

Master Direction 14/ 2015-16 – Deposits and Accounts Sec 9(4)

Part I - Opening, holding and maintaining foreign currency accounts by a person resident in India

- ❖ Exchange Earner Foreign Currency Account (EEFC account)
- ❖ Resident Foreign Currency (RFC) Account (pension, overseas stay as NR)
- ❖ Resident Foreign Currency (Domestic) Account – RFC (D) Account (gift ,residual FC, honorarium)
- ❖ Foreign company office, project office can open bank FC account
- ❖ Indian company' s branch abroad
- ❖ Foreign employee
- ❖ Indian employee
- ❖ Indian Resident for LRS remittance at abroad

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

- ❖ **Non-Resident (External) Rupee Account Scheme – (NRE Account)**
 - By NRI : savings, current, recurring or fixed deposit account etc.
 - Credits permitted maturity proceeds if such investments were made from this account or through inward remittance.
 - The debits allowed from this account are local disbursements, transfer to other NRE/ FCNR(B) and investments in India.
 - 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.
 - An authorised dealer or its overseas branch/ correspondent can grant loans against security of the funds to the account holder/ a third party in or outside India, respectively 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.
 - 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.

❖ **Foreign Currency (Non-resident) Account (Banks) Scheme – FCNR (B) Account**

- NRI only Fixed deposit

❖ **Non-Resident (Ordinary) Account Scheme – NRO account**

- Any person resident outside India (as per Section 2 (w) of FEMA),
- NRO (current/ savings) account can be opened by a foreign national of non-Indian origin visiting India,
- 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.
- Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement.

❖ A company incorporated in India including NBFC registered with the Reserve Bank cannot accept deposits on repatriation basis.

❖ Indian companies can accept deposits from NRIs by issue of a commercial paper

❖ 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,