



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2015-16/309

February 04, 2016

A.P. (DIR Series) Circular No.44/2015-16 [(1)/10(R)]

To

All Category - I Authorised Dealers and Authorised Banks

Madam/ Sir

Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015

Attention of Authorised Dealers (ADs) is invited to [A.D.\(M.A. Series\) Circular No. 11 dated May 16, 2000](#) in terms of which ADs were advised of various Rules, Regulations, Notifications/ Directions issued under the Foreign Exchange Management Act, 1999 (hereinafter referred to as the Act). On a review it is felt necessary to revise the regulations issued under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000, as amended from time to time. Accordingly, in consultation with the Government of India, the said regulations have been repealed and replaced by the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015.

2. According to the regulations, a "Foreign Currency Account" means an account held or maintained in currency other than the currency of India or Nepal or Bhutan.

3. These regulations seek to regulate opening and maintenance of foreign currency accounts in and outside India by a person resident in India.

4. In terms of Regulation No. 4, a person resident in India may open, hold and maintain with an authorized dealer in India the following accounts, subject to the conditions specified in the regulations (details wherever necessary are given in Annex to this circular):

- (a) Exchange Earner's Foreign Currency (EEFC) Account subject to the terms and conditions of the Exchange Earner's Foreign Currency Account Scheme (Schedule I to the regulations);
- (b) Resident Foreign Currency (RFC) Account out of sources of receipt of foreign exchange mentioned in sub-regulation (B) of the regulations;
- (c) Resident Foreign Currency (Domestic) [RFC(D)] Account with an authorised dealer in India out of sources of receipt of foreign exchange mentioned in sub-regulation (C) of the regulations;
- (d) Diamond Dollar Account (DDA) - firms and companies who comply with the eligibility criteria stipulated in the Foreign Trade Policy of Government of India, subject to the terms and conditions of the DDA Scheme (Schedule II to the regulations)

5. In addition, in terms of Regulation No. 4, the following persons resident in India can open foreign currency accounts with an authorized dealer in India, subject to the conditions specified in the regulations (details wherever necessary are given in Annex to this circular):

- (a) A unit in a Special Economic Zone;
- (b) An exporter who is exporting services and engineering goods on deferred payment terms or has undertaken a turnkey project or a construction contract abroad;
- (c) Indian agents of foreign airline or shipping companies;
- (d) Ship-manning/ crew managing agencies in India;
- (e) Project offices set up in India in terms of Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000 dated May 3, 2000, as amended from time to time;
- (f) Indian companies receiving Foreign Direct Investment.
- (g) Organisers of international seminars, conferences, conventions etc.

6. In terms of Regulation No. 5, the following persons resident in India can open foreign currency accounts outside India subject to the conditions

specified in the regulations (details wherever necessary are given in Annex to this circular):

- (a) An authorized dealer in India with its branch/ head office/ correspondent outside India;
- (b) A branch outside India of a bank incorporated or constituted in India;
- (c) An India firm/ company/ body corporate in the name of its foreign office/ branch or its representative posted outside India;
- (d) An exporter who is exporting services and engineering goods on deferred payment terms or has undertaken a turnkey project or a construction contract abroad;
- (e) An Indian Party [as defined in Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time] for making overseas direct investment provided the overseas regulator requires the maintenance of such an account;
- (f) A person raising ECB or ADR/ GDR;
- (g) Indian shipping or airline companies;
- (h) Life Insurance Corporation (LIC) of India or General Insurance Corporation (GIC) of India and its subsidiaries for the purpose of carrying on life/ general insurance business;
- (i) A resident individual under the Liberalized Remittance Scheme;
- (j) A person going abroad to participate in an exhibition/ trade fair;
- (k) A person going abroad for studies;
- (l) A person who is on a visit to a foreign country provided the balances are repatriated on return to India;
- (m) A foreign citizen resident in India, being an employee of a foreign company, or an Indian citizen, being an employee of a foreign company, in either case on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India;
- (n) A foreign citizen resident in India employed with an Indian company

7. In terms of regulation 6, unless otherwise specifically stated, a Foreign Currency Account with an authorized dealer in India under these Regulations may be opened, held and maintained in the form of current or savings or term deposit account in cases where the account holder is an individual, and in the form of current account or term deposit account in all other cases. The account can be held singly or jointly in the name of person eligible to open, hold and maintain such account.

8. The new regulations have been notified vide [Notification No. FEMA 10\(R\)/2015-RB dated January 21, 2016](#), c.f. G.S.R. No.96 (E) dated January 21, 2016 and shall come into force with effect from January 21, 2016. [The Master Direction No. 14 of 2015-16](#) (Deposits and Accounts) has been updated accordingly to incorporate the above changes.

9. AD Category- I banks may bring the contents of the circular to the notice of their constituents concerned.

10. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(B. P. Kanungo)
Principal Chief General Manager

Foreign currency accounts that can be maintained by residents

I. Exchange Earner's Foreign Currency (EEFC) Account [Regulation 4(A)]

- 1) The terms and conditions under which this account can be opened, held and maintained are laid down in Schedule I to the regulations.
- 2) The account will be in the form of a non-interest bearing current account.
- 3) The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account.
- 4) Authorised Dealers can allow SEZ developers to open, hold and maintain EEFC Account and credit their foreign exchange earnings, as specified in the paragraph 1 of Schedule I.
- 5) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
- 6) *Credit Facilities:* Credit facilities, both fund-based and non-fund based should not be granted against the balances held in EEFC Accounts.
- 7) Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency, from balances in their EEFC account to the extent exports have actually taken place.
- 8) Balances may be credited to NRE/ FCNR(B) accounts, at the option/request of the account holders consequent upon change of their residential status from resident to non-resident.

II. Resident Foreign Currency (RFC) Account [Regulation 4(B)]

- 1) Resident individuals are allowed to open a Resident Foreign Currency (RFC) Account with an AD bank in India out of foreign exchange received as pension, superannuation benefits, conversion of assets referred to in section 6(4) of the Act and other cases as laid down in regulation 4(B). The balances in the Non-Resident External (NRE) Account and Foreign Currency Non-Resident Bank [FCNR (B)] Account can be credited to the RFC account when the residential status of the non-resident Indian (NRI) changes to that of a Resident.

III. Resident Foreign Currency (Domestic) Account (RFC(D)) [Regulation 4(C)]

- 1) To enable resident individuals to keep in a bank account the foreign exchange they could retain from the sources mentioned in terms of Regulation 3(iii) of RBI [Notification No.FEMA.11\(R\)/ 2015-RB dated December 29, 2015](#), they are allowed to open a Resident Foreign currency (Domestic) Account [RFC(D)] with an AD bank in India. This facility is in addition to that provided under of RBI [Notification No.FEMA.11\(R\)/ 2015-RB dated December 29, 2015](#).
- 2) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
- 3) Balances may be credited to NRE/ FCNR(B) Accounts, at the option/ request of the account holders consequent upon change of their residential status from resident to non-resident.

IV. A unit in a Special economic Zone [Regulation 4(D)]

- 1) A unit located in a Special Economic Zone may open hold and maintain a Foreign Currency Account with an authorized dealer to credit all foreign exchange funds received by the unit.
- 2) The account can be used for bona fide trade transactions between the unit and a person resident in/ outside India.

V. Diamond Dollar Accounts (DDA) [Regulation 4(E)]

- 1) The terms and conditions under which this account can be opened, held and maintained are laid down in Schedule II to the regulations.
- 2) The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.

VI. Ship-manning/ crew managing agencies in India [Regulation 4(G)(2)]

- 1) AD Category – I banks may allow ship-manning/ crew managing agencies in India to open and maintain non-interest bearing foreign currency accounts in India for the purpose of undertaking transactions in the ordinary course of its business, as detailed:
 - a. *Credits*: Only by way of inward remittances through normal banking channels from the overseas principal.

- b. *Debits:* Towards various expenses in connection with the management of the ships/ crew in the ordinary course of its business.
- c. No credit facility (fund based or non-fund based) should be granted against security of funds held in the account.
- d. The bank should meet the prescribed Reserve Requirements in respect of such accounts.
- e. No EEFC facility should be allowed in respect of the remittances received in the account.
- f. The account will be maintained only during the validity period of the agreement.

VII. Project Offices — Foreign Currency Accounts in India [Regulation 4(G)(3)]

- 1) An AD may open non-interest bearing foreign currency account for Project Offices in India subject to the following:
 - a. The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority,
 - b. The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,
 - c. Each Project has only one Foreign Currency Account.
 - d. *Debits:*
 - i. Payment of project related expenditure.
 - e. *Credits:*
 - i. Foreign currency receipts from the Project Sanctioning Authority, and
 - ii. Remittances from parent/ Group Company abroad or bilateral/ multilateral international financing agency.
 - f. The Foreign Currency account may be closed at the completion of the project.
 - g. Inter-project transfer of funds will be permitted with the prior permission of the Regional Office of the Reserve Bank under whose jurisdiction the Project Office is situated.
 - h. In case of disputes between the Project Office and the project sanctioning authority or other Government/Non-Government

agencies etc., the balance held in such account shall be converted into INR and credited to a special account which shall be dealt with as per the settlement of the dispute.

VIII. Organisers of international Seminars, Conferences, Conventions etc. [Regulation 4(G)(5)]

- 1) Organisers of international Seminars, Conferences, Conventions etc. may hold temporary foreign currency accounts with an AD in India subject to the following conditions:
 - a. *Credits*: All inward remittances in foreign currency towards registration fees payable by overseas delegates, grant, sponsorship fees and donations, received from abroad, in connection with the conference, convention, etc.
 - b. *Debits*: (i) Payment to foreign/ special invitees attending the conference, etc., on the specific invitation of the organisers, towards travel, hotel charges, etc., and honorarium to foreign guest speakers; (ii) Remittance towards refund of registration fees to foreign delegates and unutilised sponsorship/grant amount, if any; (iii) Bank charges, if any; (iv) Conversion of funds into rupees.
 - c. All other credits/ debits would require the prior approval of the Reserve Bank.
 - d. The account should be closed immediately, after the conference/event is over.

IX. An Indian Corporate raising ECB [Regulation 5(E)(1)]

ECB proceeds meant only for foreign currency expenditure can be retained abroad pending utilization. Till utilisation, these funds can be invested in the following liquid assets (a) deposits or Certificate of Deposit or other products offered by banks rated not less than AA (-) by Standard and Poor/ Fitch IBCA or Aa3 by Moody's; (b) Treasury bills and other monetary instruments of one year maturity having minimum rating as indicated above and (c) deposits with overseas branches / subsidiaries of Indian banks abroad.