

FED Master Direction No.2 /2015-16

Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses

- ❖ Rupee Drawing Arrangement (RDA) is a channel to receive cross-border remittances from overseas jurisdictions. Under this arrangement, the Authorised Category I banks enter into tie-ups with the non-resident Exchange Houses to open and maintain their Vostro Account.
- ❖ Relating to Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses.
- ❖ Cross-border inward remittances may also be received under Rupee Drawing Arrangements (RDAs) through the Rupee Vostro Account of Exchange Houses situated in Gulf countries, Hong Kong, Singapore, Malaysia (for Malaysia only under Speed Remittance Procedure) and all other countries which are FATF compliant (for all other countries which are FATF compliant only under Speed Remittance Procedure).
- ❖ Once the total number of RDAs reaches twenty, the AD Category-I bank may cause a detailed external audit of their internal system to ensure that it is working satisfactorily.
- ❖ Balances in such accounts will not qualify for payment of interest.
- ❖ Drawing Arrangements with Exchange Houses are primarily designed to channel cross-border inward personal remittances. ***Under no circumstances, donations / contributions to charitable institutions should be routed through the Exchange Houses.***

❖ (b) The following is the list of permissible transactions under Drawing Arrangements with Exchange Houses:

- (i) Credit to Non-resident (External) Rupee accounts maintained by Non-Resident Indians in Indian Rupees.
- (ii) Payments to families of Non-resident Indians.
- (ii) Payments in favour of Insurance companies, Mutual Funds and the Post Master for premia / investments.
- (iv) Payments in favour of bankers for investments in shares, debentures.
- (iii) Payment to Co-operative Housing Societies, Government Housing Schemes or Estate Developers for acquisition of residential flats in India in individual names, subject to compliance of regulations applicable thereof, by the Non-resident Indians.
- (vi) Payments of tuition/ boarding, examination fee, etc., to schools, colleges and other educational institutions.
- (iv) Payments to medical institutions and hospitals in India, for medical treatment of NRIs / their dependents and nationals of all FATF countries.
- (v) Payments to hotels by nationals of all FATF compliant countries / NRIs for their stay.
- (vi) Payments to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic airlines / rail, etc.
- (vii) Trade transactions up to Rs.15,00,000 (Rupees Fifteen lakhs only) per transaction. Further, it has been decided to permit AD banks to regularize payments exceeding the permitted limit under RDA provided that they are satisfied with the bonafide of the transaction.