Management Act, 1999 (FEMA) read with Foreign Exchange Management (Deposit) Regulations, 2000 issued vide [Notification No. FEMA 5/2000-RB dated May 3, 2000](#), as amended from time to time. These Regulations are amended from time to time to incorporate the changes in the regulatory framework and published through amendment notifications.

2. Within the contours of the Regulations, Reserve Bank of India also issues directions to Authorised Persons under Section 11 of the Foreign Exchange Management Act (FEMA), 1999. These directions lay down the modalities as to how the foreign exchange business has to be conducted by the Authorised Persons with their customers/constituents with a view to implementing the regulations framed.

3. Instructions issued on maintenance of deposits and accounts under the Foreign Exchange Management Act, 1999 have been compiled in this Master Direction. The list of underlying circulars/ notifications which form the basis of this Master Direction is furnished in the Appendix. Reporting instructions can be found in Master Directions on reporting (Master Direction No. 18 dated January 01, 2016)

4. It may be noted that, whenever necessary, Reserve Bank shall issue directions to Authorised Persons through A.P. (DIR Series) Circulars in regard to any change in

the Regulations or the manner in which relative transactions are to be conducted by the Authorised Persons with their customers/ constituents. The Master Direction issued herewith shall be amended suitably simultaneously.

Yours faithfully

(A K Pandey)
Chief General Manager

Master Direction – Deposits and Accounts
**Part I - Opening, holding and maintaining foreign currency accounts by a
person resident in India**

1. Introduction

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to prohibit, restrict and regulate the opening, holding and maintaining of foreign currency accounts and the limits up to which amounts can be held in such accounts by a person resident in India. These regulations are notified under [Notification No. FEMA 10/2000-RB of May 3, 2000](#), (FEMA 10) as amended from time to time.

1.2 A person resident in India who held or maintained a Foreign Currency Account before the commencement of FEMA 10 with special or general permission of the Reserve Bank, can continue to maintain the account.

1.3 A person resident in India may maintain a foreign currency account outside India if he had maintained it when he was resident outside India or inherited it from a person resident outside India.

2. Definitions

Some key terms used in this part are given below:

2.1 'Authorised Dealer' (AD) means a person authorised as an authorised dealer under sub-section (1) of section 10 of FEMA.

2.2 'Foreign Currency Account' means an account held or maintained in currency other than the currency of India or Nepal or Bhutan.

2.3 'Relative' is a person as defined in section 6 of the Companies Act, 1956

3. Foreign Currency Accounts that can be held in India

3.1 Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account

A person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule 1 to FEMA 10. The salient features of the scheme are:

- 1) Credits: The credits permitted to this account are:

- a. 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments);
- b. payments received for the purpose of counter trade;
- c. advance remittance received by an exporter towards export of goods or services;
- d. professional earnings including director's fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity;
- e. interest earned on the funds held in the account;
- f. Re-credit of unutilised foreign currency earlier withdrawn from the account;
- g. repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts); and
- h. disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the ADR/GDR Scheme approved by the Government of India.

2) Debits: The debits allowed in these accounts are:

- a. Payment outside India towards capital or current account transactions in accordance with the provisions of Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 or Foreign Exchange Management (Current Account Transactions) Rules, 2000, respectively;
- b. payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in an Export Processing Zone/ Software Technology Park/ Electronic Hardware Technology Park;
- c. payment of customs duty in accordance with the provisions of Export Import Policy;

- d. trade related loans/ advances, by an exporter account holder to his importer customer outside India, subject to complying the provisions of FEMA and the rules/ regulations made thereunder;
 - e. payment in foreign exchange to a person resident in India for supply of goods/ services including payments for air fare and hotel expenditure
- 3) Withdrawal in rupees are permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.
 - 4) The account will be in the form of a non-interest bearing account.
 - 5) The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account.
 - 6) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
 - 7) Fund-based/ non-fund based credit facilities should not be granted against the balances held in EEFC Accounts.
 - 8) Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency, from balances in their EEFC account to the extent exports have actually taken place.
 - 9) Balances held in the account may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

3.2 Resident Foreign Currency (RFC) Account – RFC Account

- 1) A person resident in India is permitted to open a RFC account with an AD bank in India out of foreign exchange received or acquired by him:
 - a) as pension or superannuation benefits from his overseas employer;
 - b) by converting assets which were acquired by him when he was a non-resident or inherited from or gifted by a person resident outside India and repatriated to India;

- c) before July 8, 1947 or any income arising or accruing thereon which is held outside India in pursuance of a general or special permission granted by the Reserve Bank;
 - d) received as proceeds of LIC claims/ maturity/ surrendered value settled in forex from an Indian insurance company permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.
- 2) The balances in the RFC account are free from all restrictions regarding utilisation of foreign currency balances outside India.
 - 3) Such accounts can be held jointly with resident relative as joint holder on 'former or survivor' basis. However, such resident Indian relative joint account holder cannot operate the account during the life time of the resident account holder.
 - 4) The balances in the Non-Resident External (NRE) Account and Foreign Currency Bank [FCNR (B)] Account can be credited to the RFC account when the residential status of the non-resident Indian (NRI) changes to that of a Resident.

3.3 Resident Foreign Currency (Domestic) Account – RFC (D) Account

- 1) A resident individual may open an RFC(D) account to retain in a bank account in India the foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from overseas sources such as:
 - a) payment while on a visit abroad for services not arising from any business or anything done in India;
 - b) honorarium or gift or for services rendered or in settlement of any lawful obligation from any person not resident in India and who is on a visit to India;
 - c) honorarium or gift while on a visit to any place outside India;
 - d) gift from a relative;
 - e) unspent foreign exchange acquired from an authorised person for travel abroad;

- f) representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the ADR/GDR Scheme approved by the Government of India;
 - g) by way of earnings received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority
- 2) This facility is in addition to that provided under RBI [Notification No.FEMA.11/2000-RB dated 3rd May, 2000](#), as amended from time to time.
 - 3) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
 - 4) Balances in the account can be used for any current or capital account transactions in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, respectively.
 - 5) Balances may be credited to NRE/ FCNR (B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

3.4 Diamond Dollar Account (DDA) Scheme – DDA Account

Firms and companies which comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India may open DDA accounts, details of which are laid down in Schedule 2 of FEMA 10 as amended from time to time, with an AD in India. The salient features of the Scheme are:

- 1) Realisation of export proceeds and local sales (in USD) of rough, cut, polished diamonds; and pre and post shipment finance availed in USD can be credited to such account.

- 2) Payments for purchase of rough, cut and polished diamonds can be made from DDA account. Funds can also be transferred to rupee account of the exporter.
- 3) The account should be maintained in the form of a non-interest bearing current account.
- 4) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.

3.5 Indian agent of shipping or airline companies incorporated outside India can maintain foreign currency account in India for meeting the local expenses of the overseas company. The credits permitted to such accounts are freight or passage fare collections in India or from his principal outside India.

3.6 Ship-manning/ crew managing agencies in India may maintain non-interest bearing foreign currency account in India for the purpose of undertaking transactions in the ordinary course of their business, as detailed:

- 1) *Credits*: Only by way of inward remittances through normal banking channels from the overseas principal.
- 2) *Debits*: Towards various expenses in connection with the management of the ships/ crew in the ordinary course of its business.
- 3) No credit facility (fund based or non-fund based) should be granted against security of funds held in the account.
- 4) The bank should meet the prescribed Reserve Requirements in respect of such accounts.
- 5) No EEFC facility should be allowed in respect of the remittances received in the account.
- 6) The account will be maintained only during the validity period of the agreement.

3.7 Project Offices of foreign companies can open non-interest bearing one or more foreign currency accounts in India for the project to be executed in India. Such

accounts will be subject to the following conditions:

- 1) The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority,
- 2) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,
- 3) Each Project has only one Foreign Currency Account.
- 4) Debits:
 - a. Payment of project related expenditure.
- 5) Credits:
 - a. Foreign currency receipts from the Project Sanctioning Authority, and
 - b. Remittances from parent/ Group Company abroad or bilateral/ multilateral international financing agency.
- 6) The Foreign Currency account should be closed at the completion of the Project.
- 7) Inter-project transfer of funds will be permitted with the prior permission of the regional office of the Reserve Bank under whose jurisdiction the project office is situated.
- 8) In case of disputes between the Project Office and the project sanctioning authority or other Government/ Non-Government agencies etc., the balance held in such account shall be converted into INR and credited to a special account which shall be dealt with as per the settlement of the dispute.

3.8 Organisers of international Seminars, Conferences, Conventions, etc. – can open temporary foreign currency accounts in India subject to the following conditions:

- 1) Credits: All inward remittances in foreign currency towards registration fees payable by overseas delegates, grant, sponsorship fees and donations, received from abroad, in connection with the conference, convention, etc
- 2) Debits: (i) Payment to foreign/ special invitees attending the conference, etc., on the specific invitation of the organisers, towards travel, hotel charges, etc.,

and honorarium to foreign guest speakers; (ii) Remittance towards refund of registration fees to foreign delegates and unutilised sponsorship/grant amount, if any; (iii) Bank charges, if any; (iv) Conversion of funds into rupees.

- 3) All other credits/ debits would require the prior approval of the Reserve Bank.
- 4) The account should be closed immediately, after the conference/event is over.

3.9 An exporter who has undertaken a construction contract or a turnkey project outside India or who is exporting services or engineering goods from India on deferred payment terms may open, hold and maintain a Foreign Currency Account with a bank in India, provided that approval as required under the Foreign Exchange Management (Export of goods and services) Regulations, 2000, as amended from time to time has been obtained for undertaking the contract/ project/ export of goods or services, and the terms and conditions stipulated in the letter of approval have been duly complied with.

3.10 A unit located in a Special Economic Zone (SEZ) - may open hold and maintain a foreign currency account with an authorized dealer in India to credit all foreign exchange funds received by the unit.

- 1) The account can be used for bona fide trade transactions between the unit and a person resident in/ outside India.
- 2) Foreign exchange purchased in India against rupees cannot be credited to the account without prior permission from the Reserve Bank.
- 3) The balances in the accounts are from the restrictions imposed under Rule 5, of Foreign Exchange Management (Current Account Transaction) Rules, as amended from time to time, except for the use of the balances for gift etc.
- 4) The funds held in these accounts cannot be lent or made available to any person or entity resident in India not being a unit in Special Economic Zones.

4. Foreign Currency Accounts that can be held outside India

4.1 The following persons can open a foreign currency account with a bank outside India for carrying on normal business and incidental transactions.

- a) An authorized dealer in India with its branch/ head office/ correspondent

outside India

- b) A branch outside India of a bank incorporated in India
- c) An Indian shipping or airline company
- d) Life Insurance Corporation (LIC) of India or General Insurance Corporation (GIC) of India and its subsidiaries
- e) An India firm/ company/ body corporate in the name of its foreign office/ branch or its representative posted outside India.
- f) An exporter who is exporting services and engineering goods on deferred payment terms or executing a turnkey project or a construction contract abroad.

4.2 A person resident in India who is studying abroad or is on a visit to a foreign country may open a foreign currency account with a bank outside India during his stay abroad. The balance in the account should be repatriated to India on return of the account holder to India.

4.3 A person going abroad to participate in an exhibition/ trade fair may open a foreign currency account with a bank outside India for crediting the sale proceeds of goods. The balance should be repatriated to India within one month from the date of closure of the exhibition / trade fair.

4.4 The following persons can open a foreign currency account outside India for remitting/ receiving their entire salary payable to him in India.

- a) A foreign citizen resident in India on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India;
- b) An Indian citizen, being an employee of a foreign company, on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India
- c) A foreign citizen resident in India employed with an Indian company;

4.5 An Indian Party [as defined in Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time] may open a foreign currency account abroad for making overseas direct investment provided the overseas regulator mandates opening of such an account.

4.6 A resident individual can open a foreign currency account with a bank outside

India for the purpose of sending remittances under the Liberalized Remittance Scheme.

4.7 Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs), the funds so raised may, pending their utilisation or repatriation to India, be held in deposits in foreign currency accounts with a bank outside India.

4.8 A person resident in India who is on a visit to a foreign country may open, hold and maintain a Foreign Currency Account with a bank outside India during his stay outside India, provided that on his return to India, the balance in the account is repatriated to India.

5. Miscellaneous

5.1 Unless otherwise specifically stated, a foreign currency account maintained by a person resident in India with an authorized dealer in India under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000, dated May 3, 2000 as amended from time to time, may be opened, held and maintained in the form of current or savings or term deposit account in cases where the account holder is an individual, and in the form of current account or term deposit account in all other cases.

5.2 The account can be held singly or jointly in the name of person eligible to open, hold and maintain such account.

5.3 On the death of a foreign currency account holder -

- (a) the authorised dealer with whom the account is held or maintained may remit to a nominee being a person resident outside India, funds to the extent of his share or entitlement from the account of the deceased account holder;
- (b) a nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, may apply to the Reserve Bank for such remittance.

Part II - Opening, holding and maintaining accounts in India by a person resident outside India

1. Introduction

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to restrict, regulate and prohibit the maintenance of deposits between a person resident in India and a person resident outside India. These regulations are notified under [Notification No. FEMA 5/2000-RB of May 3, 2000](#), (FEMA 5) as amended from time to time.

2. Definitions

Some key terms used in the regulations are given below:

2.1 'Authorised Bank' is a bank including a co-operative bank authorised by the Reserve Bank to maintain an account of a person resident outside India.

2.2 'Authorised Dealer' is a person authorised as an authorised dealer under sub-section (1) of section 10 of FEMA.

2.3 'Deposit' includes deposit of money with a bank, company, proprietary concern, partnership firm, corporate body, trust or any other person.

2.4 A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India or is a 'Person of Indian Origin'.

2.5 A 'Person of Indian Origin' (PIO) is a citizen of any country other than Bangladesh or Pakistan if

- a) he at any time held an Indian passport, or
- b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955), or
- c) the person is a spouse of an Indian citizen or a person referred to at (a) or (b) above.

2.6 'Permissible currency' is a foreign currency which is freely convertible.

2.7 'Relative' means relative as defined in section 6 of the Companies Act, 1956.

3. Exemptions

These restrictions are not applicable for the following:

3.1 Deposits in rupee accounts and special rupee accounts maintained by foreign diplomatic missions and diplomatic personnel.

3.2 Foreign currency accounts maintained by diplomatic missions, diplomatic personnel and non-diplomatic staff who are the nationals of the concerned foreign countries and hold official passport of foreign embassies in India, subject to the following conditions:

- a) The permissible credits to the account will be inward remittances received from outside India through banking channels; and transfer of funds, from the rupee account of the diplomatic mission in India, which are collected in India as visa fees and credited to such account;
- b) Funds held in such account if converted in rupees cannot be converted back into foreign currency;
- c) The account may be held in the form of current or term deposit account, and in the case of diplomatic personnel and non-diplomatic staff, may also be held in the form of savings account;
- d) The rate of interest on savings or term deposits shall be such as may be determined by the authorised dealer maintaining the account;
- e) The funds in the account may be repatriated outside India without the approval of Reserve Bank.

3.3 Deposits with authorized dealer maintained in rupees by persons resident in Nepal and Bhutan.

3.4 Deposits with authorized dealer maintained by any multilateral organization and its subsidiary/ affiliate bodies and officials in India, of which India is a member nation.

4. Non-Resident (External) Rupee Account Scheme – (NRE Account):

The detailed instructions for opening and maintaining this account are laid down in Schedule 1 to Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. The salient features of the scheme are given below:

4.1 Non-resident Indians (NRIs) are permitted to open and maintain these accounts with authorised dealers and with banks (including cooperative banks) authorised by the Reserve Bank to maintain such accounts.

4.2 The accounts may be maintained in any form, e.g. savings, current, recurring or fixed deposit account etc.

4.3 Joint accounts can be opened by two or more NRIs or by an NRI with a resident relative(s) on 'former or survivor' basis. However, during the life time of the NRI account holder, the resident relative can operate the account only as a Power of Attorney holder.

4.4 Inward remittances to the account and remittances outside India from NRE account are permitted.

4.5 Credits permitted to this account as inward remittance are interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds if such investments were made from this account or through inward remittance.

4.6 The debits allowed from this account are local disbursements, transfer to other NRE/ FCNR(B) and investments in India.

4.7 Current income like rent, dividend, pension, interest etc. of NRIs will be construed as a permissible credit to their NRE account provided the Authorised Dealer is satisfied that the credit represents current income of the NRI account holder and income tax thereon has been deducted/ paid/ provided for, as the case may be.

4.8 An authorised dealer or its overseas branch or correspondent can grant loans against security of the funds to the account holder or a third party in or outside India without any limits subject to the usual margin requirements. The facility for premature withdrawal of the deposits shall not be available where loans against such deposits are availed of. The term "loan" shall include all types of fund based/ non-fund based facilities.

4.9 NRE accounts should be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the

account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status.

4.10 In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank for consideration.

4.11 Operations on an NRE account may be allowed in terms of Power of Attorney or other authority granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to (a) open a NRE account; (b) repatriate outside India funds held in the account other than to the account holder himself; (c) make payment by way of gift to a resident on behalf of the account holder; (d) transfer funds from the account to another NRE account.

4.12 Income from interest on balances standing to the credit of NRE Accounts is exempt from Income Tax. Likewise balances held in such accounts are exempt from wealth tax.

4.13 The rate of interest and tenor applicable to these accounts will be in accordance with the directions/ instructions issued by the Department of Banking Regulations, Reserve Bank of India.

5. Foreign Currency (Non-resident) Account (Banks) Scheme – FCNR (B) Account

The detailed instructions for opening and maintaining this account are laid down in Schedule 2 to Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. The salient features of the scheme are given below:

5.1 Non-resident Indians (NRIs) are permitted to open and maintain these accounts with authorised dealers and banks authorised by the Reserve Bank to maintain such accounts. Deposits may be accepted in any permissible currency.

5.2 The accounts can be maintained only in the form of fixed deposit.

5.3 Other conditions such as credits/debits, joint accounts, loans / overdrafts, operation by power of attorney etc., as applicable to an NRE account will be applicable to FCNR (B) account as well.

5.4 The rate of interest and tenor applicable to these accounts will be in accordance with the directions/ instructions issued by the Department of Banking Regulation, Reserve Bank of India.

6. Non-Resident (Ordinary) Account Scheme – NRO account

The detailed instructions for opening and maintaining this account are laid down in Schedule 3 to Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. The salient features of the scheme are given below:

6.1 Any person resident outside India (as per Section 2 (w) of FEMA), may open and maintain NRO account with an Authorised Dealer or an Authorised Bank for the purpose of putting through bona fide transactions denominated in Indian Rupees.

6.2 Post Offices in India may maintain savings bank accounts in the names of persons resident outside India and allow operations on these accounts subject to the same terms and conditions as are applicable to NRO accounts maintained with an authorised dealer/ authorised bank.

6.3 NRO (current/ savings) account can be opened by a foreign national of non-Indian origin visiting India, with funds remitted from outside India through banking channel or by sale of foreign exchange brought by him to India. The balance in the NRO account may be paid to the account holder at the time of his departure from India provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon.

6.4 Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank. However, individuals of Bangladesh nationality may be allowed to open these accounts subject to the individual/ s holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned.

6.5 The accounts may be maintained in any form, e.g. savings, current, recurring or fixed deposit account.

6.6 The accounts may be held jointly with residents.

6.7 Inward remittances from outside India and legitimate dues in India are permissible credits to NRO account. Rupee gift/ loan made by a resident to a NRI relative within the limits prescribed under the Liberalised Remittance Scheme may be credited to the latter's NRO account.

6.8 The account can be debited for the purpose of local payments or remittance of current income abroad. Apart from these, balances in the NRO account cannot be repatriated abroad except by NRIs up to USD 1 million, subject to conditions specified in Foreign Exchange Management (Remittance of Assets) Regulations, 2000. Funds can be transferred to NRE account within this USD 1 Million facility.

6.9 Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement. The loan amount shall not be used for relending, carrying on agricultural/plantation activities or investment in real estate.

6.10 NRO accounts may be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period. Likewise, when a resident Indian becomes a person resident outside India, his existing resident account should be designated as NRO account.

6.11 Powers have been delegated to the Authorized Dealers/ Authorised banks to allow operations on an NRO account in terms of a Power of Attorney granted in favour of a resident by the non-resident individual account holder provided such operations are restricted to local payments and remittances to non-residents.

6.12 To facilitate the foreign nationals to collect their pending dues in India, AD Category-I banks may permit such foreign nationals to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their pending bona fide dues, subject to the bank satisfying itself that the credit of amounts are bona fide dues of the account holder when she/ he was a resident in India. The funds credited to the NRO account should be repatriated abroad immediately, subject to payment of the applicable income tax and other taxes in India. The amount repatriated abroad should not

exceed USD one million per financial year. The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad. The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder when the account was designated as an NRO account.

6.13 International Credit Cards - Authorised Dealer banks have been permitted to issue International Credit Cards to NRIs/PIOs, without prior approval of Reserve Bank. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR (B) / NRE / NRO Accounts.

6.14 Income-Tax - The remittances (net of applicable taxes) will be allowed to be made by the Authorised Dealer banks on production of requisite information in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India from time to time. Reserve Bank of India will not issue any instructions under FEMA, clarifying tax issues. It shall be mandatory on the part of Authorised Dealers to comply with the requirement of tax laws, as applicable.

7. Special Non-Resident Rupee Account - SNRR account

7.1 A Registered Foreign Portfolio Investor (RFPI) may open an SNRR account with an AD in India for routing the receipt and payment relating to purchase and sale of securities under the Portfolio investment scheme in accordance with Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, dated May 3, 2000, as amended from time to time. SNRR account shall be a non-interest bearing current account.

7.2 The permitted credits to the account are: (a) Inward remittances; (b) Sale proceeds (net of taxes) of securities in India; (c) Transfers from the foreign currency account of the RFPI

7.3 The permitted debits are: (a) Purchase of securities in India; (b) Transfers to the foreign currency account of the RFPI

8. Escrow Account

8.1 Resident or non-resident corporate/ acquirers may open Escrow account in INR with an authorized dealer in India as an Escrow agent subject to the terms and conditions specified in Schedule 8 and Schedule 9 of the Foreign Exchange

Management (Deposit) Regulations, 2000, as amended from time to time.

8.2 Transactions shall be in accordance with the Foreign Exchange Management (Transfer or Issue of Security by a person resident Outside India) Regulations, 2000 and relevant regulations of the Securities and Exchange Board of India.

8.3 The accounts shall be non-interest bearing.

8.4 No fund/ non-fund based facility would be permitted against the balances in the account.

9. Acceptance of deposit by a company in India from NRIs on repatriation basis

A company incorporated in India including NBFC registered with the Reserve Bank cannot accept deposits on repatriation basis. It can, however, renew the deposits it had accepted in accordance with Schedule 6 of Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

10. Acceptance of deposits by Indian proprietorship concern/ firm or a company from NRIs on non-repatriation basis

10.1 An Indian proprietorship concern/ firm or a company (including Non-Banking Finance Company) registered with Reserve Bank can accept deposits from NRIs on non-repatriation basis subject to the terms and conditions specified in Schedule 7 to Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

10.2 Indian companies can accept deposits from NRIs by issue of a commercial paper subject to terms and conditions specified in sub-Regulation (2) of Regulation 8 of [Notification No FEMA 5/ 2000-RB dated May 3, 2000](#).

11. Other Accounts

A shipping or airline company incorporated outside India, can open, hold and maintain a Foreign Currency Account with an authorized dealer for meeting the local expenses in India of such airline or shipping company. The credits permitted to such accounts are only freight or passage fare collections in India or by inward remittances through banking channels from its office outside India.

12. Nomination

Authorised dealers may provide nomination facility in respect of the deposits/ accounts in these regulations maintained by individual account holders.

13. Responsibility of authorised dealers maintaining foreign currency accounts:-

An authorised dealer maintaining accounts under this Master Direction is required to:

- a) comply with the directions issued by the Reserve Bank from time to time; and
- b) submit periodic return or statement, if any, as may be stipulated by the Reserve Bank .

APPENDIX

List of notifications/ circulars which have been consolidated in this Master Direction

SI No	Notification/ AP (DIR Series) Circular	Date
1	Notification No. FEMA 74/2002-RB	November 1, 2002
2	Notification No. FEMA 133/2005-RB	April 1, 2005
3	Notification No. FEMA 156/2007-RB	June 13, 2007
4	Notification No. FEMA 158 /2007-RB	September 3, 2007
5	Notification No. FEMA 162 /2007- RB	September 18, 2007
6	Notification No.FEMA.168 /2007-RB	October 23, 2007
7	Notification No. FEMA. 171 /2007-RB	December 10, 2007
8	Notification No.FEMA. 174 /2008-RB	January 25, 2008
9	Notification No.FEMA.193/2009-RB	June 2, 2009
10	Notification No.FEMA. 199 /2009-RB	September 30, 2009
11	Notification No. FEMA 204/2010-RB	April 5, 2010
12	Notification No. FEMA.219/2011-RB	June 3, 2011
13	Notification No. FEMA. 235/2012-RB	September 25, 2012
14	Notification No. FEMA.239/2012-RB	September 25, 2012
15	Notification No. FEMA. 243/2012-RB	October 19, 2012
16	Notification No. FEMA. 253/2013-RB	January 02, 2013
17	Notification No. 275/2013-RB	May 08, 2013
18	Notification No.FEMA.280/2013-RB	July 10, 2013
19	Notification No. FEMA.327/RB-2014	November 24, 2014
20	Notification No.FEMA.328/RB-2014	December 3, 2014
21	A.P. (DIR Series) Circular No.45	May 14, 2002
22	A.P. (DIR Series) Circular No.5	July 15, 2002
23	A.P. (DIR Series) Circular No.37	November 1, 2002
24	A.P. (DIR Series) Circular No.59	December 9, 2002
25	A.P. (DIR Series) Circular No.64	December 24, 2002
26	A.P. (DIR Series) Circular No.87	March 20, 2003
27	A.P. (DIR Series) Circular No.96	June 15, 2004
28	A.P. (DIR Series) Circular No. 44	May 17, 2005
29	A.P. (DIR Series) Circular No.48	April 30, 2007
30	A. P. (DIR Series) Circular No. 57	May 18, 2007
31	A. P. (DIR Series) Circular No. 62	May 24, 2007
32	A.P. (DIR Series) Circular No.64	May 25, 2007
33	A.P. (DIR Series) Circular No 13	October 6, 2007
34	A.P. (DIR Series) Circular No.02	July 31, 2008
35	A. P. (DIR Series) Circular No. 51	February 13, 2009
36	A. P. (DIR Series) Circular No.08	September 14, 2009
37	A.P. (DIR Series) Circular No.22	December 29, 2009

SI No	Notification/ AP (DIR Series) Circular	Date
38	A.P. (DIR Series) Circular No. 26	January 14, 2010
39	A.P. (DIR Series) Circular No.70	June 09, 2011
40	A.P. (DIR Series) Circular No. 13	September 15, 2011
41	A.P. (DIR Series) Circular No. 15	September 15, 2011
42	A.P. (DIR Series) Circular No.17	September 16, 2011
43	A.P. (DIR Series) Circular No.18	September 16, 2011
44	A.P. (DIR Series) Circular No. 101	April 02, 2012
45	A.P. (DIR Series) Circular No.117	May 7, 2012
46	A. P. (DIR Series) Circular No. 7	July 16, 2012
47	A.P. (DIR Series) Circular No. 12	July 31, 2012
48	A.P. (DIR Series) Circular No. 82	February 11, 2013
49	A.P. (DIR Series) Circular No. 38	September 6, 2013
50	A.P. (DIR Series) Circular No. 62	January 22, 2015