

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

Notification No. FEMA 5 (R)/(3)/2019-RB

November 13, 2019

Foreign Exchange Management (Deposit) (Third Amendment) Regulations, 2019

In exercise of the powers conferred by clause (f) of sub-section (3) of section 6, sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Deposit) Regulations, 2016 ([Notification No. FEMA 5 \(R\)/2016-RB dated April 01, 2016](#)) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. Short title and commencement.

- (i) These regulations shall be called the Foreign Exchange Management (Deposit) (Third Amendment) Regulations, 2019.
- (ii) They shall come into force with effect from the date of their publication in the Official Gazette.

2. In the Principal Regulation, in SCHEDULE 4,

- (a) for paragraph 1, the following shall be substituted, namely, :-

“1. Any person resident outside India, having a business interest in India, may open Special Non-Resident Rupee Account (SNRR account) with an authorised dealer for the purpose of putting through bona fide transactions in rupees, not involving any violation of the provisions of the Act, rules and regulations made thereunder. The business interest, apart from generic business interest, shall include the following INR transactions, namely, :-

i. Investments made in India in accordance with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019 and Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide notification no. FEMA 396/2019-RB dated October 17, 2019, as applicable, as amended from time to time;

ii. Import of goods and services in accordance with Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000, viz., Foreign Exchange Management (Current Account Transaction) Rules, 2000, as amended from time to time;

iii. Export of goods and services in accordance with Section 7 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000, viz., Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time, and further read with [FEMA Notification No.23\(R\)/2015-RB dated January 12, 2016](#), as amended from time to time;

iv. Trade credit transactions and lending under External Commercial Borrowings (ECB) framework in accordance with Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time; and

v. Business related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city like administrative expenses in INR outside IFSC, INR amount from sale of scrap, government incentives in INR, etc. The account will be maintained with bank in India (outside IFSC).”

(b) for paragraph 2, the following shall be substituted, namely, :-

“2. The SNRR account shall carry the nomenclature of the specific business for which it is in operation. Indian bank may, at its discretion, maintain separate SNRR Account for each category of transactions or a single SNRR Account for a person resident outside India engaged in multiple categories of transactions provided it is able to identify/ segregate and account them category-wise.”

(c) in paragraphs 3,5 and 6, for the word ‘should’, the word ‘shall’ shall be substituted.

(d) for in paragraph 8, the following shall be substituted, namely, :-

“8. The tenure of the SNRR account shall be concurrent to the tenure of the contract / period of operation / the business of the account holder and in no case shall exceed seven years. Approval of the Reserve Bank shall be obtained in cases requiring renewal:

Provided the restriction of seven years shall not be applicable to SNRR accounts opened for the purposes stated at sub. paragraphs i to v of paragraph 1 of this schedule.”

(e) for paragraph 13, the following shall be substituted, namely, :-

“13. The amount due/ payable to non-resident nominee from the account of a deceased account holder, shall be credited to NRO/NRE account of the nominee with an authorised dealer/ authorised bank in India or by remittance through normal banking channels.”

(Ajay Kumar Misra)
Chief General Manager-in-Charge

Foot Note: The Principal Regulations were published in the Official Gazette vide No. G.S.R. 389(E) dated April 01, 2016 and subsequently amended as under

G.S.R. 1093 (E) dated 09.11.2018

[G.S.R. 498 \(E\) dated 16.07.2019](#)

[No. FEMA 5\(R\)/\(3\)/2019-RB dated November 13, 2019](#)