

**Date : 31 May 2005**  
**Annexure II : Resident Foreign Currency Accounts Scheme**  
**ANNEXURE II**

**RESIDENT FOREIGN CURRENCY ACCOUNTS SCHEME**

September 22 1992

In exercise of the powers conferred on it under sub section (1) of Section 8 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank hereby approves the following Scheme for the purposes of the general permission/exemption granted under the notification of the Central Government No. F.10/22/90 NRI Cell dated July 17, 1992 issued under 'Section 14 and the notifications of the Reserve Bank Nos. FERA 116, 117, 118, 119 and 120/92 RB dated 7th September 1992 issued under Sections 8, 9, 19, 24 and 25 of the said Act respectively, for holding foreign exchange in India, by eligible persons resident in India, in a bank account with any authorised dealer.

**1. Short Title and Commencement:**

This Scheme may be called the 'Resident Foreign Currency Accounts Scheme' and it shall.

come into force at once

**2. Definitions:**

In this Scheme unless the context otherwise requires -

- (a) 'Act' means the Foreign Exchange Regulation Act 1973 (46 of 1973).
- (b) 'RFC Account' means an account expressed in any permitted currency, opened and maintained pursuant to this Scheme, by an eligible person with any authorised dealer.

- (c) 'Permitted currency' means any of the foreign currencies in which authorised dealers have been permitted to maintain balances abroad (cf. paragraph 2.1 of ECM).
- (d) 'Authorised dealer' means a person, for the time being, authorised by the Reserve Bank under Section 6 of the Foreign Exchange Regulation Act, 1973 to deal in foreign exchange.
- (e) 'Eligible person' means a citizen of India or a person of Indian origin, who having been resident outside India for a continuous period of not less than one year, has become a person resident in India on or after 18th April 1992 and includes such other persons who may be specifically permitted by the Reserve Bank as eligible to open and maintain an RFC Account.

**Explanation:** For the purpose of this Scheme -

- (A) A person shall be deemed to be of Indian origin, if,
  - i) he held an Indian passport at any time,
  - or
  - ii) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955), Provided that a national of Pakistan or Bangladesh shall be deemed to be not of Indian origin.
- (B) A spouse of a citizen of India or of a person of Indian origin (not being a national of Pakistan or Bangladesh) shall also be deemed to be a person of Indian origin.

**'Eligible Assets'** means foreign exchange assets acquired or held otherwise than in contravention of the Act by an eligible person, while he was resident outside India (non-resident), in the form of deposits in banks outside India, investments in foreign currency shares or securities or immovable properties situated outside India or investments in business etc. outside India and include foreign exchange earnings through employment, business or vocation outside India taken up or commenced by such person while he was

resident outside India.

Words and expressions used and not defined in this Scheme but defined in the Act have the meanings respectively assigned to them in the Act.

### **3. Opening of RFC Accounts:**

- (a) Subject to the provisions of this Scheme, any eligible person may open and maintain, with an authorised dealer in India, one or more RFC Accounts expressed in any permitted currency.
- (b) No RFC Account shall be opened unless the eligible person makes an application to an authorised dealer in the form specified in the Schedule, duly signed by him and containing all information specified therein, supported by required documents.
- (c) An authorised dealer, on being satisfied that the applicant for the RFC Account is an eligible person and that the funds being credited to the account represent remittances out of eligible assets, may open the RFC Account.
- (d) RFC Account can be held singly or jointly in the name/s of the eligible person/s. Addition of names (other than eligible persons) is not permissible.
- (e) RFC Account can be maintained in the form of current, savings or term deposit accounts.

### **4. Amounts which may be credited to an RFC Account:**

No amount other than the following shall be credited to an RFC Account, namely

- (a) Remittance in any permitted currency from outside India through normal banking channels representing

- i) Funds in bank accounts outside India forming part of eligible assets held by the eligible person.
  - ii) Income such as dividend, interest, profit, rent, etc. earned on eligible assets held by the eligible person.
  - iii) Sale proceeds of eligible assets.
- (b) Pension or other monetary benefits received from outside India in any permitted currency, through normal banking channels, arising out of employment taken up outside India by the eligible person prior to his returning to India.
  - (c) Interest earned on RFC Account.
  - (d) Foreign currency notes/travellers cheques in any permitted currency brought into India by the eligible person, provided that where the amount tendered exceeds US\$ 10,000 or its equivalent or where the value of foreign currency/bank notes exceeds US\$ 2500 or its equivalent, they should have been declared on the Currency Declaration Form (CDF).
  - (e) Transfers from other RFC Account of the account holder.
  - (f) Balances in any NRE/FCNR Account in the name of the eligible person standing to his credit at the time of his arrival in India.
  - (g) Any other amount specifically permitted by the Reserve Bank.

## **5. Operation of the Account:**

- (a) The funds in the RFC Account can be freely utilised by the account holder for any bona fide remittance outside India through normal banking channels.

(b)

(c)

#### **6. Rate of interest:**

Rate of interest payable on the funds held in RFC Accounts may be decided by the authorised dealer on the basis of market rates.

#### **7. Nomination Facility:**

RFC Accounts shall have the nomination facility as in the case of resident rupee accounts.

#### **8. Death of Account holder:**

On the death of an RFC Account holder, the balance in the account may be repatriated to the nominee/beneficiaries to the extent of his/their entitlement, on production of satisfactory proof of entitlement, if on the date of death of the account holder such nominee/beneficiaries are resident outside India. To the extent any nominee/beneficiaries is a person resident in India on the date of the death of account holder, on proof of entitlement, the amount may be paid to them in equivalent Indian rupees.

#### **9. Reserve Bank Directions:**

Notwithstanding any contract or settlement, the opening and maintenance of RFC

Accounts shall be governed by directions that may be issued by the Reserve Bank under the Act from time to time.

