

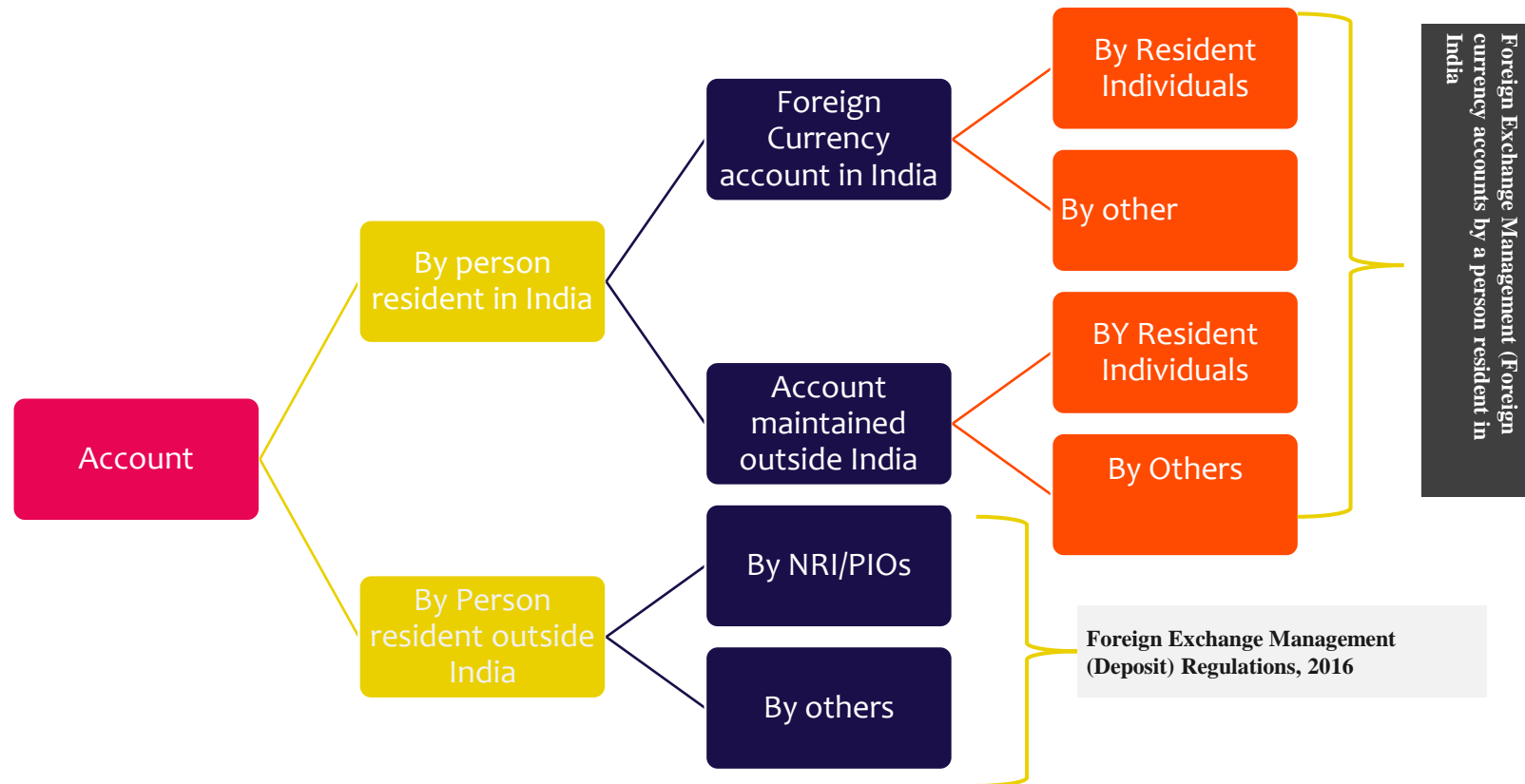
A group of people's hands are stacked together in a circle, symbolizing teamwork and unity. The hands are of various skin tones and are wearing light-colored, long-sleeved shirts. One person on the left is wearing a watch with a brown leather strap. The background is a plain, light color. A white horizontal bar with a blue stripe on the right side is overlaid on the image, containing the text.

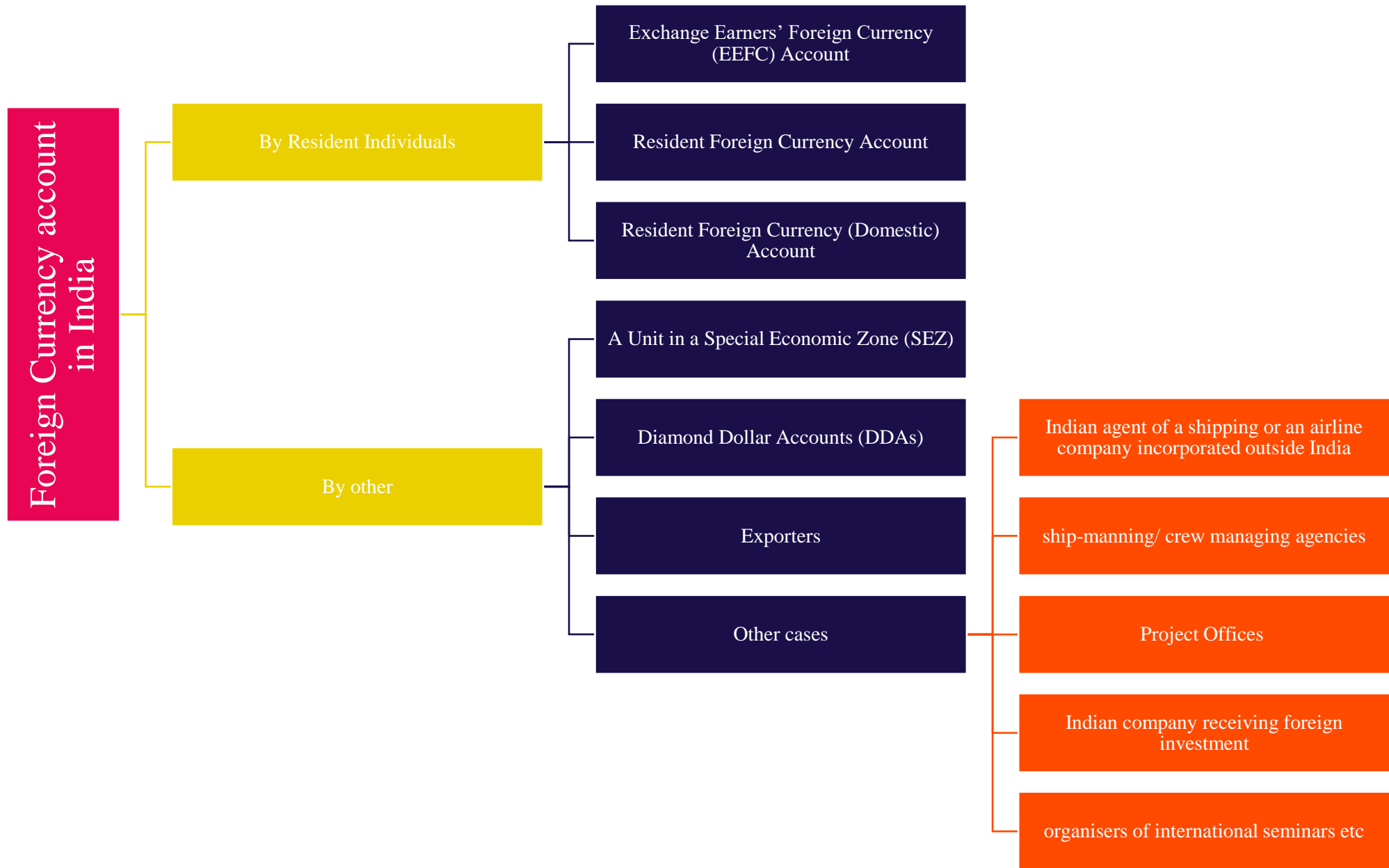
Bank Accounts by Residents

REGULATION

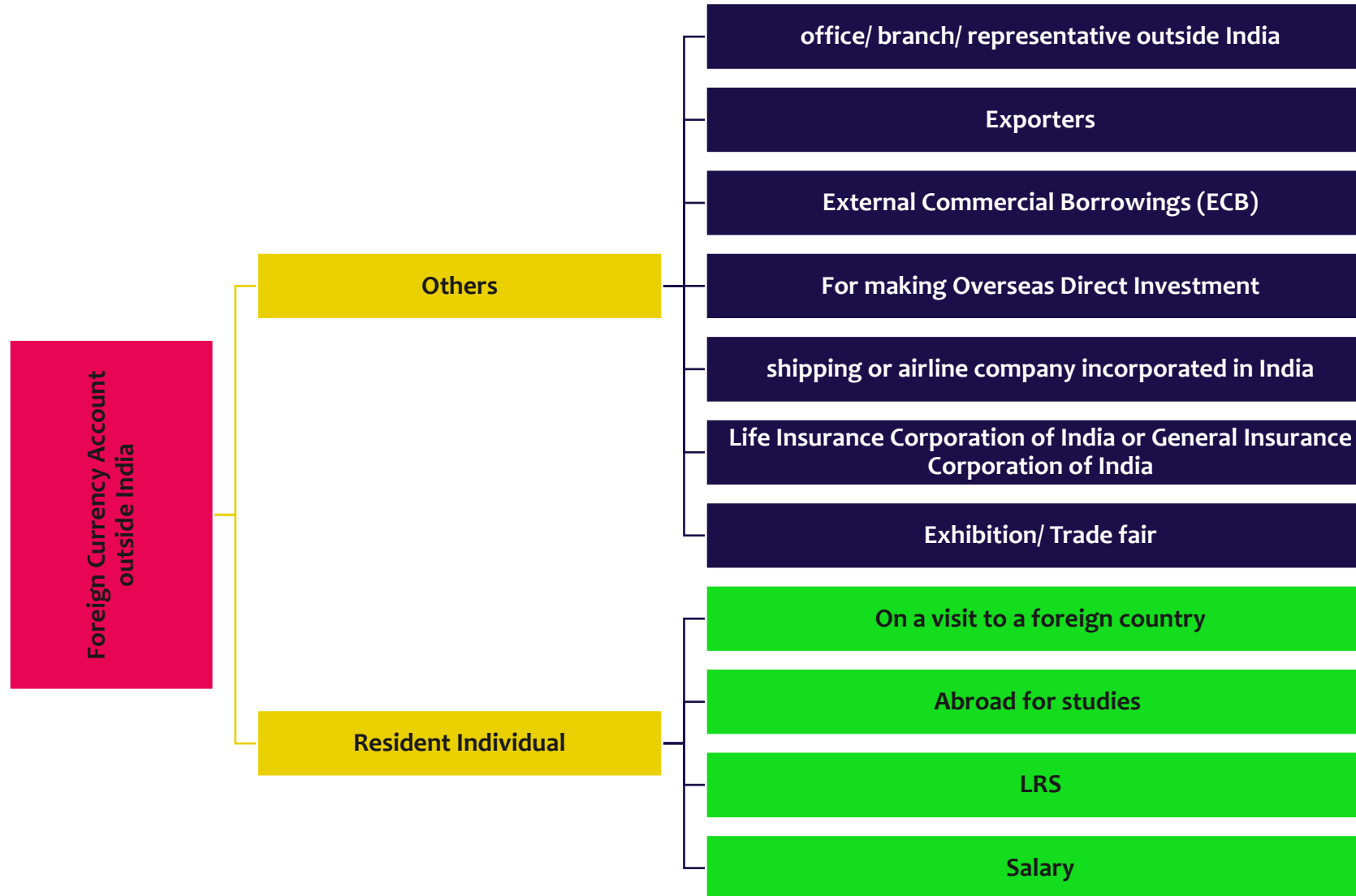
- Save as otherwise provided in the Act or rules or regulations made thereunder, no person resident in India shall open or hold or maintain a Foreign Currency Account:
- Provided that a Foreign Currency Account held or maintained before the commencement of these Regulations by a person resident in India with special or general permission of the Reserve Bank, shall be deemed to be held or maintained under these Regulations
- Provided further that the Reserve Bank, may on an application made to it, permit a person resident in India to open or hold or maintain a Foreign Currency Account, subject to such terms and conditions as may be considered necessary.
- Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 issued vide Notification No. FEMA 10(R)/2015-RB dated January 21, 2016

Accounts - By Resident in India

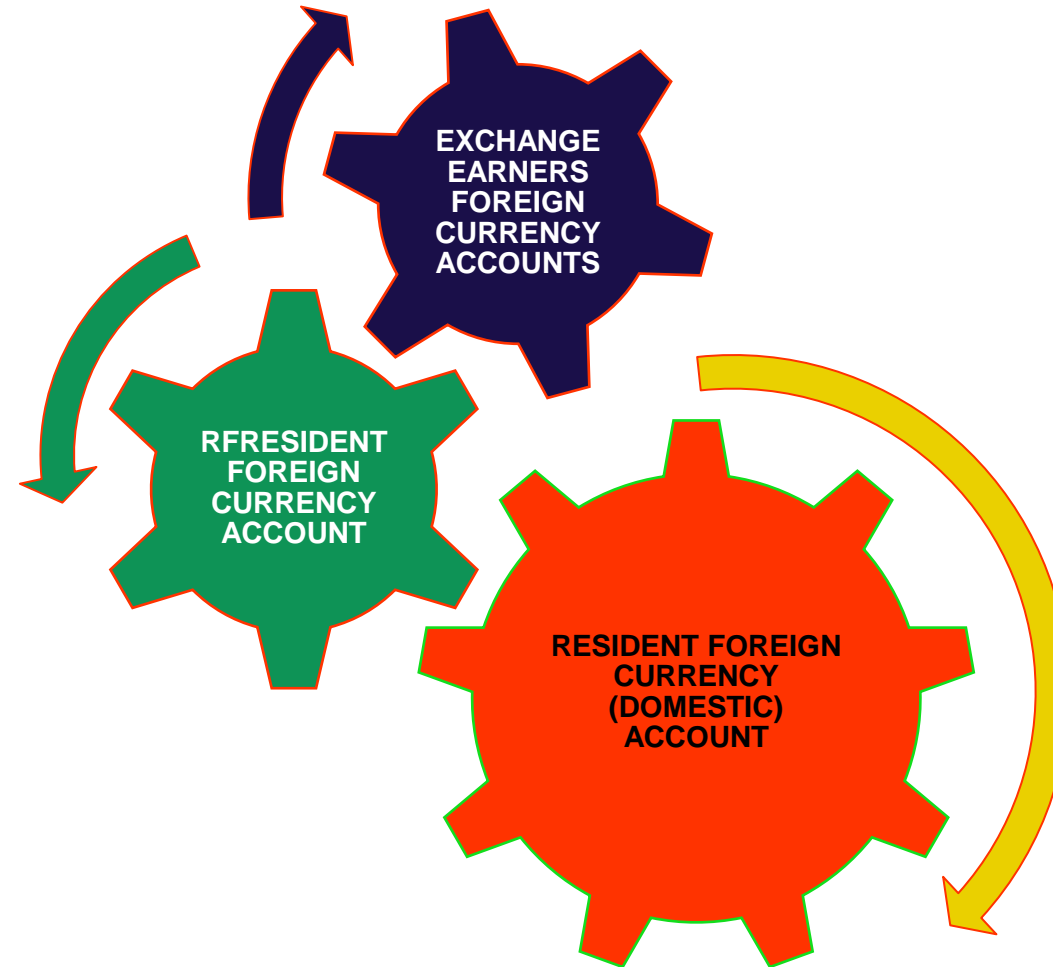




Foreign Exchange Management (Foreign currency accounts by a person resident in India 2016)



Type of Accounts



EXCHANGE EARNERS FOREIGN CURRENCY ACCOUNTS

All categories of resident foreign exchange earners can credit up to 100 per cent of their foreign exchange earnings to their EEFC Account with an Authorised Dealer in India.

Funds held in EEFC account can be utilised for all permissible current account transactions and also for approved capital account transactions

The account is maintained in the form of a non-interest bearing current account

PERMISSIBLE CREDITS

- ❖ Inward remittance through normal banking channels, other than remittances received on account of foreign currency loan or investment received from abroad or received for meeting specific obligations by the account holder;
- ❖ Payments received in foreign exchange by a 100 per cent Export Oriented Unit or a unit in
 - (a) Export Processing Zone or
 - (b) Software Technology Park or
 - (c) Electronic Hardware Technology Park for supply of goods to similar such units or to a unit in Domestic Tariff Area;
- ❖ Payments received in foreign exchange by a unit in the Domestic Tariff Area for supply of goods to a unit in the Special Economic Zone (SEZ);
- ❖ Payment received by an exporter from an account maintained with an authorised dealer for the purpose of counter trade.
- ❖ Advance remittance received by an exporter towards export of goods or services;
- ❖ Professional earnings including directors fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity;
- ❖ Re-credit of unutilised foreign currency earlier withdrawn from the account;
- ❖ Amount representing repayment by the account holder's importer customer, of loan/advances granted, to the exporter holding such account etc.

Permissible Debits

- ❖ Payment outside India towards a permissible current account transaction [in accordance to the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000]
- ❖ Permissible capital account transaction [in accordance to the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000].
- ❖ Payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in
 - (a) Export Processing Zone or
 - (b) Software Technology Park or
 - (c) Electronic Hardware Technology Park
- ❖ Payment of customs duty in accordance with the provisions of the Foreign Trade Policy of the Central Government for the time being in force.
- ❖ Trade related loans/advances, extended by an exporter holding such account to his importer customer outside India, subject to compliance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000.

RFC Account

Current or Savings or
Term deposit accounts

A person resident in
India

Free from all
restrictions regarding
utilisation of foreign
currency

opened to keep
foreign currency
assets which were
held outside India at
the time of return

RFC ACCOUNT

Permissible credits :

The foreign exchange received as:

- ✓ pension of any other superannuation or other monetary benefits from the employer outside India;
- ✓ realised on conversion of the assets acquired, held or owned by such person when he was resident in India or inherited from a person who was resident in India
- ✓ received or acquired as gift or inheritance from a person who was resident outside India

Permissible debits to the RFC account

- The funds in RFC account are free from all restrictions regarding utilization of foreign currency balances including any restriction on investment outside India.
- Foreign securities can also be acquired from RFC account.
- The restriction of taking prior approval of government or prior approval of RBI is not applicable to transactions undertaken out of RFC account *

*However, the prohibited transactions as specified in Rule 3 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 cannot be undertaken at all.

RESIDENT FOREIGN CURRENCY (DOMESTIC) ACCOUNT

Regulations 5A of Foreign
Exchange Management
(Foreign Currency
Accounts by a Person
Resident in India)
Regulations, 2000

Resident Individual may
open, hold and maintain

Current account
Does not bear any interest

No ceiling on the balances
in the account

RESIDENT FOREIGN CURRENCY (DOMESTIC) ACCOUNT

Permissible Credits

The account can be opened out of foreign exchange acquired in the form of currency notes, Bank notes and travellers cheques, from any of the sources like:

- payment for services rendered abroad;
- as honorarium, gift, services rendered;
- in settlement of any lawful obligation from any person not resident in India;
- proceeds of export of goods and/or services, royalty, honorarium, etc.;
- gifts received from close relatives (as defined in the Companies Act);
- disinvestment proceeds received by resident on conversion of shares to ADRs/GDRs
- 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; may also be credited to this account.

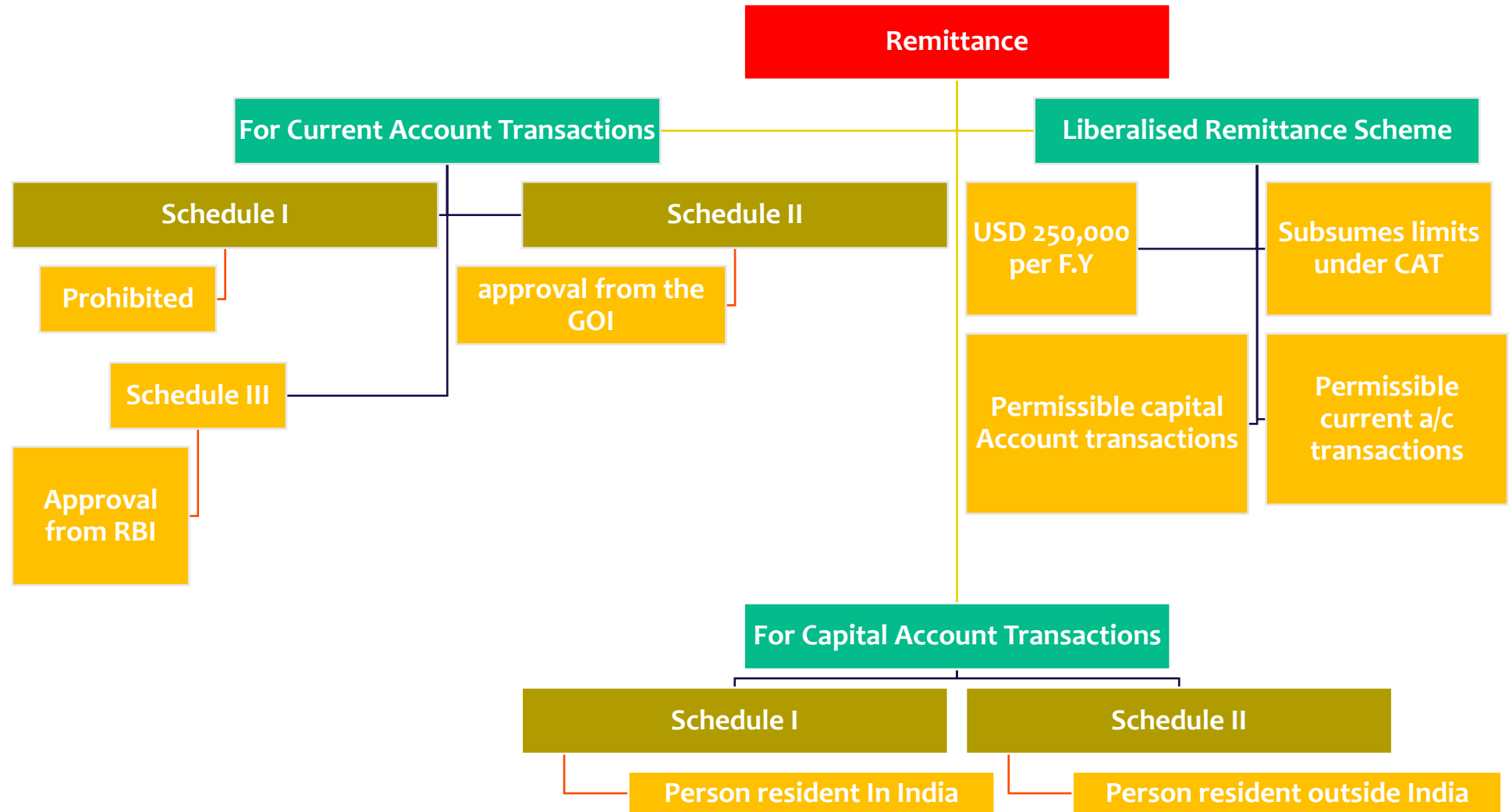
Permissible Debits

- The account may be debited for payments made towards permissible current and capital account transactions. At the request of account holder, on change of his status of resident to non resident the balance in his account can be credited to NRE/FCNR (B) account.

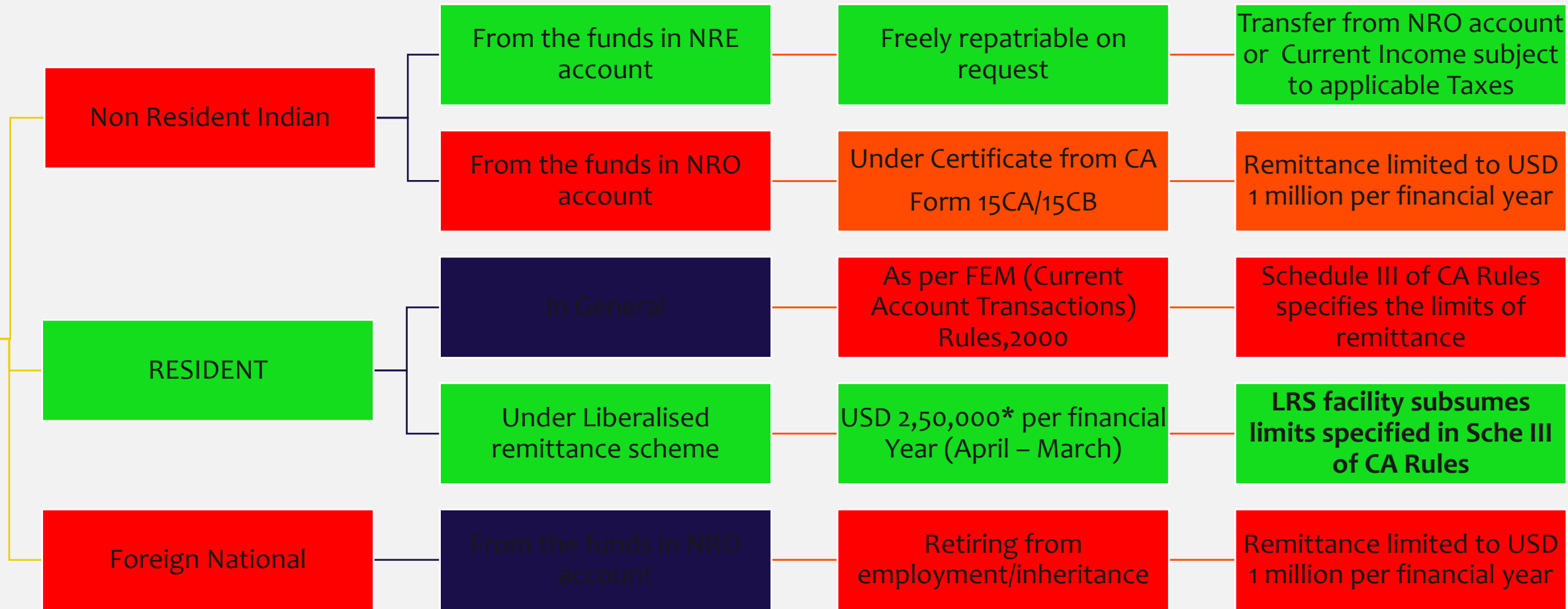


Remittances





REMITTANCES





Thank You

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