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## **FOREIGN CURRENCY ACCOUNTS IN INDIA**

### **Introduction**

**14.1** (i) Opening of accounts expressed in foreign currency with authorised dealers in India by non-residents/residents require general or special permission of Reserve Bank. Non-resident individuals/entities are permitted to maintain foreign currency accounts/deposits in India under special schemes. Reserve Bank has also granted general permission for opening of foreign currency accounts in India to residents/returning Indians under different schemes. Non-residents/resident firms/companies are also permitted to open foreign currency accounts with authorised dealers in India for certain specified purposes. The various schemes and the purposes for which authorised dealers have been permitted to open foreign currency accounts in India have been discussed in this Chapter.

(ii) Applications for permission to open foreign currency accounts with authorised dealers in India in other cases should be referred to Reserve Bank with full particulars.

### **PART A FOREIGN CURRENCY (NON-RESIDENT) ACCOUNTS - [FCNR(A)]**

#### **General**

**14A.1** In terms of Non-resident (External) Accounts Rules, 1970 (See Appendix II in Volume II) FCNR(A) accounts were opened and maintained by authorised dealers in India designated in certain foreign currencies. However, the Scheme was subsequently withdrawn with effect from 15th August 1994.

### **PART B FOREIGN CURRENCY (NON-RESIDENT) ACCOUNTS (BANKS) SCHEME - [FCNR(B)]**

#### **General**

**14B.1** FCNR accounts under the scheme are opened and maintained in terms of Non-resident (External) Accounts Rules, 1970 (See Appendix II in Volume II). The provisions applicable to NRE accounts and detailed in paragraphs 13B.1 to 13B.16 apply, mutatis mutandis, to FCNR(B) accounts as well. The authorised dealers are allowed to accept deposits from NRIs and OCBs in

such currencies as specified by Reserve Bank from time to time. At present, accounts are permitted to be maintained only in Pound Sterling, U.S.dollar, Deutsche Mark and Japanese Yen. The salient features of the scheme are as under :

- (a) Reserve Bank will not provide exchange rate guarantee to banks for deposits of any maturity ((under the Scheme.
- (b) FCNR(B) accounts are permitted to be opened only in the form of term deposits. The deposits may be accepted for three maturities viz. one year and above but less than 2 years, two years and above but less than 3 years and three years only.
- (c) In respect of liabilities representing amounts received under the scheme authorised dealers are required to comply with CRR/SLR requirements as laid down by Reserve Bank from time to time.
- (d) Lending of resources mobilised under the Scheme will not be subject to any interest rate stipulations.
- (e) Advances outstanding against the accounts under this Scheme will not be considered as part of net bank credit for the purpose of determining priority sector lending.

NOTES: A Authorised dealers may accept deposits under FCNR(B) accounts scheme with the facility of automatic reinvestment of interest as and when it accrues, provided the compounding of interest on the deposits, period of deposit, etc. are otherwise in conformity with directives issued by Reserve Bank from time to time and subject to guidelines issued by Indian Banks' Association/Foreign Exchange Dealers' Association of India in this regard.

B Premature withdrawal of NRE/FCNR(B) deposits for the purpose of opening NRNR Rupee Deposit accounts with a different authorised dealer will attract penalty as per the directions issued by Reserve Bank from time to time.

### **Opening of and Utilisation of Funds in FCNR(B) Accounts 4 3**

- 14B.2** (i) FCNR(B) term deposit accounts may be opened with funds remitted from abroad in convertible foreign currency through normal banking channel or funds received in rupees by debit to the 2 0 0 2VOSTRO accounts of non-resident banks or funds which are of repatriable nature in terms of general or special permission granted by Reserve Bank. The accounts under the Scheme may also be opened by transfer of funds from the existing NRE/FCNR accounts of the non-resident account-holders at the time of maturity or when prematurely withdrawn.
- (ii) Instructions contained in paragraph 13B.21 to 13B.23 are applicable, mutatis mutandis, to FCNR(B) accounts also.

### **Mode of Remittance**

- 14B.3** (i) Remittances from abroad for opening/crediting to FCNR(B) accounts would ordinarily be made only in the designated currency in which the account is desired to be opened/maintained. If, 2 0 0 2however, remittance is received in a currency other than the designated currency (including funds received in rupees by debit to the account of a non-resident bank) it will be converted into the latter currency by an authorised dealer at the risk and cost of the remitter and account opened/maintained in the designated currency.

(ii) In case a customer with any convertible currency other than a designated currency desires to place a deposit under the Scheme, authorised dealers can undertake a fully covered swap in that currency against the desired designated currency with the depositor. There is no objection also for such a swap being done between two designated currencies.

### **Conversion of Rupees into Designated Currencies and vice versa**

**14B.4** (i) Remittances received in Indian rupees for opening FCNR(B) accounts in conformity with paragraph 14B.2(i) should be converted by authorised dealers into the designated foreign currency at the clean T.T. selling rate for that currency ruling on the date of conversion.

(ii) Maturity proceeds of FCNR(B) accounts or premature withdrawal thereof for purpose of meeting -4 0 0 -4local disbursements including investment requirements of account holder in India should be converted into rupees at the authorised dealer's clean T.T. buying rate for the relative currency ruling on the date of withdrawal.

### **Inland Movement of Funds**

**14B.5** Any inland movement of funds for the purpose of operating FCNR(B) Accounts as well as for repatriation abroad of balances held in FCNR(B) accounts will be free of inland exchange or commission for the non-resident depositors. Authorised dealers receiving foreign currency remittances under the Scheme will also on request pass on the foreign currency to another authorised dealer if FCNR(B) account has to be opened with the latter, at no extra cost to remitter.

### **Manner of Payment of Interest**

**14B.6** (i) Interest on balances held in FCNR(B) accounts may be paid half-yearly or on an annual basis as desired by the depositor.

(ii) Interest may be credited to a new FCNR(B) account or an existing/new NRE/NRO account in the -5 0 0 -5name of the account holder, at his option.

### **Loans/overdrafts against FCNR(B) deposits**

**14B.7** In case of loans/overdrafts against FCNR(B) deposits, the margin requirement shall be calculated on the rupee equivalent of the deposits at the prevailing notional rate of exchange for the relative currency.

### **Transfer of Funds held in FCNR(B) Accounts**

**14B.8** Authorised dealers may allow transfer of funds held in FCNR(B) accounts of different persons maintained with themselves or with other authorised dealers for any purpose subject to the following conditions:

- (a) Authorised dealers should levy penalty if such transfer involves premature withdrawal of FCNR(B) deposits.

(b) Where the transfer of funds is by way of gift, it may be allowed after obtaining an undertaking from the transferee/transferee's bank that gift tax, if any, payable on the transfer of funds will be paid to the Income-tax authorities in India.

(c) In case of transfer of funds held in the FCNR(B) accounts held with different authorised dealers, the authorised dealer transferring the funds should issue a certificate confirming the non-resident status of the transferor and repatriable nature of funds.

### **FCNR(B) Deposits of NRIs on Return to India**

**14B.9** The FCNR(B) deposits of persons of Indian nationality/origin who return to India for permanent settlement may be allowed to be continued till maturity at the contracted rate of interest, if desired. However, except the provisions relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes such deposits would be treated as resident deposits from the date of return of the account holder to India. In case the FCNR(B) deposits are withdrawn before maturity, the directions issued in this regard by Reserve Bank including directions, if any, about levy of penalty would be applicable. Authorised dealers should convert the FCNR(B) deposits on maturity into resident rupee deposits accounts or RFC account (if eligible), at the option of the account holder and interest on the new deposit (rupee account or RFC account) would be payable at the relevant rate applicable for such a deposit.

### **Statement of Inflow, Outflow and Outstanding Deposits under FCNR Accounts (Banks) Scheme**

**14B.10** Authorised dealers should submit a monthly statement for the bank as a whole, in form STAT 5 showing the inflow, outflow and outstanding deposits under the Foreign Currency (Non-Resident) Accounts (Banks) Scheme during the month, so as to reach the Reserve Bank before the 10th day of the month following that to which it relates.

## **PART C FOREIGN CURRENCY (ORDINARY - NON-REPATRIABLE) DEPOSIT (FCNR) SCHEME**

### **General**

14C.1 Foreign Currency (Ordinary - Non-repatriable) Deposit (FCNR) Accounts in the names of non-residents denominated in U.S. dollar were allowed to be opened by authorised dealers out of funds transferred to India in an approved manner in convertible foreign currency from abroad or by transfer of funds from NRE/FCNR accounts. The Scheme was withdrawn with effect from 20th August 1994.

## **PART D - EXCHANGE EARNERS FOREIGN CURRENCY (EEFC) ACCOUNTS**

### **General**

**14D.1** (i) Reserve Bank, by its [Notification No.F.E.R.A. 183/98-RB](#) dated 22nd April, has permitted exporters of goods and services and other beneficiaries of inward remittances in

convertible foreign currency, other than those remittances received pursuant to undertakings given by them or those received for meeting specific obligations, to open and maintain with authorised dealers in India accounts expressed in foreign currency and titled "Exchange Earners Foreign Currency (EEFC) Accounts" and to credit to such accounts amounts not exceeding 50% of such remittances and operate on such accounts. In the case of 100% Export Oriented Units or units located in Export Processing Zones or in Software Technology Parks or in Electronic Hardware Technology Parks, amounts up to 70% of the remittances can be credited to such accounts. Authorised dealers may also allow credits to EEFC accounts in the following cases:

- a) Up to 50%/70% of the inward remittances, as the case may be, received towards export advance in freely convertible currencies subject to monitoring of the advances received by the authorised dealers concerned in terms of [paragraph 6C.6](#).
- b) Up to 50% of the payments received by exporters by debit to U.S.Dollar Escrow accounts maintained in India as also under the foreign currency debt repayment route, towards value of goods exported by them.
- c) Up to 50% of the payments received by hotels from Credit Card Servicing Organisations (CCSO) in India in rupees against goods/services sold/supplied to foreign tourists against international credit cards issued abroad, provided CCSO in India confirms that the total bill amount as per charge slips received by the hotels has been realised in convertible foreign currency in an approved manner. In such cases foreign exchange equivalent of the 50% of the amount received in rupees may be credited to their EEFC accounts by converting at the market rate.

*Note: Unspent foreign exchange surrendered out of the foreign exchange obtained for travel abroad may be re-credited to EEFC account, provided the foreign exchange was released by debit to the **same** EEFC account .*

(ii) The resident beneficiaries of the payments received in foreign exchange from the EEFC account holders in accordance with Notification No.F.E.R.A.186/98-RB dated 4th September 1998 issued by Reserve Bank will be required to surrender the foreign exchange within seven days of its receipt to an authorised dealer as per the existing regulations. The resident beneficiaries of foreign exchange in such cases will **not** be eligible for EEFC facility.

### **EEFC Accounts not permitted in certain cases**

**14D.2 (i)** Exporters maintaining foreign currency accounts in terms of [paragraph 6A.12](#) are not eligible to maintain EEFC accounts.

**14D.2(ii)** Authorised dealers may maintain EEFC account in any convertible foreign currency and in any form (current, savings or term deposit accounts). Savings bank accounts in the names of firms, companies, etc. should, however, **not** be permitted.

## Minimum balance

**14D.3** Authorised dealers maintaining EEFC accounts may prescribe a suitable minimum balance

for these accounts.

## Utilisation of Funds for Approved Purposes only

**14D.4 (i)** Authorised dealers may allow utilisation of funds held in EEFC accounts for making all bonafide payments of the account holders in foreign exchange connected with their trade and business related transactions which are of a current account nature (besides certain permitted capital account transactions) without any restrictions except in the case of remittance of agency commission. **In other words such business/trade related remittances may be allowed by authorised dealers beyond the monetary or percentage ceiling if any, prescribed in ECM, except that where rate of agency commission on export exceeds 12.5% of invoice value prior approval of Reserve Bank should be obtained.**

**14D.4 (i)** The funds held in EEFC accounts may be permitted to be utilised by the account

holder for all bona fide payments of the account holder subject to the limits and conditions and on verification of documents prescribed in the Manual and/or against permits issued by Reserve Bank. Authorised dealers may also permit utilisation of the funds held in EEFC accounts for making bona fide payments of the account holders in foreign exchange connected with their trade and business related transactions which are of a current account nature (i.e. other than for capital account transactions viz. for investments abroad or for repayment of loans, etc.), without any restriction except in the case of remittance of agency commission on exports. In other words such business/trade related remittances may be allowed by authorised dealers beyond the monetary or percentage ceilings, if any, prescribed in the Manual or for similar other purposes not expressly stated therein but where the rate of agency commission on exports exceeds 12.5 per cent (cf. [paragraph 6E.2](#)) prior approval of Reserve Bank should be obtained. Before allowing such remittances authorised dealers should satisfy themselves about the bona fides of the transaction with reference to the documentary evidence produced by the account holder. Doubtful cases should, however, be referred to Reserve Bank with full details together with comments of the authorised dealer.

(ii) Funds held in EEFC accounts may also be allowed to be used for the purposes

listed in [Annexure I](#).

**NOTE:** *Funds held in EEFC accounts may also be allowed to be utilised for payment of air fare and hotel expenditure abroad in connection with visits abroad of the employees/directors*

*etc. of the account holder.*

### **Reserve Requirements**

**14D.5** The balances in the EEFC accounts will be subject to Cash Reserve Ratio and Statutory Liquidity Ratio as prescribed by Reserve Bank from time to time.

### **Rate of Interest**

**14D.6** The rate of interest payable on the balances in savings/term deposit accounts will be

determined by the banks taking into account the interest rates prevailing in international markets. No interest is payable on the balances held in the form of current accounts.

### **Transfer to Other Accounts**

**14D.7** Funds held in the EEFC accounts will not be permitted to be sold/transferred to accounts

of other residents in India. However, authorised dealers may permit, on application, transfer of funds from the EEFC account/s of the Indian tour operator/s to EEFC accounts of hotels and other establishment/s provided the tour operator confirms that the amount represents the proportionate share of the latter in relation to the services rendered to foreign tourists.

### **Liquidation of Export Credit**

**14D.8** In case the exporter has obtained any export credit from a bank against shipment in

respect of which a percentage of the proceeds is sought to be credited to the EEFC account, authorised dealers should ensure that the export credit has been liquidated fully before affording any credit out of export proceeds to the EEFC account.

### **Issue of cheques against EEFC balances**

**14D.8A** i) Authorised dealers may allow EEFC account holders the facility of making payments from such accounts for eligible purposes by issue of cheques to the beneficiaries of the payment. In order to facilitate easy identification of cheques drawn on EEFC accounts, authorised dealers may issue to their constituents maintaining EEFC accounts with them, separate cheque books containing a special series of cheques distinct from cheques issued on domestic rupee accounts and NRE accounts superscribed with the words "EEFC Account". Authorised dealers may fix their own requirement of minimum balance in the account for being eligible to avail of cheque facility. While allowing the above facility authorised dealers should advise the EEFC account holders that while issuing cheques for making payments in foreign exchange out of funds held in EEFC accounts, they will ensure that the cheques are issued for payments for approved purposes only and the relevant exchange control regulations are complied with.



ii) EEFC account holders should immediately after issue of the cheque, but in any case not later than seven days, submit an application to authorised dealer on form A1 or A2, as the case may be, together with supporting documents giving full particulars of transaction for which cheque was issued.

iii) While making payment of cheques issued on EEFC account, authorised dealers should satisfy themselves that the transaction in question is permissible under the current exchange control regulations. Any payment made by issue of a cheque for a purpose for which use of funds held in EEFC account is not permissible should be reported to Reserve Bank promptly.

iv) The transaction should be reported in appropriate "R" return when the cheque is cleared for payment.

India or abroad, against the security of funds held in the EEFC accounts.

### **Statement of Operations on EEFC Accounts**

**14D.10** Deleted

## **PART E - RESIDENT FOREIGN CURRENCY (RFC) ACCOUNTS**

### **General**

**14E.1** A scheme known as 'Resident Foreign Currency Accounts (RFC accounts) Scheme' has been

drawn up by Reserve Bank in pursuance of Government of India [Notification No. F.10/22/90/NRI](#) Cell dated 17th July 1992 and Reserve Bank Notifications Nos. FERA.116, 117 and [118 /92-RB](#) dated 7th September 1992 to enable eligible returning Indians to open and maintain foreign currency accounts with authorised dealers in India. The Scheme has been reproduced in Annexure II. Reserve Bank has also granted exemption from the prohibition imposed under Section 24 of FERA 1973 in respect of gift of foreign exchange held in India/abroad or of any property held abroad in certain cases referred to in its [Notification No. FERA 165/95-RB](#) dated 28th April 1995.

### **Opening of RFC Accounts**

**14E.2** (i) Under the scheme, persons of Indian nationality or origin, who, having been resident

outside India for a continuous period of not less than one year, have become persons resident in India on or after 18th April 1992 are eligible to open and maintain the accounts with authorised dealers in India in any freely convertible foreign currency. Authorised dealers may, on receipt of an application in [form RFC](#), open RFC accounts in the names of eligible persons. Persons who return

to India after a short assignment of less than one year abroad desiring to have RFC accounts should apply through authorised dealers to Reserve Bank in [form RFC](#). RFC accounts opened with the specific approval of Reserve Bank will be governed by the conditions stipulated by Reserve Bank while granting such approval.

NOTE: *For arriving at the period of continuous stay abroad of not less than one year, short visits to India on personal grounds like meeting family members/relatives or on health grounds which do not indicate the person's intention to stay in India for an indefinite period may be ignored.*

(ii) RFC accounts may be maintained in the form of current, savings (without cheque facility) or term deposit accounts and held singly or jointly only in the names of eligible persons.

NOTES:A. *Persons who returned to India prior to 18th April 1992 after having been resident outside India for a continuous period of not less than one year are also eligible to open RFC accounts if (a) they are holding valid specific permission/licence from Reserve Bank as on 17th July 1992 to maintain foreign accounts or to hold other foreign currency assets abroad or (b) they are in receipt of pension or other monetary benefits from their overseas employers subsequent to their return to India even if they did not maintain foreign currency accounts or hold other foreign currency assets abroad.*

B. *Persons holding RIFEE permits or Reconversion facility have been given option to continue those facilities or avail of RFC account facility (cf. [paragraph 12.13](#)). These options can be exercised at one stroke or in part amounts during the validity period of RIFEE permit or Reconversion facility. Accordingly, holders of RIFEE permit or Reconversion facility are also eligible to open RFC accounts.*

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

A person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of Indian origin, if,

i) he at any time held an Indian passport,

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),

or

- iii) that person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh).

### **Eligible Assets**

**14E.3** 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.

### **Credits**

**14E.4** Undernoted credit transactions may be allowed in RFC Accounts by authorised dealers.

- (a) Remittance in convertible foreign 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 convertible foreign 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 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 have been declared on the Currency Declaration Form ([CDF](#)) (cf. [papragraph 7D.5](#)).
- (e) Transfers from other RFC accounts of the account holder.

- (f) Balances in any NRE/FCNR Account (other than in NRE rupee accounts of persons resident in the erstwhile Bilateral Group countries which have been funded in non-convertible rupees) in the name of the eligible person standing to his credit at the time of his arrival in India. No penalty would be payable for premature withdrawal of NRE/FCNR deposits in such cases.
- (g) Unutilised entitlement under any valid RIFEE permit or Reconversion facility granted by Reserve Bank (See [paragraph 12.13](#)).
- (h) Unspent foreign exchange surrendered by the RFC accountholders provided authorised dealer is satisfied that the concerned foreign exchange/currency had in fact been released for travel etc. abroad by debit to the same RFC accounts and the amount of foreign exchange/currency is surrendered within the stipulated period as required under the Exchange Control regulations.

### **Debits**

**14E.5** (i) The funds in the RFC account may be allowed to be freely utilised by the account

holder for any bona fide remittance outside India through normal banking channels including for investments abroad provided the cost of such investments and/or any subsequent payments required therefor are met out of RFC account.

(ii) Withdrawals/payments from such accounts, other than for remittances outside India, or for payments in foreign currency authorised to be made in India by Reserve Bank, shall be permitted by the authorised dealer only in equivalent Indian rupees.

### **Rate of Interest**

**14E.6** Rate of interest payable on the funds held in RFC accounts may be decided by authorised dealers on the basis of market rates. No interest shall be payable on balances held in the form of current accounts.

### **Nomination Facility**

**14E.7** (i) RFC accounts shall have the nomination facility as in the case of resident rupee accounts.

(ii) On the death of a RFC account holder, the balance in the account may be repatriated to nominees to the extent of his/their entitlement, if on the date of death of the account holder such nominees are resident outside India. To the extent any nominee is a person resident in India on the date of the death of account holder, the amount may be paid to him in equivalent Indian rupees.

## **Reserve Requirements**

**14E.8** Funds held in RFC accounts are exempt from CRR/SLR requirements.

## **Loans/Overdrafts against the Deposits**

**14E.9** No loan/overdraft shall be granted by authorised dealers against balances in RFC accounts.

## **Transfer of Balances on becoming Non-resident**

**14E.1** Funds held in RFC account may be freely remitted abroad or credited to fresh NRE/FCNR  
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accounts in the event of the account holder becoming non-resident by virtue of his going abroad for employment, etc. A monthly statement in [form STAT 10](#) for the bank as a whole may be forwarded to the Chief General Manager, Exchange Control Department (Central Statistical Division), Reserve Bank of India, Central Office, Mumbai 400 001 so as to reach him by 10th of the month following the month to which it relates.

# **PART F - OTHER FOREIGN CURRENCY ACCOUNTS**

## **Escrow Accounts**

**14F.1** Under a Counter trade proposal involving adjustment of value of goods imported into India against

value of exports from India in terms of an arrangement voluntarily entered into between the Indian party and the overseas party, there is need for an Escrow Account to be opened with a bank in India. Proposals for opening such accounts designated in a foreign currency will be considered by Reserve Bank. Application for permission for opening such an account in the name of the overseas party should be made by the overseas exporter/organisation through the authorised dealer with whom the account is proposed to be opened to the concerned office of Reserve Bank (See [paragraph 6A.13](#)).

## **Foreign Currency Accounts by Exporters**

**14F.2** Deleted (Please see [paragraph 6A.12](#)).

## **Foreign Currency Accounts by Airline/Shipping Companies**

**14F.3** Authorised dealers may open foreign currency accounts in the names of airline/shipping companies

or their agents in India for crediting freight collections from local exporters/importers (cf. [paragraph 8C.4](#)). Withdrawal of funds from such accounts may be permitted for meeting local expenses of the concerned airline/shipping company, payment of taxes, etc. or for making

remittances abroad towards surplus passage/ freight collections, operating expenses, etc. to the extent permitted by Reserve Bank (cf. [Part B](#) of Chapter 8).

### **Foreign Currency Accounts of Overseas Companies executing Projects in India**

**14F.4** Overseas companies executing projects in India will be permitted, on application, to open foreign

currency accounts with authorised dealers in India for meeting local expenses in connection with the projects in India. Applications for the purpose should be submitted to Reserve Bank, through an authorised dealer, with full details and copies of the approvals obtained from Government of India/Reserve Bank for the concerned project.

### **Foreign Currency Accounts of Overseas Buyers**

**14F.5** Reserve Bank may consider applications from overseas buyers for opening foreign currency

accounts with authorised dealers in India provided they are funded by remittances in any permitted currency from abroad for making payments to Indian exporters. Authorised dealers should refer such requests to Reserve Bank with full particulars viz., name and address of the overseas party, sources of credits and the purpose of opening the account, etc.

### **Foreign Currency Accounts of Foreign Embassies/Missions/Diplomats**

**14F.6** Authorised dealers may open foreign currency accounts in India in the names of Foreign Embassies/Missions/ Diplomats without the approval of Reserve Bank subject to the following conditions:

- i. The accounts should be funded by inward remittance in convertible currencies.
- ii. Funds from such accounts can be utilised for payments for import of goods, purchases from Bonded Stores, payment of passage fare, etc.
- iii. Funds held in these accounts, if converted in rupees cannot be reconverted into foreign currency for credit to the accounts.
- iv. The balances in the account may be repatriated/transferred abroad without the approval of Government of India/Reserve Bank.
- v. While the accounts of Diplomatic Missions may be maintained in the form of Current/Fixed Deposit accounts, Foreign Diplomats may maintain Current/Savings Bank/Fixed Deposit accounts subject to usual terms and conditions of operating these accounts.
- vi. Rate of interest to be paid on Savings/Term Deposit accounts may be determined by the banks as in the case of EEFC/RFC accounts.