



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI**

RBI/2004/179
A.P. (DIR Series) Circular No.89

April 24, 2004

To

All Authorised Dealers in Foreign Exchange

Sir/Madam,

**Foreign Exchange Management (Deposit)
Regulations, 2000 - Acceptance of Deposits - Revised Guidelines**

In terms of Regulation 7 (1) and (2) of the Foreign Exchange Management (Deposit) Regulations, 2000, (issued vide Notification No. FEMA 5/2000-RB dated May 3, 2000) persons other than Authorised Dealers/Authorised Banks are permitted to accept deposits from Non-Resident Indians (NRIs). This includes a company registered under Companies Act, 1956 (including a non-banking finance company registered with Reserve Bank) or a body corporate created under an Act of Parliament or State Legislature who has accepted deposits from NRIs on repatriation basis or a company or a proprietorship concern or a firm in India which has accepted deposits from NRIs on non-repatriation basis. The interest earned on such deposits, being current income, is eligible to be repatriated outside India.

2. The issue relating to acceptance of deposits from NRIs by persons other than Authorised Dealers/Authorised Banks has been reviewed in the light of current developments. It has been decided that deposits by NRIs with persons other than Authorised Dealers/Authorised Banks by debit to NRO Accounts may continue as hitherto provided that the amount deposited with such entities does not represent inward remittances or transfer from NRE/FCNR(B) Accounts into the NRO account .

3. Deposits by NRIs with persons other than Authorised Dealers/Authorised Banks out of inward remittances from overseas or by debit to NRE/FCNR (B) Accounts shall henceforth not be permissible.

4. All persons other than Authorised Dealers/Authorised Banks may continue to hold and renew existing deposits held in their books in the name of NRIs on repatriation or non-repatriation basis, as the case may be. The interest earned on such deposits will continue to be eligible for repatriation.

5. The revised instructions shall be applicable with immediate effect .

6. Necessary amendments to the Foreign Exchange Management (Deposit) Regulations, 2000 are being notified separately.

7. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

8. The directions contained in this circular have been issued under
11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Sections 10(4) and

Yours faithfully,

Grace Koshie

Chief General Manager

[A.P.(DIR Series) Circular No.89, dated April 24, 2004]



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FOREIGN EXCHANGE DEPARTMENT
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PRESS RELEASE

Acceptance of Deposits by persons other than Authorised Dealers and Authorised Banks -

Reserve Bank has reviewed the issue relating to acceptance of deposits from Non Resident Indians (NRIs) by persons other than Authorised Dealers/Authorised Banks in the light of current developments. Persons other than Authorised Dealers/ Authorised Banks include a company registered under Companies Act, 1956 (including a non-banking finance company registered with Reserve Bank) or a body corporate created under an Act of Parliament or State Legislature who has accepted deposits from NRIs on repatriation basis or a company or a proprietorship concern or a firm in India which has accepted deposits from NRIs on non- repatriation basis. The interest earned on such deposits, being current income, is eligible to be repatriated outside India.

It has been decided that such deposits by NRIs may continue as hitherto provided that the amount deposited with these entities does not represent inward remittances or transfer from NRE/FCNR (B) Accounts into the NRO account. **In future, deposits by NRIs with the above entities out of inward remittances from overseas or by debit to NRE/FCNR (B) Accounts shall not be permissible.** However, such entities may continue to hold and also renew existing deposits held in their books in the name of NRIs on repatriation or non-repatriation basis, as the case may be. The interest earned on such deposits will continue to be eligible for repatriation.

The revised instructions shall be applicable with immediate effect.

Authorised Dealers have been advised to bring the revised instructions to the notice of their constituents concerned.

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