भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/FED/2015-16/9
FED Master Direction No.14/2015-16

January 1, 2016
(Updated as on September 02, 2026)
(Updated as on June 29, 2026)
(Updated as on October 09, 2025)
(Updated as on April 16, 2025)
(Updated as on January 16, 2025)
(Updated as on January 9, 2020*)

To,
All Authorised Dealer Category – I banks and Authorised banks
Madam / Sir,

Master Direction - Deposits and Accounts

Opening, holding and maintaining foreign currency accounts by a person resident in India is regulated in terms of section 9 of the Foreign Exchange Management Act, 1999 (FEMA) read with Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 issued vide [1]Notification No. FEMA 10(R)/2015-RB dated January 21, 2016. Maintenance of deposits/ accounts between a person resident in India and a person resident outside India is regulated in terms of sub-section (3) of section 6 of the Foreign Exchange Management Act, 1999 (FEMA) read with Foreign Exchange Management (Deposit) Regulations, 2016 issued vide [2]Notification No. FEMA 5(R)/2016-RB dated April 1, 2016. These Regulations are amended from time to time to incorporate the changes in the regulatory framework and published through amendment notifications.

2. To operationalize the Regulations as may be necessary, Reserve Bank of India also issues directions to Authorised Persons under Section 11 of the Foreign Exchange Management Act (FEMA), 1999.

3. Instructions issued on maintenance of deposits and accounts under the Foreign Exchange Management Act, 1999 have been compiled in this Master Direction. The list of underlying circulars/ notifications which form the basis of this Master Direction is furnished in the Appendix, which continue to remain in force. Reporting instructions can be found in Master Directions on reporting (Master Direction No. 18 dated January 1, 2016)

4. The present amendment in this Master Direction is aimed at consolidating the directions pertaining to Vostro accounts of non-resident banks hitherto contained in Part B and paragraph A.(x) of Part E of Master Direction – Risk Management and Inter-Bank Dealings (FMRD Master Direction No. 1/2016-17 dated July 5, 2016, as amended from time to time). Alongside, a reference to the directions related to Special Rupee Vostro Accounts and the Vostro Accounts

[1] FEM (Foreign Currency Accounts by a person Resident in India) Regulations, 2000 was repealed and replaced by FEM (Foreign Currency Accounts by a person Resident in India) Regulations, 2015 with effect from January 21, 2016.
[2] FEM (Deposit) Regulations, 2000 was repealed and replaced by FEM (Deposit) Regulations, 2016 with effect from April 1, 2016.

of Non-Resident Exchange Houses have also been added to the Master Direction and presented in a newly inserted Part III of this Master Direction.

5. It may be noted that, whenever necessary, Reserve Bank shall issue directions to Authorised Persons through A.P. (DIR Series) Circulars in regard to any change in the Regulations or the manner in which relative transactions are to be conducted by the Authorised Persons with their customers/ constituents. The Master Direction issued herewith shall be amended suitably simultaneously.

Yours faithfully
(N Senthil Kumar)
Chief General Manager

*** As this Master Direction has been significantly amended, it has been replaced with the amended version instead of showing the changes in track mode, for reader convenience. The changes are listed at the end of Master Direction also.**

UNCOMPLYCATED
Simplifying Compliance

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UNCOMPLYOATE Simplifying Compliance

[3]Master Direction 14/2015-16 – Deposits and Accounts
Part I - Opening, holding and maintaining foreign currency accounts by a person resident in India

1. Introduction

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to prohibit, restrict and regulate the opening, holding and maintaining of foreign currency accounts and the limits up to which amounts can be held in such accounts by a person resident in India. These regulations are notified under [4]Notification No. FEMA 10 (R)/2015-RB of January 21, 2016, (FEMA 10 (R)) as amended from time to time.

1.2 A person resident in India who held or maintained a Foreign Currency Account before the commencement of FEMA 10(R) with special or general permission of the Reserve Bank, can continue to maintain the account.

1.3 A person resident in India may maintain a foreign currency account outside India if he had maintained it when he was resident outside India or inherited it from a person resident outside India.

2. Definitions

Some key terms used in this part are given below:

2.1 'Authorised Dealer' (AD) means a person authorised as an authorised dealer under sub-section (1) of section 10 of FEMA.

2.2 'Foreign Currency Account' means an account held or maintained in currency other than the currency of India or Nepal or Bhutan.

2.3 'Relative' is a person as defined in [5]section 2(77) of the Companies Act, 2013.

[6]2.4 A 'Startup' is an entity which complies with the conditions laid down in Notification No. GSR 180(E) dated February 17, 2016 issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

3. Foreign Currency Accounts that can be held in India

3.1 Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account

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[3] Updated up to April 12, 2019 (cf. AP (DIR Series) circular No 29 dated April 11, 2019). The Original Master Direction No. 14/2015-16 was issued on January 1, 2016.
[4] FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 was repealed and replaced by FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 with effect from January 21, 2016.
[5] Inserted by FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 with effect from January 21, 2016. Prior to insertion it read as "section 6 of the Companies Act, 1956".
[6] Inserted by Amendment Notification No. FEMA 10(R)/(1)/2016-RB notified vide G.S.R.No.570(E) dated June 1, 2016 intimated vide AP (Dir Series) Circular No. 77[(2)/10(R)] dated June 23, 2016.

A person resident in India may open an EEFC account with an AD in India as per the conditions stipulated in Schedule I to FEMA 10(R). The salient features of the scheme are:

1) Credits: The credits permitted to this account are:

a. 100 percent of the foreign exchange earnings by way of inward remittance through normal banking channel, (other than loans or investments);
b. payments received for the purpose of counter trade;
c. advance remittance received by an exporter towards export of goods or services;
d. professional earnings including director's fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity;
e. interest earned on the funds held in the account;
f. Re-credit of unutilised foreign currency earlier withdrawn from the account;
g. repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts);
h. disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the [7]DR Scheme, 2014; and
i. [8]Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries.

2) Debits: The debits allowed in these accounts are:

a. Payment outside India towards capital or current account transactions in accordance with the provisions of Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 or Foreign Exchange Management (Current Account Transactions) Rules, 2000, respectively;
b. payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in an Export Processing Zone/ Software Technology Park/ Electronic Hardware Technology Park;
c. payment of customs duty in accordance with the provisions of Export Import Policy;
d. trade related loans/ advances, by an exporter account holder to his importer customer outside India, subject to complying the provisions of FEMA and the rules/ regulations made thereunder;
e. payment in foreign exchange to a person resident in India for supply of goods/ services including payments for air fare and hotel expenditure

3) Withdrawal in rupees are permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.

4) The account will be in the form of a non-interest bearing account.

5) 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.

[7] Inserted by FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 with effect from January 21, 2016. Prior to insertion it read as "ADR/GDR Scheme approved by the Government of India."
[8] Inserted by Amendment Notification No. FEMA 10(R)/(1)/2016-RB notified vide G.S.R.No.570(E) dated June 1, 2016 intimated vide AP (Dir Series) Circular No. 77[(2)/10(R)] dated June 23, 2016.

6) 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.

7) Fund-based/ non-fund based credit facilities should not be granted against the balances held in EEFC Accounts.

8) 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.

9) Balances held in the account 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.

3.2 Resident Foreign Currency (RFC) Account – RFC Account

1) A person resident in India is permitted to open a RFC account with an AD bank in India out of foreign exchange received or acquired by him:

a. as pension or superannuation benefits or other monetary benefits from his overseas employer;
b. by converting assets which were acquired by him when he was a non-resident or inherited from or gifted by a person resident outside India and repatriated to India;
c. before July 8, 1947 or any income arising or accruing thereon which is held outside India in pursuance of a general or special permission granted by the Reserve Bank;
d. received as proceeds of LIC claims/ maturity/ surrendered value settled in forex from an Indian insurance company permitted to undertake life insurance business by the Insurance Regulatory and Development Authority.

2) The balances in the RFC account are free from all restrictions regarding utilisation of foreign currency balances outside India.

3) Such accounts can be held jointly with resident relative as joint holder on 'former or survivor' basis. However, such resident Indian relative joint account holder cannot operate the account during the life time of the resident account holder.

4) The balances in the Non-Resident External (NRE) Account and Foreign Currency Bank [FCNR (B)] Account can be credited to the RFC account when the residential status of the non-resident Indian (NRI) [9]or person of Indian origin (PIO) changes to that of a Resident.

3.3 Resident Foreign Currency (Domestic) Account – RFC (D) Account

1) A resident individual may open an RFC(D) account to retain in a bank account in India the foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from overseas sources such as:

a. payment while on a visit abroad for services not arising from any business or anything done in India;

[9] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016. Prior to this, PIOs were covered within the definition of NRIs.

b. honorarium or gift or for services rendered or in settlement of any lawful obligation from any person not resident in India and who is on a visit to India;
c. honorarium or gift while on a visit to any place outside India;
d. gift from a relative;
e. unspent foreign exchange acquired from an authorised person for travel abroad;
f. representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/ GDRs under the [10]DR Scheme, 2014;
g. by way of earnings received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority

2) This facility is in addition to that provided under RBI Notification No.FEMA.11(R)/ 2015-RB dated December 29, 2015, as amended from time to time.

3) 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.

4) Balances in the account can be used for any current or capital account transactions in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, respectively.

5) 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.

3.4 Diamond Dollar Account (DDA) Scheme – DDA Account

Firms and companies which comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India may open DDA accounts, details of which are laid down in Schedule II of FEMA 10(R), as amended from time to time, with an AD in India. The salient features of the Scheme are:

1. Realisation of export proceeds and local sales (in USD) of rough, cut, polished diamonds; and pre and post shipment finance availed in USD can be credited to such account.
2. Payments for purchase of rough, cut and polished diamonds can be made from DDA account. Funds can also be transferred to rupee account of the exporter.
3. The account should be maintained in the form of a non-interest bearing current account.
4. 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.

3.5 Indian agent of shipping or airline companies incorporated outside India can maintain foreign currency account in India for meeting the local expenses of the overseas company. The credits permitted to such accounts are freight or passage fare collections in India or from his principal outside India.

[10] Inserted by FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 with effect from January 21, 2016. Prior to insertion it read as "ADR/GDR Scheme approved by the Government of India."

3.6 Ship-manning/ crew managing agencies in India may maintain non-interest bearing foreign currency account in India for the purpose of undertaking transactions in the ordinary course of their business, as detailed:

1. Credits: Only by way of inward remittances through normal banking channels from the overseas principal.
2. Debits: Towards various expenses in connection with the management of the ships/ crew in the ordinary course of its business.
3. No credit facility (fund-based or non-fund based) should be granted against security of funds held in the account.
4. The bank should meet the prescribed Reserve Requirements in respect of such accounts.
5. No EEFC facility should be allowed in respect of the remittances received in the account.
6. The account will be maintained only during the validity period of the agreement.

3.7 Project Offices of foreign companies can open non-interest bearing one or more foreign currency accounts in India for the project to be executed in India. Such accounts will be subject to the following conditions:

1) 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,

2) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,

3) Each Project has only one Foreign Currency Account.

4) Debits:

a. Payment of project related expenditure.

5) Credits:

a. Foreign currency receipts from the Project Sanctioning Authority, and
b. Remittances from parent/ Group Company abroad or bilateral/ multilateral international financing agency.

6) The Foreign Currency account should be closed at the completion of the Project.

7) 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.

8) 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.

3.8 Organisers of international Seminars, Conferences, Conventions, etc. – can open temporary foreign currency accounts in India subject to the following conditions:

1. 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
2. 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.
3. All other credits/ debits would require the prior approval of the Reserve Bank.
4. The account should be closed immediately, after the conference/event is over.

3.9 An exporter who has undertaken a construction contract or a turnkey project outside India or who is exporting services or engineering goods from India on deferred payment terms may open, hold and maintain a Foreign Currency Account with a bank in India, provided that approval as required under the Foreign Exchange Management (Export of goods and services) Regulations, 2015, as amended from time to time has been obtained for undertaking the contract/ project/ export of goods or services, and the terms and conditions stipulated in the letter of approval have been duly complied with.

3.10 A unit located in a Special Economic Zone (SEZ) - may open hold and maintain a foreign currency account with an authorized dealer in India to credit all foreign exchange funds received by the unit.

1. The account can be used for bona fide trade transactions between the unit and a person resident in/ outside India.
2. Foreign exchange purchased in India against rupees cannot be credited to the account without prior permission from the Reserve Bank.
3. The balances in the accounts are from the restrictions imposed under Rule 5, of Foreign Exchange Management (Current Account Transaction) Rules, as amended from time to time, except for the use of the balances for gift etc.
4. The funds held in these accounts cannot be lent or made available to any person or entity resident in India not being a unit in Special Economic Zones.

[11]3.11 An Indian company receiving foreign investment under FDI route in terms of [12]Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019, as amended from time to time, may open and maintain a foreign currency account with an Authorized Dealer in India provided the Indian investee company has impending foreign currency expenditure and the account is closed immediately after the requirements are completed or within six months from the date of opening of such account, whichever is earlier.

[13]3.12 Re-insurance and Composite Insurance brokers registered with Insurance Regulatory and Development Authority of India (IRDA) may open and maintain non-interest bearing foreign currency accounts with an AD bank in India for the purpose of undertaking transactions in the ordinary course of their business.

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[11] Inserted by FEM (Foreign Currency Accounts by a Person resident in India) Regulations, 2015 with effect from January 21, 2016.
[12] Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 has been superseded by Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 issued by Government on October 17, 2019.

[13] Inserted vide Notification No. FEMA 10(R)(2) dated February 27, 2019 and AP (DIR Series) Circular No. 29 dated April 11, 2019.

4. Foreign Currency Accounts that can be held outside India

4.1 The following persons can open a foreign currency account with a bank outside India for carrying on normal business and incidental transactions.

a. An authorized dealer in India with its branch/ head office/ correspondent outside India.
b. A branch outside India of a bank incorporated in India.
c. An Indian shipping or airline company.
d. [14]Insurance/ reinsurance companies registered with Insurance Regulatory and Development Authority of India (IRDA) to carry out insurance/ reinsurance business.
e. An India firm/ company/ body corporate in the name of its foreign office/ branch or its representative posted outside India.
f. An exporter who is exporting services and engineering goods on deferred payment terms or executing a turnkey project or a construction contract abroad.

4.2 A person resident in India who has gone abroad for studies may open a foreign currency account with a bank outside India during his stay abroad. All credits to the account from India should be made in accordance with FEMA and the rules and regulations made thereunder. [15]On the student's return to India after completion of studies, the account will be deemed to have been opened under the Liberalised Remittance Scheme.

4.3 A person resident in India who is on a visit to a foreign country may open a foreign currency account with a bank outside India during his stay abroad. The balance in the account should be repatriated to India on return of the account holder to India.

4.4 A person going abroad to participate in an exhibition/ trade fair may open a foreign currency account with a bank outside India for crediting the sale proceeds of goods. The balance should be repatriated to India within one month from the date of closure of the exhibition/ trade fair.

4.5 The following persons can open a foreign currency account outside India for remitting/ receiving their entire salary payable to him in India.

a) A foreign citizen resident in India, [16]being an employee of a foreign company, on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India;

b) An Indian citizen, being an employee of a foreign company, on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India

c) A foreign citizen resident in India employed with an Indian company;

4.6 An Indian Party [as defined in Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time] may open a foreign currency account abroad for making overseas direct investment provided the oversees regulator mandates opening of such an account.

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[14] Inserted by Amendment Notification No. FEMA 10(R)/(1)/2016-RB notified vide G.S.R.No.570(E) dated June 1, 2016 intimated vide AP (Dir Series) Circular No. 77[(2)/10(R)] dated June 23, 2016. Prior to insertion it read as *"Life Insurance Corporation (LIC) of India or General Insurance Corporation (GIC) of India and its subsidiaries."*

[15] Inserted by FEM (Foreign Currency Accounts by a person Resident in India) Regulations, 2015 with effect from January 21, 2016. Prior to this it read as "the balance in the account should be repatriated to India on return of the account holder to India."

[16] Inserted by AP (DIR) Series Circular 44 dated February 4, 2016

4.7 A resident individual can open a foreign currency account with a bank outside India for the purpose of sending remittances under the Liberalized Remittance Scheme.

4.8 Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs), the funds so raised may, pending their utilisation or repatriation to India, be held in deposits in foreign currency accounts with a bank outside India.

[17]4.9 Indian startup, having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to the account the foreign exchange earnings out of exports/ sales made by the said startup or its overseas subsidiary. The balances held in such accounts, to the extent they represent exports from India, shall be repatriated to India within the period prescribed for realization of exports, in Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 dated January 12, 2016, as amended from time to time.

[18]4.10

A person resident in India, being an exporter, may open, hold and maintain a Foreign Currency Account with a bank outside India, for realisation of full export value and advance remittance received by the exporter towards export of goods or services. Funds in this account may be utilised by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of

(a) three months in case of accounts maintained with banks in an International Financial Services Centre; or

(b) next month for all other jurisdictions;

from the date of receipt of the funds after adjusting for forward commitments, provided that the realisation and repatriation requirements as specified in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, as amended from time to time, are also met.

5. Miscellaneous

5.1 Unless otherwise specifically stated, a foreign currency account maintained by a person resident in India with an authorized dealer in India under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, dated January 21, 2016 as amended from time to time, 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.

5.2 The account can be held singly or jointly in the name of person eligible to open, hold and maintain such account.

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[17] Inserted by Amendment Notification No. FEMA 10(R)/(1)/2016-RB notified vide G.S.R.No.570(E) dated June 1, 2016 intimated vide AP (Dir Series) Circular No. 77[(2)/10(R)] dated June 23, 2016.

[18] Substituted vide Notification No. FEMA 10(R)(7)/2025-RB dated October 06, 2025. Prior to substitution it read as 'A person resident in India, being an exporter, may open, hold and maintain a Foreign Currency Account with a bank outside India, for realisation of full export value and advance remittance received by the exporter towards export of goods or services. Funds in this account may be utilised by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of the next month from the date of receipt of the funds after adjusting for forward commitments, provided that the realisation and repatriation requirements as specified in Regulation 9 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 are also met.'

5.3 On the death of a foreign currency account holder –

a. the authorised dealer with whom the account is held or maintained may remit to a nominee being a person resident outside India, funds to the extent of his share or entitlement from the account of the deceased account holder;
b. a nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, may apply to the Reserve Bank for such remittance.
c. [19]A resident nominee of an account held outside India in accordance with Regulation 5 of Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015, dated January 21, 2016, (viz., paragraph 4 of Part I of this Master Direction) has to close the account and bring back the proceeds to India through banking channels.

Part II - Opening, holding and maintaining accounts in India by a person resident outside India

1. Introduction

1.1 The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank to frame regulations to restrict, regulate and prohibit the maintenance of deposits between a person resident in India and a person resident outside India. These regulations are notified under [20]Notification No. FEMA 5(R)/2016-RB of April 1, 2016, (FEMA 5(R)) as amended from time to time.

2. Definitions

Some key terms used in the regulations are given below:

2.1 'Authorised Bank' is a bank including a co-operative bank authorised by the Reserve Bank to maintain an account of a person resident outside India.

2.2 'Authorised Dealer' is a person authorised as an authorised dealer under sub-section (1) of section 10 of FEMA.

2.3 'Deposit' includes deposit of money with a bank, company, proprietary concern, partnership firm, corporate body, trust or any other person.

2.3 (a) [21]International Financial Services Centre' or 'IFSC' shall have the same meaning as assigned to it in clause (g) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019).

2.4 [22]A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India.

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[19] Inserted by FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 with effect from January 21, 2016.
[20] FEM (Deposit) Regulations, 2000 was repealed and replaced by FEM (Deposit) Regulations, 2016 with effect from April 1, 2016.
[21] Inserted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026.
[22] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016. Prior to insertion it read as, "A 'Non-resident Indian' (NRI) is a person resident outside India who is a citizen of India or is a 'Person of Indian Origin'."

2.5 [23]A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions:

a. Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
b. Who belonged to a territory that became part of India after the 15th day of August, 1947; or
c. Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
d. Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)

Explanation: PIO will include an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.

2.6 'Permissible currency' is a foreign currency which is freely convertible.

2.7 [24]'Relative' means relative as defined in section 2(77) of the Companies Act, 2013.

2.8 [25]As FEM (Deposit) Regulations, 2000 have been repealed and replaced by FEM (Deposit) Regulations, 2016 with effect from April 1, 2016 (FEMA 5(R)), the term NRI, wherever it appeared, has been replaced by NRI and/or PIO. Prior to this, PIOs were covered within the definition of NRI.

3. Exemptions

These restrictions are not applicable for the following:

3.1 Deposits in rupee accounts and special rupee accounts maintained by foreign diplomatic missions and diplomatic personnel.
3.2 Foreign currency accounts maintained by diplomatic missions, diplomatic personnel and non-diplomatic staff who are the nationals of the concerned foreign countries and hold official passport of foreign embassies in India, subject to the following conditions:

a. The permissible credits to the account will be inward remittances received from outside India through banking channels; and transfer of funds, from the rupee account of the diplomatic mission in India, which are collected in India as visa fees and credited to such account;
b. Funds held in such account if converted in rupees cannot be converted back into foreign currency;
c. The account may be held in the form of current or term deposit account, and in the case of diplomatic personnel and non-diplomatic staff, may also be held in the form of savings account;

[23] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016. Prior to insertion it read as "Person of Indian Origin' (PIO) means a citizen of any country other than Bangladesh or Pakistan who had (a) at any time held Indian passport or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955; or (c) the person is a spouse of an Indian citizen or a person referred to in (a) or (b)."
[24] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016. Prior to insertion it read as, "section 6 of the Companies Act, 1956."
[25] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.

d. The rate of interest on savings or term deposits shall be such as may be determined by the authorised dealer maintaining the account;
e. The funds in the account may be repatriated outside India without the approval of Reserve Bank.

3.3 Deposits with Authorized Dealer maintained in rupees by persons resident in Nepal and Bhutan.

3.4 Deposits with authorized dealer maintained by any multilateral organization and its subsidiary/ affiliate bodies and officials in India, of which India is a member nation.

4. Non-Resident (External) Rupee Account Scheme – (NRE Account):

The detailed instructions for opening and maintaining this account are laid down in Schedule 1 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

4.1 Non-resident Indians (NRIs) and Person of Indian Origin (PIOs) are permitted to open and maintain these accounts with authorised dealers and with banks (including cooperative banks) authorised by the Reserve Bank to maintain such accounts.

4.2 The accounts may be maintained in any form, e.g. savings, current, recurring or fixed deposit account etc.

4.3 Joint accounts can be opened by two or more NRIs and/or PIOs or by an NRI/PIO with a resident relative(s) on 'former or survivor' basis. However, during the life time of the NRI/PIO account holder, the resident relative can operate the account only as a Power of Attorney holder.

4.4 Inward remittances to the account and remittances outside India from NRE account are permitted.

4.5 Credits permitted to this account as inward remittance are interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds if such investments were made from this account or through inward remittance,.

4.6 The debits allowed from this account are local disbursements, transfer to other NRE/ FCNR(B) and investments in India.

4.7 Current income like rent, dividend, pension, interest etc. will be construed as a permissible credit to the NRE account provided the Authorised Dealer is satisfied that the credit represents current income of the NRI/PIO account holder and income tax thereon has been deducted/ paid/ provided for, as the case may be. Further, transfer from NRO account within the limit specified in regulation 4 of Foreign Exchange Management (Remittance of Assets) Regulations, 2016, is also a permissible credit[26].

4.8 [27]The regulations for sanction of loans are detailed below:

[26] Inserted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026.

[27] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016. Prior to insertion it read as, "An authorised dealer or its overseas branch/ correspondent can grant loans against security of the funds to the account holder/ a third party in or outside India, respectively without any limits subject to the usual margin requirements. The facility for premature withdrawal of the deposits shall not be available where loans against such deposits are availed of. The term "loan" shall include all types of fund based/ non-fund based facilities."

4.8.1 Authorised Dealers/ banks in India can grant loans against the security of the funds held in NRE accounts to the account holder/ third party in India, without any limits, subject to the usual margin requirements. The loan cannot be repatriated outside India and shall be used for the following purposes:

a. personal purposes or for carrying on business activities except for the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business;
b. making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/ companies subject to the provisions of the relevant Regulations made under the Act;
c. acquiring flat/ house in India for his own residential use subject to the provisions of the relevant Regulations made under the Act.

In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities.

In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder.

4.8.2 Authorised Dealers may allow their branches/ correspondents outside India to grant loans to or in favour of non-resident depositor or to third parties at the request of depositor for bona fide purpose against the security of funds held in the NRE accounts in India and also agree for remittance of the funds from India, if necessary, for liquidation of the outstanding.

4.8.3 The facility for premature withdrawal of deposits will not be available where loans against such deposits are availed of.

4.8.4 The term “loan” shall include all types of fund based/ non-fund based facilities.

4.9 NRE accounts should be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status.

4.10 In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank for consideration.

4.11 Operations on an NRE account may be allowed in terms of Power of Attorney or other authority granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to (a) open a NRE account; (b) repatriate outside India funds held in the account other

than to the account holder himself; (c) make payment by way of gift to a resident on behalf of the account holder; (d) transfer funds from the account to another NRE account.

4.12 Income from interest on balances standing to the credit of NRE Accounts is exempt from Income Tax. Likewise balances held in such accounts are exempt from wealth tax.

4.13 The rate of interest and tenor applicable to these accounts will be in accordance with the directions/ instructions issued by the Department of Banking Regulations, Reserve Bank of India.

5. Foreign Currency (Non-resident) Account (Banks) Scheme – FCNR (B) Account

The detailed instructions for opening and maintaining this account are laid down in Schedule 2 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

5.1 Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs) are permitted to open and maintain these accounts with authorised dealers and banks authorised by the Reserve Bank to maintain such accounts. Deposits may be accepted in any permissible currency.

5.2 The accounts can be maintained only in the form of fixed deposit.

5.3 Other conditions such as credits/debits, joint accounts, loans / overdrafts, operation by power of attorney etc., as applicable to an NRE account will be applicable to FCNR (B) account as well.

5.4 The rate of interest and tenor applicable to these accounts will be in accordance with the directions/ instructions issued by the Department of Banking Regulation, Reserve Bank of India.

6. Non-Resident (Ordinary) Account Scheme – NRO account

The detailed instructions for opening and maintaining this account are laid down in Schedule 3 to Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. The salient features of the scheme are given below:

6.1 Any person resident outside India (as per Section 2 (w) of FEMA), may open and maintain NRO account with an Authorised Dealer or an Authorised Bank for the purpose of putting through bona fide transactions denominated in Indian Rupees.

6.2 Post Offices in India may maintain savings bank accounts in the names of persons resident outside India and allow operations on these accounts subject to the same terms and conditions as are applicable to NRO accounts maintained with an authorised dealer/ authorised bank.

6.3 NRO (current/ savings) account can be opened by a foreign national of non-Indian origin visiting India, with funds remitted from outside India through banking channel or by sale of foreign exchange brought by him to India. The balance in the NRO account may be paid to the account holder at the time of his departure from India provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon.

6.4 [28]Opening of accounts by individuals/ entities of certain countries:

(a) Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank. However, individuals of Bangladesh nationality may be allowed to open these accounts subject to the individual/s holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned.

(b) Authorized Dealers may open only one Non-Resident Ordinary (NRO) Account for a citizen of Bangladesh or Pakistan, belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, residing in India and who has been granted a Long Term Visa (LTV) by the Central Government. The account will be converted to a resident account once such a person becomes a citizen of India. This account can also be opened if such person has applied for LTV which is under consideration of the Central Government, in which case the account will be opened for a period of six months and may be renewed at six monthly intervals subject to the condition that the individual holds a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned. The opening of such NRO accounts will be subject to reporting of the details of accounts opened by the concerned Authorised bank to the Ministry of Home Affairs (MHA) on a quarterly basis. The report shall contain details of (i) name/s of the individual/s; (ii) date of arrival in India; (iii) Passport No. and place/country of issue; (iv) Residential Permit/Long Term Visa reference and date & place of issue; (v) name of the FRO/FRRO concerned; (vi) complete address and contact number of the branch where the bank account is being maintained. The Head Office of the AD bank shall furnish the above details on a quarterly basis to the Under Secretary (Foreigners), Ministry of Home Affairs, NDCC-II Building, Jai Singh Road, New Delhi – 110 001. AD banks are advised to ensure strict compliance to these instructions.

6.5 The accounts may be maintained in any form, e.g. savings, current, recurring or fixed deposit account.

6.6 The accounts may be held jointly with residents [29]on 'former of survivor' basis. NRIs and PIOs may hold an NRO account jointly with other NRIs and PIOs.

6.7 Inward remittances from outside India, legitimate dues in India [30]and transfers from other NRO accounts are permissible credits to NRO account. Rupee gift/ loan made by a resident to a NRI/PIO relative within the limits prescribed under the Liberalised Remittance Scheme may be credited to the latter's NRO account.

6.8 The account can be debited for the purpose of local payments, [31]transfers to other NRO accounts, or remittance of current income abroad. Apart from these, balances in the NRO

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[28] Modified by insertion of (a) and (b), vide Foreign Exchange Management (Deposit) (Amendment) Regulations, 2018 Notification No. FEMA 5 (R)(1)/2018-RB dated November 09, 2018 and AP (DIR Series) Circular No. 28 dated March 28, 2019. Prior to insertion it read as "Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank. However, individuals of Bangladesh nationality may be allowed to open these accounts subject to the individual/ s holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned."

[29] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016

[30] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.

[31] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.

account cannot be repatriated abroad except by NRIs and PIOs up to USD 1 million, subject to conditions specified in Foreign Exchange Management (Remittance of Assets) Regulations, [32]2016. Funds can be transferred to NRE [33]and SNRR account within this USD 1 Million facility.

6.9 Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement. The loan amount shall not be used for relending, carrying on agricultural/plantation activities or investment in real estate.

6.10 NRO accounts may be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period. Likewise, when a resident Indian becomes a person resident outside India, his existing resident account should be designated as NRO account.

6.11 Powers have been delegated to the Authorized Dealers/ Authorised banks to allow operations on an NRO account in terms of a Power of Attorney granted in favour of a resident by the non-resident individual account holder provided such operations are restricted to local payments and remittances to non-residents.

6.12 To facilitate the foreign nationals to collect their pending dues in India, AD Category-I banks may permit such foreign nationals to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their pending bona fide dues, subject to the bank satisfying itself that the credit of amounts are bona fide dues of the account holder when she/ he was a resident in India. The funds credited to the NRO account should be repatriated abroad immediately, subject to payment of the applicable income tax and other taxes in India. The amount repatriated abroad should not exceed USD one million per financial year. The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad. The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder when the account was designated as an NRO account.

6.13 International Credit Cards - Authorised Dealer banks have been permitted to issue International Credit Cards to NRIs/PIOs, without prior approval of Reserve Bank. Such transactions may be settled by inward remittance or out of balances held in the cardholder's FCNR (B) / NRE / NRO Accounts.

6.14 Income-Tax - The remittances (net of applicable taxes) will be allowed to be made by the Authorised Dealer banks on production of requisite information in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India from time to time. Reserve Bank of India will not issue any instructions under FEMA, clarifying tax issues. It shall be mandatory on the part of Authorised Dealers to comply with the requirement of tax laws, as applicable.

7. Special Non-Resident Rupee Account - SNRR account

[34]7.1 [35]A person resident outside India may open a Special Non-Resident Rupee Account (SNRR account), with an authorised dealer in India or its branch outside India (including in an

[32] FEM (Remittance of Assets) Regulations, 2000 repealed and replaced by FEM (Remittance of Assets) Regulations, 2016 vide FEMA Notification No. 13(R)/2016-RB dated April 1, 2016.

[33] Inserted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026.

IFSC in India), for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with the rules and regulations framed under the Act, and for putting through any bona fide transaction with a person resident outside India.

7.2 [36]The SNRR account shall not earn any interest.[37] [38]

7.3 [39]

7.4 [40]

7.5 [41] [42] [43].

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[34] Modified vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025 Prior to modification it read as "Any person resident outside India, having a business interest in India, may open a 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 and 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 Transactions) 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 a bank in India (outside IFSC).

[35] Substituted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to deletion, it read as "A person resident outside India, having a business interest in India, may open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer in India or its branch outside India for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with the Act, rules and regulations framed under the Act, and for putting through any transaction with a person resident outside India.
Explanation: A unit in an International Financial Services Centre (IFSC) under section 18 of the Special Economic Zones Act, 2005 may open an SNRR account with an authorised dealer in India (outside IFSC) for its business related transactions outside IFSC."

[36] Modified vide AP (Dir) Circular no. 9 dated November 22, 2019 and vide Notification No. FEMA 5(R)/3/2019-RB dated November 13, 2019. Prior to modification, it read as, "The SNRR account shall carry the nomenclature of the specific business for which it is opened and shall not earn any interest."

[37] Modified vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025. Prior to modification it read as "Indian".

[38] Deleted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to deletion, it read as "The SNRR account shall carry the nomenclature of the specific business for which it is in operation and shall not earn any interest. A 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."

[39] Deleted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to deletion, it read as "The debits/ credits and the balances in the account shall be incidental and commensurate with the business operations of the account holder."

[40] Deleted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to deletion, it read as "Authorised Dealers shall ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder."

[41] Modified vide Foreign Exchange Management (Deposit) (Amendment) Regulations, 2018 Notification No. FEMA 5 (R)(1)/2018-RB dated November 09, 2018 and AP (DIR Series) Circular No.28 dated March 28, 2019. Prior to modification it read as, "The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in

7.6 The operations in the SNRR account shall not result in the account holder making available foreign exchange to any person resident in India against reimbursement in rupees or in any other manner.

7.7 The balances in the SNRR account [44]in India shall be eligible for repatriation. Transfers from any NRO account to the SNRR account shall be in accordance with para 6.8 above[45].

7.8 All transactions in the SNRR account [46]in India will be subject to payment of applicable taxes in India.

7.9 SNRR account [47]maintained in India may be designated as resident rupee account on the account holder becoming a resident.

7.10 [48]The amount due/ payable to non-resident nominee from the [49]SNRR account in India 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.

7.11 Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

7.12 [50]Transactions between persons resident outside India involving the SNRR accounts, which may not be subject to compliance under the Act, or the Rules and Regulations framed thereunder, are to be effected by the AD bank based on instructions/mandate from the account holder that shall indicate the underlying purpose of the transfer.

8. Escrow Account

8.1 Resident or non-resident corporate/ acquirers may open Escrow account in INR with an authorized dealer in India as an Escrow agent subject to the terms and conditions specified in Schedule [51]5 of the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

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no case should exceed seven years. No operations are permissible in the account after seven years from the date of opening of the account."

[42] Deleted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025. Prior to deletion it read as "and in no case should exceed seven years. Approval of the Reserve Bank shall be obtained in cases requiring renewal. However, the restriction of seven years shall not be applicable to SNRR accounts opened by persons resident outside India for the [34]purposes stated at sub-paragraphs (i) to (v) of paragraph 7.1 above"

[43] Deleted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to deletion, it read as "The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder"

[44] Inserted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025.

[45] Modified vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026. Prior to modification, it read as "Transfers from any NRO account to the SNRR account are prohibited."

[46] Inserted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025.

[47] Inserted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025.

[48] Modified vide AP (DIR Series) Circular No. 9 dated November 22, 2019 read with Notification No. FEMA 5(R)/3/2019-RB dated November 13, 2019. Prior to modification, it read as, "The amount due/ payable to non-resident nominee from the account of a deceased account holder, will be credited to NRO account of the nominee with an authorised dealer/ authorised bank in India."

[49] Inserted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025.

[50] Inserted vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026.

[51] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016. Prior to this, the provisions were stipulated in Schedule 8.

8.2 Transactions shall be in accordance with the [52]Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 dated October 17, 2019, as amended from time to time and relevant regulations issued by the Securities and Exchange Board of India.

8.3 The accounts shall be non-interest bearing.

8.4 No fund/ non-fund based facility would be permitted against the balances in the account.

9. Acceptance of deposit by a company in India from NRIs/PIOs on repatriation basis

A company incorporated in India including NBFC registered with the Reserve Bank cannot accept deposits on repatriation basis. It can, however, renew the deposits it had accepted in accordance with Schedule 6 of [53]Foreign Exchange Management (Deposit) Regulations), 2016, as amended from time to time.

10. Acceptance of deposits by Indian proprietorship concern/ firm or a company from NRIs or PIOs on non-repatriation basis

10.1 An Indian proprietorship concern/ firm or a company (including Non-Banking Finance Company) registered with Reserve Bank can accept deposits from NRIs or PIOs on non-repatriation basis subject to the terms and conditions specified in Schedule 7 to [54]Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

10.2[55]

11. [56]Acceptance of deposits by Indian companies from a person resident outside India for nomination as Director

Keeping deposits with an Indian company by persons resident outside India, in accordance with section 160 of the Companies Act, 2013, is a current account (payment) transaction and, as such, does not require any approval from Reserve Bank. All refunds of such deposits, arising in the event of selection of the person as director or getting more than twenty five percent votes, shall be treated similarly.

12. Other Accounts / Deposits

[57]12.1 A deposit made by an Authorised Dealer with its branch, head office or correspondent outside India, and a deposit made by a branch or correspondent outside India of an Authorised Dealer, and held in its books in India, will be governed by the directions issued by the Reserve Bank in this regard.

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[52] FEM (Transfer or Issue of Security by a person resident Outside India) Regulations, 2017 has been superseded by Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 issued by Government on October 17, 2019

[53] FEM (Deposit) Regulations, 2000 repealed and replaced by FEM (Deposit) Regulations, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.

[54] FEM (Deposit) Regulations, 2000 repealed and replaced by FEM (Deposit) Regulations, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.

[55] Deleted vide Notification No. FEMA 5(R)(2)/2019-RB dated July 16, 2019 read with AP (DIR Series) Circular No. 06 dated August 16, 2019. Prior to deletion, it read as, "Indian companies can accept deposits from NRIs or PIOs by issue of a commercial paper subject to terms and conditions specified in sub-Regulation (3) of Regulation 6 of Notification No FEMA 5(R)/ 2016-RB dated April 1, 2016."

[56] Inserted vide AP (DIR Series) Circular No. 59 dated April 13, 2016. Accordingly, existing paras 11, 12 and 13 re-numbered as 12, 13 and 14, respectively.

[57] Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016.

12.2 A shipping or airline company incorporated outside India, can open, hold and maintain a Foreign Currency Account with an authorized dealer for meeting the local expenses in India of such airline or shipping company. The credits permitted to such accounts are only freight or passage fare collections in India or by inward remittances through banking channels from its office outside India.

[58]12.3 An Authorised Dealer may allow unincorporated joint ventures (UJV) of foreign companies/ entities, with Indian entities, executing a contract in India, to open and maintain non-interest bearing foreign currency account and an SNRR account as specified in Schedule 4 of the Deposit Regulations for the purpose of undertaking transactions in the ordinary course of its business. The debits and credits in these accounts should be incidental to the business requirement of the UJV. The tenure of the account should be concurrent to the tenure of the contract/ period of operation of the UJV and all operations in the account shall be in accordance with the provisions of the Act or the rules or regulations made or the directions issued thereunder. Opening of such accounts by companies/ entities of Pakistan/ Bangladesh ownership/ nationality would require the prior approval of the Reserve Bank.

[59]12.4 An Authorised Dealer in India may allow a Foreign Portfolio Investor and a Foreign Venture Capital Investor, both registered with the Securities and Exchange Board of India (SEBI) under the relevant SEBI Regulations, to open and maintain a non-interest bearing foreign currency account for the purpose of making investment in accordance [60]with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019, and Foreign Exchange Management (Debt Instruments) Regulations, 2019 dated October 17, 2019, as applicable and as amended from time to time.

13. Nomination

Authorised dealers may provide nomination facility in respect of the deposits/ accounts in these regulations maintained by individual account holders.

[61]14. Transfer of funds between repatriable accounts

Transfer of funds, for all bona fide transactions, between repatriable Rupee accounts maintained in accordance with Foreign Exchange Management (Deposit) Regulations, 2016 is permitted.

15. Responsibility of authorised dealers maintaining foreign currency accounts:-

An authorised dealer maintaining accounts under this Master Direction is required to:

a) comply with the directions issued by the Reserve Bank from time to time; and

b) submit periodic return or statement, if any, as may be stipulated by the Reserve Bank.

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[58] Inserted by Inserted by AP (DIR Series) circular No 67/2015-16/ [(1)/5(R)] dated May 5, 2016 vide FEMA Notification No. 5(R)/2016-RB dated April 1, 2016.
[59] Inserted vide Notification No. FEMA 5(R)(1)/2018-RB dated November 09, 2018 and AP (DIR Series) Circular No. 28 dated March 28, 2019.
[60] Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 has been superseded by Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and Foreign Exchange Management (Debt Instruments) Regulations, 2019, issued on October 17, 2019.
[61] Inserted vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025.

[62]Part III- Provisions pertaining to Vostro Accounts

1. Rupee Vostro Accounts of Banks

AD Category-I banks may open/close Rupee accounts (non-interest bearing) in the name of their overseas branches or correspondents without prior reference to the Reserve Bank. Opening of Rupee accounts in the name of branches of Pakistani banks operating outside Pakistan requires specific approval of the Reserve Bank.

(i) Credit to the account of a non-resident bank is a permitted method of payment to non-residents and is, therefore, subject to the regulations applicable to transfers in foreign currency.
(ii) Debit to the account of a non-resident bank is in effect an inward remittance in foreign currency.

1.1 Funding of Accounts of Non-resident Banks

(i) AD Category I banks may freely purchase foreign currency from their overseas correspondents/ branches at on-going market rates to lay down funds in their accounts for meeting their bonafide needs in India.

(ii) Transactions in the accounts should be closely monitored to ensure that overseas banks do not take a speculative view on the Indian Rupee (INR). Any such instances should be notified to the Reserve Bank.

NOTE: Forward purchase/sale of foreign currencies against INR for repatriation/ funding is prohibited. Offer of two-way quotes in INR to non-resident banks is also prohibited.

1.2 Transfers from other Accounts

Transfer of funds between the accounts of the same bank or different banks is freely permitted.

1.3 Conversion of Rupees into Foreign Currencies

Balances held in Rupee accounts of non-resident banks may be freely converted into foreign currency. All such transactions should be recorded in Form A2 and the corresponding debit to the account should be in form A3 under the relevant Returns.

1.4 Responsibilities of Paying and Receiving Banks

In the case of credit to accounts the paying banker should ensure that all regulatory requirements are met and are correctly furnished in form A1/A2 as the case may be.

1.5 Refund of Rupee Remittances

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[62] Inserted with effect from April 16, 2025 to consolidate the directions pertaining to Vostro accounts of non-resident banks, hitherto contained in Part B and paragraph A.(x) of Part E of Master Direction – Risk Management and Inter-Bank Dealings (FMRD Master Direction No. 1/2016-17 dated July 5, 2016, as amended from time to time), and directions related to Special Rupee Vostro Accounts and the Vostro Accounts of Non-Resident Exchange Houses.

Requests for cancellation or refund of inward remittances may be complied with without reference to Reserve Bank after satisfying themselves that the refunds are not being made in cover of transactions of compensatory nature.

1.6 Overdrafts/Loans to overseas Branches/Correspondents

(i) AD Category-I banks may permit their overseas branches/ correspondents temporary overdrawals not exceeding Rs.500 lakhs in aggregate, for meeting normal business requirements. This limit applies to the amount outstanding against all overseas branches and correspondents in the books of all the branches of the authorised AD Category-I bank in India. This facility should not be used to postpone funding of accounts.[63]

(ii) AD Category-I bank wishing to extend any other credit facility in excess of that mentioned at (i) above to overseas banks should seek prior approval from the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office.

1.7[64]

2. Special Rupee Vostro Account for Banks

AD Category-I banks may also open Special Rupee Vostro Accounts of correspondent bank/s for settlement of trade transactions of the partner trading country. The detailed instructions are consolidated in FED Master Direction No. 16/2015-16 dated January 01, 2016, on export of goods and services, as amended from time to time.

3. Rupee Vostro Accounts of Exchange Houses

Opening of Rupee accounts in the name of Exchange Houses for facilitating private remittances into India requires approval of the Reserve Bank. Remittances through Exchange Houses for financing trade transactions are permitted upto INR 15,00,000/- per transaction. The detailed instructions are consolidated in FED Master Direction No. 2/2015-16 dated January 01, 2016, on opening and maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses, as amended from time to time.

[63] Modified vide A.P. (DIR Series) Circular No. 20 dated September 02, 2026. Prior to modification, it read as, *"AD Category-I banks may permit their overseas branches/ correspondents temporary overdrawals not exceeding Rs.500 lakhs in aggregate, for meeting normal business requirements. This limit applies to the amount outstanding against all overseas branches and correspondents in the books of all the branches of the authorised AD Category-I bank in India. This facility should not be used to postpone funding of accounts. If overdrafts in excess of the above limit are not adjusted within five days a report should be submitted to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office,11th Floor, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai – 400 001 within 15 days from the close of the month, stating the reasons thereof. Such a report is not necessary if arrangements exist for value dating."*

[64] Deleted vide A.P. (DIR Series) Circular No. 20 dated September 02, 2026. Prior to deletion, it read as, *"Reports to the Reserve Bank: The Head/Principal Office of each AD Category-I banks should furnish an up-to-date list of all its offices/branches, which are maintaining Rupee accounts of non-resident banks as at the end of December every year giving their code numbers allotted by Reserve Bank through CIMS by 15th January of the following year. The offices/branches should be classified according to area of jurisdiction of Reserve Bank Offices within which they are situated."*

APPENDIX

List of notifications/ circulars which have been consolidated in this Master Direction

Sl No	Notification/ AP (DIR Series) Circular	Date
1	Part B of A.P. (DIR Series) Circular No.92	April 04, 2003
2	[65]Notification No. FEMA 10(R)/2015-RB	January 21, 2016
3	[66]Notification No. FEMA 5(R)/2015-RB	April 1, 2016
4	[67]Notification No. FEMA 10(R)/(1)/2016-RB	June 1, 2016
5	A.P (DIR Series) Circular No. 44 [(1)/10(R)]	February 4, 2016
6	A.P (DIR Series) Circular No. 59	April 13, 2016
7	A.P (DIR Series) Circular No. 67/2015-16/ [(1)/5(R)]	May 5, 2016
8	A.P (DIR Series) Circular No. 77[(2)/10(R)]	June 23, 2016
9	[68]Notification No. FEMA 5 (R)(1)/2018-RB	November 9, 2018
10	AP (DIR Series) Circular No.28	March 28, 2019
11	[69]Notification No. FEMA 10(R)(2)/2019-RB	February 27, 2019
12	AP (DIR Series) Circular No.29	April 11, 2019
13	Notification No. FEMA 5(R)(2)/2019-RB	July 16, 2019
14	AP (DIR Series) Circular No.06	August 16, 2019
15	[70]Notification No.FEMA 5(R)(3)/2019-RB	November 13, 2019
16	AP(DIR Series) Circular No.09	November 22, 2019
17	A.P. (DIR Series) Circular No.10	July 11, 2022
18	[71]Notification No. FEMA 5(R)(5)/2025-RB	January 15, 2025
19	[72]Notification No. FEMA 10(R)(5)/2024-RB.	January 15, 2025
20	[73]Notification No. FEMA 10(R)(7)/2025-RB.	October 06, 2025
21	[74]Notification No. FEMA 5(R)(6)/2026-RB	June 18, 2026
22	A.P. (DIR Series) Circular No.20	September 02, 2026

[65] Issued in the Gazette of India vide G.S.R.96(E) dated January 21, 2016
[66] Issued in the Gazette of India vide G.S.R.389(E) dated April 1, 2016
[67] Issued in the Gazette of India vide G.S.R.570(E) dated June 1, 2016
[68] Issued in the Gazette of India vide G.S.R.1093(E) dated November 9, 2018
[69] Issued in Gazette of India vide G.S.R. 160(E) dated February 27, 2019
[70] Issued in Gazette of India vide S.O.3732(E) dated October 17, 2019
[71] Issued in Gazette of India vide Notification No. FEMA 5(R)(5)/2025-RB dated January 15, 2025
[72] Issued in Gazette of India vide Notification No. FEMA 10(R)(5)/2025-RB dated January 15, 2025
[73] Issued in Gazette of India vide Notification No. FEMA 10(R)(7)/2025-RB dated October 06, 2025
[74] Issued in Gazette of India vide Notification No. FEMA 5(R)(6)/2026-RB dated June 18, 2026