



Deposits and Bank Accounts



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Applicable Regulations under FEMA

Acceptance and
Making of Deposits

Foreign Exchange
Management (Deposit)
Regulations, 2016
 ("***Deposit Regulations***")

Opening and
Maintaining different
types of Bank accounts

Deposit Regulations &
Foreign Exchange
Management (Foreign
Currency Account)
Regulations 2015 ("***Foreign
Currency Account
Regulations***")

Definition of Deposits

Deposits include deposit of money with

Bank

Company

Proprietary Concern

Partnership Firm

Corporate Body

Trust

Any Other Person

Certain Other Definitions

NRI

- A person resident outside India who is a citizen of India

OCI

- Individual resident outside India who is registered as an Overseas Citizen of India Cardholder under Citizenship Act, 1955

PRO

- A person who is not resident in India

Certain Other Definitions

Person of Indian Origin (PIO) - A PRO who

was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955

who belonged to a territory that became part of India after the August 15, 1947

who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to above

who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to above

- **PIO includes OCI cardholder**

Certain Other Definitions

Residing in India for more than 182 days during the course of the preceding financial year*

Any person or body corporate registered or incorporated in India

PRI

An office, branch or agency in India owned or controlled by a person resident outside India

An office, branch or agency outside India owned or controlled by a person resident in India

Bank Accounts

PRO including
NRIs/PIOs

- Permitted to open different types of bank accounts **in India**
- Subject to conditions stipulated under the Deposit Regulations

PRIs/Eligible
PROs

- Permitted to open foreign currency accounts **in and outside India**
- Subject to conditions stipulated under the Foreign Currency Account Regulations

Types of Accounts

Deposit Regulations

Acceptance of Deposits by AD Types of Accounts

**Non-Resident (External) Account -
NRE Account**

**Foreign Currency (Non-Resident) Account -
FCNR Account**

**Non-Resident (Ordinary) Account –
NRO Account**

**Special Non-Resident Rupee Account –
SNRR Account**

Escrow Account with an AD Bank in India

Acceptance of Deposits by AD Types of Accounts

Particulars	NRE Account	FCNR Account	NRO Account
*Eligibility	NRIs/PIOs	NRIs/PIOs	PRO
Repatriability	Freely Repatriable	Freely Repatriable	Not Repatriable except for all current income Remittable upto USD 1 million/ per financial year of assets acquired by way of inheritance or legacy

*Pakistan and Bangladesh nationals and entities incorporated in Pakistan and/or Bangladesh require prior approval of the RBI

Certain Permissible Credits

NRE Account	FCNR (B) Account	NRO Account
<ul style="list-style-type: none">• Proceeds of remittances to India in any permitted currency• Proceeds of foreign currency/bank notes tendered during the account holders temporary visit to India;• Transfers from other NRE/ FCNR (B) accounts• Current income of account holder in India; or transfers from other NRE/FCNR accounts		<ul style="list-style-type: none">• Remittances received in any permitted currency from outside India during temporary visit of account holders in India• Transfers from other NRO accounts• Legitimate dues in India of the account holder.

Certain Permissible Credits

NRE Account	FCNR (B) Account	NRO Account
<ul style="list-style-type: none">• Proceeds of remittances to India in any permitted currency• Proceeds of foreign currency/bank notes tendered during the account holders temporary visit to India;• Transfers from other NRE/ FCNR (B) accounts• Current income of account holder in India; or transfers from other NRE/FCNR accounts		<ul style="list-style-type: none">• Remittances received in any permitted currency from outside India during temporary visit of account holders in India• Transfers from other NRO accounts• Legitimate dues in India of the account holder.

Certain Permissible Credits

NRE Account	FCNR (B) Account	NRO Account
<ul style="list-style-type: none">• On maturity or sale of permissible investments made in India• Refund of share/debenture subscriptions to new issues of Indian companies• Refund of money on account of immovable property deals for residential/ commercial purposes		

Certain Permissible Debits

NRE Account	FCNR (B) Account	NRO Account
<ul style="list-style-type: none">• Local disbursements• Remittances outside India• Investments in shares/commercial paper of Indian companies or purchase of immovable property in India• Transfer to NRE/ FCNR (B) accounts of the account holder or any other person eligible to maintain such account• Remittances for purchase of immovable property in India		<ul style="list-style-type: none">• Rupee payments for investments in accordance with RBI regulations;• Remittances outside India of current income in India;• Transfer to other NRO accounts;• Settlement charges on International Credit Cards issued to NRIs or PIOs

Special Non-Resident Rupee Account - SNRR Account

Particulars	SNRR Account
Eligible Person	<p>PROs having a business interest in India.</p> <p>The term 'business interest' includes:</p> <ul style="list-style-type: none">• FDI Investments made in India• Import and export of goods and services• Trade credit transactions and lending under ECB Framework in compliance with RBI regulations
Repatriability	Freely Repatriable
Permissible Debits and Credits	The debits and credits in the SNRR account are specific/incidental to the business proposed to be done by the account holder.

Escrow Account

Particulars	Escrow Account
Eligible Person	Residents or Non-residents acquirers
Repatriability	Repatriable at prevailing exchange rates, after completion of all the formalities of the proposed transaction
Purpose of creating Escrow Account	For facilitating: <ul style="list-style-type: none">• acquisition/ transfer of capital instruments/ convertible notes through open offers/ delisting/ exit offers in India by non-resident corporates; or• acquisition/ transfer of capital instruments/ convertible notes by resident or non-resident acquires.

Acceptance of Deposits by Persons other than ADs

A company registered under the Companies Act, 2013 or any other body corporate in India **cannot** accept deposits on a repatriation basis from a NRI/PIO

Eligible Person Accepting Deposits	Persons from whom Deposits may be accepted	Repatriation/ Non-Repatriation basis
<ul style="list-style-type: none">Companies under Companies Act, 2013Any other body corporate (Existing Deposits already accepted may be renewed)	NRI/PIO	Repatriation basis

Acceptance of Deposits by Persons other than ADs

Eligible Person Accepting Deposits	Persons from whom Deposits may be accepted	Repatriation/ Non-Repatriation basis
<ul style="list-style-type: none">• A company registered under Companies Act, 2013• A body corporate• A proprietary concern• A firm	NRI/PIO	Non-Repatriation basis
<ul style="list-style-type: none">• A company registered under Companies Act, 2013• A body corporate• A proprietary concern• A firm	NRI/PIO	Non-Repatriation basis

Other Deposits made or held by AD

Eligible Person	Type of Account	Purpose
Shipping or Airline company incorporated outside India	Foreign Currency Account	Meeting local expenses in India of such Airline or Shipping company
Unincorporated joint ventures of foreign companies/ entities with Indian entities	Non - Interest Bearing Foreign Currency Account and a SNRR Account	Undertaking transactions in the ordinary course of its business*

Opening of accounts by companies/entities of Pakistan/ Bangladesh ownership/ nationality require prior approval of RBI

Other Deposits made or held by AD

Eligible Person	Type of Account	Purpose
An AD (with prior approval of RBI)	An account expressed in foreign currency in the name of a PRO	Adjustment of value of goods imported into India against the value of goods exported from India in terms of an arrangement voluntarily entered into by such person with a person resident in India
FPI or FVCI, both registered with SEBI	Non - Interest Bearing Foreign Currency Account	FDI investment

Certain Exemptions under Deposit Regulations

Exemptions

- Deposits held by Foreign diplomatic missions & personnel, their family members in India, and non-diplomatic staff who are nationals of the concerned foreign countries
- Deposits held by persons resident in Nepal and Bhutan
- Deposits held by any multilateral organization and its subsidiary/ affiliate bodies and officials in India, of which India is a member nation

Types of Accounts

Foreign Currency Account Regulations

Foreign Currency Accounts permitted to be opened & maintained in India

Type of Account	Eligible Person	Means of acquisition of foreign exchange/ Purpose
Exchange Earners Foreign Currency Account (EEFC Account)	A resident individual (forex acquired in form of bank notes, currency notes, travelers cheques)	<ul style="list-style-type: none">• Payment for services while on a visit to any place outside India• Gift from foreign resident while on a visit to India;• Gift while on a visit outside India• Gift from relative• Export/royalty proceeds• Disinvestment proceeds received by resident account holder on conversion of shares held by him to ADRs/GDRs

Foreign Currency Accounts permitted to be opened & maintained in India

Type of Account	Eligible Person	Means of acquisition of forex/ Purpose
Resident Foreign Currency Account (RFC Account)	PRI	<ul style="list-style-type: none"> Forex received as pension or superannuation or other monetary benefits received from employer outside India Forex received as gift or inheritance
Resident Foreign Currency (Domestic) Account	PRI	<ul style="list-style-type: none"> Export proceeds Professional/ Consultancy fees including director's fees, lecture fees, other fees earned by Indian Individuals Payments received in foreign exchange by an Indian start-ups
Foreign Currency Account	Units located in SEZ	Funds to be used for bonafide trade transactions of the unit

Foreign Currency Accounts permitted to be opened & maintained in India

Type of Account	Eligible Person	Means of acquisition of forex/ Purpose
Diamond Dollar Accounts	Eligible firms and companies	-
Foreign Currency Account	Exporter	<ul style="list-style-type: none">• Who has undertaken a construction contract or a turnkey project outside India;• Who is exporting services;• Who is exporting engineering goods from India on deferred payment basis
Foreign Currency Account	Indian agent of a shipping or an airline company incorporated outside India	For meeting the local expenses in India of such airline or shipping company

Foreign Currency Accounts permitted to be opened & maintained in India

Type of Account	Eligible Person	Means of acquisition of forex/ Purpose
Foreign Currency Account	<ul style="list-style-type: none">• shipmanning/crew managing agencies• Insurance/Reinsurance/composite insurance brokers registered with the IRDA	For insurance and re-insurance transactions in the ordinary course of business
Foreign Currency Account	Project offices set up by foreign companies	For the project to be executed in India
Foreign Currency Account	Indian company	For receiving foreign investment under FDI route

Foreign Currency Accounts permitted to be opened & maintained in India

Type of Account	Eligible Person	Means of acquisition of forex/ Purpose
Temporary Foreign Currency Accounts	Organisers of international seminars, conferences, conventions	For receipt of the delegate fees and payment towards expenses incurred in holding such events in India

Foreign Currency Account permitted to be opened & maintained outside India

Eligible Person	Purpose
A firm, company or body corporate registered or incorporated in India (Account in the name of its office or BO set up outside India)	For setting up: <ul style="list-style-type: none">• an office or branch set up outside India• representative posted outside India Remittances from India to be for normal business operations of such office/branch/representative
India Exporter	<ul style="list-style-type: none">• Who has undertaken a construction contract or a turnkey project outside India;• Who is exporting services;• Who is exporting engineering goods from India on deferred payment terms
Indian Party (under ODI Guidelines)	Making Overseas Direct Investment in JV/WOS

Foreign Currency Account permitted to be opened & maintained outside India

Eligible Person	Purpose
Indian start-up or any other notified entity having an overseas subsidiary	<ul style="list-style-type: none">• For its forex earnings out of exports or sales made by the overseas subsidiary• Receivables arising out of exports/sales of its overseas subsidiary
Persons resident in India	Funds raised through ECB, GDRs, ADRs, pending the repatriation to India are in deposits in Foreign Currency Account, pending their utilisation or repatriation to India
Shipping or airline company incorporated in India	For undertaking transactions in the ordinary course of business
Resident individuals	For making remittance under the LRS Scheme

Foreign Currency Account permitted to be opened & maintained outside India

Eligible Person	Purpose
<ul style="list-style-type: none">• Shipmanning/ crew managing agencies• Insurance/Re-insurance companies registered with the IRDA	<ul style="list-style-type: none">• For insurance and re-insurance transactions• Credit such account with the insurance/re-insurance premia received by such companies
Resident individuals who has gone out of India to participate in an exhibition/ trade fair outside India	For crediting the sale proceeds of goods on display in the exhibition/ trade fair
Person resident in India who has gone abroad for studies	For making remittance under the LRS Scheme

Foreign Currency Account permitted to be opened & maintained outside India

Eligible Person	Purpose
<p>A citizen of a foreign state deputed to an office/BO/WOS/JV in India:</p> <ul style="list-style-type: none">• who is resident in India and is an employee of foreign company or a citizen of India• employed by a foreign company outside India deputed in India for employment – Services rendered in India	<p>For receipt of whole salary payable to him for the services rendered to such office/BO/WOS/JV in India</p>
<p>A citizen of a foreign state resident in India and in employment with an Indian company - Services rendered in India</p>	<p>For remittance of whole salary received in India for the services rendered to such an Indian company</p>

Thank you !

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