

# Frequently Asked Questions (New)

## Accounts in India by Non-residents

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(As on August 01, 2016)

These FAQs attempt to put in place the common queries that users have on the subject in easy to understand language. However, for conducting a transaction, the Foreign Exchange Management Act, 1999 (FEMA) and the Regulations made or directions issued there under may be referred to. The relevant Principal Regulations are the Foreign Exchange Management (Deposit) Regulations, 2016 issued vide [Notification No. FEMA 5\(R\)/2016-RB dated April 01, 2016](#). The directions issued are consolidated in Part II of the [Master Direction No 14 on Deposits and Accounts](#). Amendments, if any, to the principal regulations are appended.

Q1. Can a Bangladeshi/ Pakistani national or an entity owned/ controlled from Bangladesh/ Pakistan have an account in India?

Answer: 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 can open an NRO account 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.

Q2. What are the accounts that a tourist visiting India can open?

Answer: An 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.

Q3. What is an SNRR account? How is it different from a NRO account?

Answer: Any person resident outside India, having a business interest in India, can open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer for the purpose of putting through bona fide transactions in rupees which are in conformity with the provisions of the Act, rules and regulations made thereunder. The features of the SNRR account are:

- a. The SNRR account will carry the nomenclature of the specific business for which it is opened and not earn any interest.
- b. The debits/ credits and the balances in the account should be incidental and commensurate with the business operations of the account holder.
- c. Authorised Dealers are required to ensure that all the operations in the SNRR account are in accordance with the provisions of the Act, rules and regulations made thereunder.

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- d. 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 no case should exceed seven years. No operations are permissible in the account after seven years from the date of opening of the account.
- e. The operations in the SNRR account should 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.
- f. The balances in the SNRR account can be repatriated outside India.
- g. Transfers from any NRO account to the SNRR account are not permitted.
- h. All transactions in the SNRR account will be subject to payment of applicable taxes in India.
- i. SNRR account may be designated as resident rupee account on the account holder becoming a resident.
- j. 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.
- k. Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.

The SNRR can be held only as a non-interest earning account, while an NRO account can earn interest. While the balances in a NRO account are non-repatriable (except for current income and to the extent permissible for NRIs/ PIOs under FEMA 13(R)), SNRR is a repatriable account.

Q 4. What are the deposits that foreign Diplomatic missions/ personnel and their family members in India can hold?

Answer: The following accounts are permitted:

- a. Foreign diplomatic missions and diplomatic personnel and their family members in India may open rupee deposits with an AD Bank.
- b. Diplomatic missions and diplomatic personnel can open special rupee accounts namely Diplomatic Bond Stores Account to facilitate purchases of bonded stocks from firms and companies who have been granted special facilities by customs authorities for import of stores into bond, subject to conditions. The funds in the account may be repatriated outside India without the approval of Reserve Bank.
- c. 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 can open foreign currency accounts in India. 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. Such accounts can be credited by way of inward remittances and transfers (which are collected in India as visa fees) from the rupee account of the diplomatic mission in India. Funds held in such account if converted in rupees shall not be converted back into foreign currency.

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The funds in the account may be repatriated outside India without the approval of Reserve Bank.

Q5. Can persons resident in Nepal and Bhutan have accounts in India?

Answer: Persons resident in Nepal and Bhutan can open Indian rupee accounts with an authorised dealer in India.

Q6. Can multilateral organisation have deposits in India?

Answer: Any multilateral organization, of which India is a member nation, or its subsidiary/ affiliate bodies and officials in India can open deposits with an authorised dealer in India.

Q7. Can an Indian company accept deposits from non-residents in compliance with section 160 of the Companies Act, 2013?

Answer: Yes, such acceptance of deposit and refunds, if required, will be covered under current account transactions and can be made freely without any restriction from FEMA perspective.