

BANK ACCOUNTS

NON RESIDENT ORDINARY RUPEE (NRO) ACCOUNT SCHEME

1. Definitions

Non-Resident Indian (NRI): NRI for this purpose is defined in Regulation 2 of FEMA Notification No. 5 dated May 3, 2000. In terms of this Notification, an NRI is a person resident outside India who is a citizen of India or is a person of Indian origin.

Person of Indian Origin (PIO): PIO for this purpose is defined in Regulation 2 of FEMA ibid as a citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub clause (a) or (b).

2. Eligibility

- a) Any person resident outside India (as per Section 2 of FEMA), may open NRO account with an Authorised Dealer bank for the purpose of putting through bonafide transactions denominated in Rupees, not involving any violation of the provision of FEMA, Rules, Regulations made there under.
- b) Opening of accounts by individuals/entities of Bangladesh /Pakistan nationality /ownership requires prior approval of Reserve Bank.

3. Types of Accounts

NRO accounts may be opened/maintained in the form of current, savings, recurring or fixed deposit accounts. Rate of interest applicable to these accounts and guidelines for

Opening, operating and maintenance of such accounts shall be in accordance with directives/instructions issued by Reserve Bank from time to time.

4. Joint Accounts with Residents /Non Residents

The accounts may be held jointly with residents and /or with non-residents.

5. Permissible Credits/ Debits

A. Credits

1. Proceeds of remittances from outside India through normal banking channels received in foreign currency, which is freely convertible.
2. Any foreign currency, which is, freely convertible tendered by the account holder during his temporary visit to India. Foreign currency exceeding USD 5000/-or equivalent in form of cash should be supported by Currency Declaration Form. Rupee funds should be supported by Encashment Certificate, if they represent funds brought from outside India.
3. Transfers from rupee accounts of non resident banks.
4. Legitimate dues in India of the account holder. This includes current income like rent, dividend, pension, interest, etc. as also sale proceeds of assets including immovable property acquired out of rupee/foreign currency funds or by way of legacy/inheritance.

B. Debit

1. All local payments in rupees including payments for investments in India subject to compliance with the relevant regulations made by the Reserve Bank.
2. Remittance outside India of current

Income like rent, dividend, pension, interest, etc. in India of the account holder. 3 Remittance upto USD One million permitted financial year (April – March), for all bonafide purposes, to the satisfaction of the authorised dealer bank.

6. Remittance of Assets

6.1. Remittance of assets by a foreign national of non Indian origin

A citizen of foreign state, not being a citizen of Nepal or Bhutan or a Person of Indian Origin, who has retired from an employment in India, or has inherited the assets from a person referred to in sub section (5) of section 6 of the FEMA; or is a widow resident outside India and has inherited assets of her deceased husband who was an Indian citizen resident in India, may remit an amount, not exceeding USD 1,000,000 (US Dollar One Million only) per financial year on production of, documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter and an undertaking by the remitter and certificate by Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No 10/2002 dated October 9, 2002.

6.2. Remittance of Assets by an NRI/PIO

a) NRI/PIO may remit an amount, not exceeding USD 1,000,000 permitted financial year, out of the balances held in NRO accounts/sale proceeds of assets /the assets in India acquired by him by way of inheritance /legacy, on production of documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter, and an undertaking by the remitter and

Certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No 10/2002 dated October 9, 2002. b) NRI/PIO may within the overall limit of USD 1 million as stated above, remit sale proceeds of assets acquired under a deed of settlement made by either of his parents or a close relative (as defined in section 6 of the Companies Act, 1956) and the settlement taking effect on the death of the settler, on production of the original deed of settlement and an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No. 10/2002 dated October 9, 2002.

6.3. Assets Acquired in India Out of Rupee Funds

NRI/PIO may remit sale proceeds of immovable property purchased by him as a resident or out of Rupee funds as NRI/PIO, without any lock in-period, subject to the above limit of USD 1 million, per financial year.

6.4. Restrictions

- a) The remittance facility in respect of sale proceeds of immovable property is not available to citizens of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan.
- b) The facility of remittance of sale proceeds of other financial assets is not available to citizens of Pakistan, Bangladesh, Nepal and Bhutan.

7. Foreign Nationals of Non-Indian Origin on a Visit to India

NRO account (current /saving) 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 converted by the authorised dealer/bank into foreign currency for payment 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.

8. Grant of Loans/Overdrafts by Authorised Dealer/Bank to Account Holders and Third Parties

- a) Loans to Non Resident account holders and to third parties may be granted in Rupees by authorised dealer/bank against the security of fixed deposits subject to the following terms and conditions:
- (i) The loans shall be utilized only for meeting borrower's personal requirements and /or business purpose and not for carrying on agricultural / plantation activities or real estate business or for re lending.
 - (ii) Regulations relating to margin and rate of interest as stipulated by Reserve Bank from time to time shall be complied with.
 - (iii) The usual norms and considerations as applicable in the case of advances to trade/ industry shall be applicable for such loans /facilities granted to third parties
- b) Authorised dealer /bank may permit overdraft in the account of the account holder subject to his commercial judgment and compliance with the interest rate etc. directives.

9. Change of Residential Status of Account Holder

(a) From Resident to Non-resident

When a person resident in India leaves India for a country (other than Nepal or Bhutan) for taking up employment or for carrying on business or vocation outside India or for any other purpose indicating his intention to stay outside India for an uncertain period, his existing account should be designated as a Non Resident (Ordinary) Account.

When a person resident in India leaves for Nepal or Bhutan for taking up employment or for carrying on business or vocation or for any other purpose indicating his intention to stay in Nepal or Bhutan for an uncertain period, his existing account will continue as a resident account. Such account should not be designated as a Non-Resident (Ordinary) Account (NRO).

(b) From Non Resident to Resident

NRO accounts may be re-designated as resident rupee accounts on the return of the account holder to India for taking up employment, or for carrying on business or vocation or for any other purpose indicating his intention to stay in India for an uncertain period. Where the account holder is only on a temporary visit to India, the account should continue to be treated as non-resident during such visit.

10. Treatment of Loans/Overdraft in the Event of Change in the Resident Status of the Borrower

In case of person who had availed of loan or overdraft facilities while resident in India and

who subsequently become a person resident outside India, the authorised dealer / bank may at their discretion and commercial judgment allow continuance of the loan / overdraft facilities. In such cases, payment of interest and repayment of loan may be made by inward remittance or out of legitimate resources in India of the person concerned.

11. Payment of funds to Non-Resident / Resident Nominee

The amount due /payable to non-resident nominee from the NRO account of a deceased account holder shall be credited to NRO account of the nominee with an authorised dealer/bank in India. The amount payable to resident nominee from the NRO account of a deceased account holder shall be credited to resident account of the nominee with a bank in India.

12. Operation of NRO Account by Power of Attorney Holder.

Powers have been delegated to the authorised dealers /banks to allow operations on an NRO account by Power of Attorney granted in favor of a resident by the non-resident individual account holder provided such operations are restricted to

- (i) all local payments in rupees including payments for eligible investments subject to compliance with relevant regulations made by the Reserve Bank; and
- (ii) remittance outside India of current income in India of the Non Resident individual account holder, net of applicable taxes.

The resident Power of Attorney holder is not permitted to repatriate outside India funds held in the account other than to the Non Resident individual account holder nor to make payment by way of gift to a resident on behalf of the Non Resident account holder or transfer funds from the account to another NRO account.

13. Facilities to a Person Going Abroad for Studies

Persons going abroad for studies are treated as Non Resident Indians (NRIs) and are eligible for all the facilities available to NRIs. Educational and other loans availed of by them as permitted FEMA regulations.

14. International Credit Cards

Authorised dealer banks have been permitted to issue International Credit Cards to NRI / PIO, 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.

15. Income – Tax

The remittances (net of applicable taxes) will be allowed to be made by the authorised dealer banks on production of an undertaking by the remitter and a Certificate from a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes, Ministry of Finance, Government of India vide their Circular No. 10/2002 dated October 9, 2002 [cf A.P.(DIR Series) Circular No. 56 dated November 26, 2002.]

REPATRIABLE ACCOUNTS NON-RESIDENT (EXTERNAL) RUPEE ACCOUNT SCHEME

1. Eligibility:

The Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) 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.

The account should be opened by the non-resident account holder himself and not by the holder of the power of attorney in India.

Note: Opening of NRE accounts in the names of individuals/entities of Bangladesh/Pakistan Nationality /ownership requires approval of Reserve Bank.

2. Types of accounts:

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

3. Permitted Credits:

- a) Proceeds of remittances to India in any permitted currency.
- b) Proceeds of personal cheque drawn by the account holder on his foreign currency account and of travelers cheque, bank drafts payable in any permitted currency including instruments expressed in Indian rupees for which reimbursement will be received in foreign currency, deposited by the account holder in person during his temporary visit to India, provided the authorised dealer/bank is satisfied that the account holder is still resident outside India, the travelers' cheque/drafts are standing/endorsed in the name of the account holder and in the case of travelers' cheque, they were issued outside India.
- c) Proceeds of foreign currency/bank notes tendered by account holder during his temporary visit to India, provided (i) the amount was declared on a Currency Declaration Form (CDF), where applicable, and (ii) the notes are tendered to the authorised dealer in person by the account holder himself and the authorised dealer is satisfied that account holder is a person resident

outside India.

- d) Transfers from other NRE/FCNR accounts.
- e) Interest accruing on the funds held in the account.
- f) Interest on Government securities and dividend on units of mutual funds, provided the securities/ units were purchased by debit to the account holder's NRE/FCNR account or out of inward remittance through normal banking channels.
- g) Maturity proceeds of Government securities including National Plan/ Savings Certificates as well as proceeds of Government securities and units of mutual funds sold on a recognized stock exchange in India and sale proceeds of units received from mutual funds, provided the securities/units were originally purchased by debit to the account holder's NRE/FCNR account or out of remittances received from outside India in free foreign exchange.
- h) Refund of share/debenture subscriptions to new issues of Indian companies or portion thereof, if the amount of subscription was paid from the same account or from other NRE/FCNR account of the account holder or by remittance from outside India through normal banking channels.
- i) Refund of application/earnest money made by the house building agencies on account of non-allotment of flat/plot, together with Interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/FCNR account of the account holder or remittance from outside India through normal banking channels and the authorised dealer is satisfied about

the genuineness of the transaction. j) Any other credit if covered under general or special permission granted by Reserve Bank.

4. Permitted Debits:

- a) Local disbursements.
- b) Remittances outside India.
- c) Transfer to NRE/FCNR accounts of the account holder or any other person eligible to maintain such account.
- d) Investment in shares/securities/commercial paper of an Indian company or for purchase of immovable property in India provided such investment/purchase is covered by the regulations made, or the general/special permission granted, by the Reserve Bank.
- e) Any other transaction if covered under general or special permission granted by the Reserve Bank.

5. Rate of Interest:

Rate of interest applicable to these accounts shall be in accordance with the directions/instruction issued by Reserve Bank from time to time.

6. Loans against security of funds held in the account:

a) To account holder:

Authorised dealers and banks maintaining such accounts are permitted to grant loans in India to the account holder for –

- i). Personal purposes or for carrying on business activities except for the purpose of relending or carrying on agriculture/ plantation activities or for investment in real estate business. The authorised dealer/bank should ensure that the advances are fully secured by the fixed deposits and regulations relating to

Normal margin, interest rate, etc., are complied with. Repayment shall be made either by adjustment of the deposit or by fresh inward remittances from outside India through normal banking channels. The loan can also be repaid out of local rupee resources in the NRO account of the borrower. The interest on such loans shall be in accordance with directives issued by Reserve Bank from time to time; ii). the purpose of making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/companies subject to compliance with the provisions of the Foreign Exchange Management (Transfer of Indian security by a person resident outside India) Regulations, 2000 and Foreign Exchange Management (Investment in proprietary or a partnership firm) Regulations, 2000. iii). the purpose of acquisition of flat/house in India for his own residential use subject to the provisions of the relevant Regulations made under the Act.

b) To third parties:

Authorised dealers and authorised banks may grant any type of fund based and/or non-fund based facilities to resident individuals/firms/companies in India against the collateral of fixed deposits held in NRE account subject to the following conditions.

- i). 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. ii). Regulations relating to margin, interest

rate, purpose of loan, etc., as stipulated by Reserve Bank from time to time should be complied with.

iii). The loan should be utilized for personal purposes or for carrying on business activities other than agricultural/ plantation activities or real estate business. The loan should not be utilized for relending.

iv). The usual norms and considerations as applicable in the case of advances to trade/industry shall be applicable to such credit facilities.

c) Loans outside India

Authorised dealers may allow their branches/ correspondents outside India to grant any type of fund based and/or non-fund based facilities to or in favour of non-resident depositor or to third parties at the request of depositor for bonafide purpose against the security of funds held in the NRE accounts in India and also agree to remittance of the funds from India, if necessary, for liquidation of the outstanding.

7. Change of resident status of the account holder:

NRE accounts should be redesignated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts (if the account holder is eligible for maintaining RFC account) at the option of the account holder immediately upon the return of the account holder to India for taking up employment or for carrying on business or vocation or for any other purpose indicating intention to stay in India for an uncertain period. Where the account holder is only on a short visit to India, the account may continue to be treated as NRE account even during his stay in India.

8. Repatriation of funds to non-resident nominee:

Authorised dealers/authorised banks may allow remittance of funds lying in the NRE account of the deceased account holder to his non-resident nominee.

9. Miscellaneous:

- a) Joint accounts: Joint accounts in the names of two or more non-resident individuals may be opened provided all the account holders are persons of Indian nationality or origin. When one of the joint holders becomes resident, the authorised dealer may either delete his name and allow the account to continue as a NRE account or redesignate the account as a resident account, at the option of the account holders. Opening of these accounts by a non-resident jointly with a resident is not permissible.
- b) Opening of account during temporary visit: An account may be opened in the name of an eligible NRI during his temporary visit to India against tender of foreign currency travelers cheque or foreign currency notes and coins tendered, provided the authorised dealer is satisfied that the person has not ceased to be a non-resident.
- c) Operations by Power of attorney: Authorised dealers/authorised banks may allow operations on an NRE account in terms of Power of Attorney or other authority granted in favors 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 normal 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 by authorised dealers to operate the account to facilitate such investment. The resident Power of Attorney holder shall not, however be allowed to repatriate outside India funds held in the account under any circumstances other than to the account holder himself, nor to make payment by way of gift to a resident on behalf of the account holder or transfer funds from the account to another NRE account.

- d) Special Series of Cheque: For easy identification and quicker processing of cheque drawn on NRE accounts, authorised dealers/banks shall issue cheque books containing a special series of cheque to their constituents holding NRE accounts.
- e) Temporary overdrawn: Authorised dealers/authorised banks may at their discretion/commercial judgment allow for a period of not more than two weeks, overdrawn in NRE savings bank accounts, upto a limit of Rs.50,000 subject to the condition that such overdrawn together with the interest payable thereon are cleared/repaid within the said period of two weeks, out of inward remittances through normal banking channels or by transfer of funds from other NRE/FCNR accounts.
- f) Remittances abroad by Resident nominee: Application 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.
- g) Tax Exemption: 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.

h) Reporting: The transactions in these accounts shall be reported to the Reserve Bank in accordance with the directions issued by it from time to time.

FOREIGN CURRENCY (NON-RESIDENT) ACCOUNT (BANKS) SCHEME – FCNR (B)

1. Eligibility :

- (a) NRIs and OCBs are eligible to open and maintain these accounts with an authorised dealer.

NOTE: Opening of FCNR (B) accounts in the names of NRIs/OCBs of Bangladesh/Pakistan nationality/ownership requires approval of Reserve Bank.

- (b) These accounts may be opened with funds remitted from outside India through normal banking channels or funds received in rupees by debit to the account of a non-resident bank maintained with an authorised dealer in India or funds which are of repatriable nature in terms of the regulations made by Reserve Bank. Accounts may also be opened by transfer of funds from existing NRE/FCNR accounts.
- (c) Remittances from outside India for opening of or crediting to these accounts should be made in the designated currency in which the account is desired to be opened /maintained. Without prejudice to this, if the remittance is received in a currency other than the designated currency (including funds received in rupees by debit to the account of a non resident bank), it should be converted

Into the latter currency by the authorised dealer at the risk and cost of the remitter and account should be opened/credited in only the designated currency. (d) In case the depositor with any convertible currency other than designated currency desires to place a deposit in these accounts, authorised dealers may undertake with the depositor a fully covered swap in that currency against the desired designated currency. Such a swap may also be done between two designated currencies.

2. Designated currencies:

Deposit of funds in the accounts may be accepted in Pound Sterling, US Dollar, Deutsche Mark, Japanese Yen, Euro and such other currencies as may be designated by Reserve Bank from time to time.

3. Type of account:

These accounts may be opened only in the form of term deposit for any of the three maturity periods, viz. one year and above but less than two years, two years and above but less than three years and three years only.

4. Rate of Interest:

The rate of interest on funds held in these deposit accounts will be in accordance with the directives issued by the Reserve Bank from time to time.

5. Permissible Debits/Credits:

All debits/credits permissible in respect of NRE accounts as specified in NRE Rupee Account Scheme shall be permissible in respect of these accounts also.

6. Rate for Conversion of Rupees into Designated Currencies and vice versa:

- i). Remittances received in Indian rupees for opening these accounts shall be converted by the authorised dealer into the designated foreign currency at the clean T.T. selling rate for that currency ruling on the date of conversion.
- ii). For the purpose of payment in rupees, funds held in these accounts shall be converted into rupees at the authorised dealer's clean T.T. buying rate for the concerned currency ruling on the date of withdrawal.

7. Inland Movement of Funds:

Any inland movement of funds for the purpose of opening these accounts as well as for repatriation outside India of balances held in these accounts will be free of inland exchange or commission for the non-resident depositors. The Authorised dealer receiving foreign currency remittances in these accounts will also, on request, pass on the foreign currency to another authorised dealer if the account has to be opened with the latter, at no extra cost to the remitter.

8. Manner of Payment of Interest:

- i). Interest on balances held in these accounts may be paid half-yearly or on an annual basis as desired by the depositor.
- ii). Interest may be credited to a new FCNR (B) account or an existing/new NRE/NRO/NRNR/NRSR account in the name of the account holder, at his option.

9. Loans/overdrafts against security of funds held in the account:

- i). The terms and conditions as applicable to NRE deposits in respect of loans and

Overdrafts in India to depositor and to third parties as also loans outside India against security of deposits, shall apply mutatis mutandis to FCNR (B) deposits. ii). The margin requirement shall be notionally calculated on the rupee equivalent of the deposits.

10. Change of resident status of the account holder:

When an account holder becomes a person resident in India, deposits may be allowed to continue till maturity at the contracted rate of interest, if so desired by him. However, except the provisions relating to rate of interest and reserve requirements as applicable to FCNR (B) deposits, for all other purposes such deposits shall be treated as resident deposits from the date of return of the account holder to India. Authorised dealers should convert the FCNR(B) deposits on maturity into resident rupee deposit accounts or RFC account (if the depositor is eligible to open RFC account), at the option of the account holder and interest on the new deposit (rupee account or RFC account) shall be payable at the relevant rates applicable for such deposits.

11. Joint account, repatriation of balances, etc. :

Terms and conditions as applicable to NRE accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans/overdrafts against security of funds held in accounts, shall apply mutatis mutandis to FCNR (B) accounts.

12. Reporting:

The transactions in these accounts shall be reported to Reserve Bank in accordance with the directions issued by it from time to time

13. Other Features:

- (a) Reserve Bank will not provide exchange rate guarantee to authorised dealers for deposits of any maturity in these accounts.
- (b) Lending of resources mobilized by authorised dealers under these accounts are not subject to any interest rate stipulations.

NOTE: Premature withdrawal of FCNR (B) deposits for the purpose of opening NRNR Rupee Deposit accounts with an authorised dealer other than the one with whom the account FCNR(B) is maintained will attract penalty as per the directions issued by Reserve Bank from time to time.

**FEATURES OF VARIOUS DEPOSIT SCHEMES AVAILABLE TO
NON-RESIDENT INDIANS (NRIs)**

Particulars	Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B) Account]	Non-Resident (External) Rupee Account Scheme (NRE Account)	Non-Resident Ordinary Rupee Account Scheme (NRO) Account
Who can open an account	NRIs (individual/entities of Bangladesh/Pakistan nationality/ownership require prior approval of RBI)	NRIs (individual/entities of Bangladesh/Pakistan nationality/ownership require prior approval of RBI)	Any person resident outside India other than a person resident Nepal and Bhutan (individual/entities of Bangladesh/Pakistan nationality/ownership as well as erstwhile OCBs require prior approval of RBI)
Joint account	In the names of two or more non-resident individuals	In the names of two or more non-resident individuals	May be held jointly with residents
Nomination Currency in which account is denominated	Permitted Pound Sterling, US Dollar, Jap Yen, Euro, Canadian and Australian Dollar	Permitted Indian Rupees	Permitted Indian Rupees
Repatriable	Repatriable	Repatriable	Not repatriable except for the following in account: – 1. Current income 2. Upto USD 1 million per financial year (April-March), for any bonafide purpose out of the balances in NRO account / sale proceeds of assets in India acquired by way of inheritance / legacy inclusive of assets acquired out of settlement subject to certain conditions

Particulars	Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B) Account]	Non-Resident (External) Rupee Account Scheme (NRE Account)	Non-Resident Ordinary Rupee Account Scheme (NRO) Account
Type of Account	Term deposit only	Saving, Current, Recurring, Fixed Deposit	Saving, Current, Recurring, Fixed Deposit
Period for fixed deposit	For terms not less than year and not more	At the discretion of the bank	As applicable to resident 1 accounts. than 5 years.
Rate of interest	Subject to cap: LIBOR /SWAP rates for the respective currency/ corresponding maturities minus 25 basis points	Subject to cap: Fixed Deposits: LIBOR / SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturities plus 50 basis points with effect from close of business on January 31, 2007. Saving Bank Account Interest rate shall be at the rate applicable to domestic savings account with effect from close of business in India on 17-1-2005.	Banks are free to determine interest rates for term deposits.
Operations by Power of Attorney in favor of a resident by the non-resident account holder	Operations on the account in terms of Power of Attorney are restricted to withdrawals for permissible local payments or remittance to the account holder himself through normal banking channels.	Operations on the account in terms of Power of Attorney are restricted to withdrawals for permissible local payments or remittance to the account holder himself through normal banking channels.	

Particulars (Non-Resident) Scheme [FCNR(B) Account]		Foreign Currency Account (Banks)	Non-Resident (External) Rupee Account Scheme (NRE Account)	Non-Resident Ordinary Rupee Account Scheme (NRO) Account
Loans		Permitted upto Rs. 20 lakh	Permitted upto Rs. 20 lakh	Permitted
a. In India holder To Third Parties		To the Account Permitted upto Rs. 20 lakh	Permitted upto Rs. 20 lakh	
b. Abroad To the Account To Third Parties		Permitted upto Rs. 20 lakh holder Permitted upto Rs. 20 lakh	Permitted upto Rs. 20 lakh Permitted upto Rs. 20 lakh	Not Permitted
c. Foreign Currency Loans in India To the Account holder To Third Parties Purpose of Loan a. In India To the Account holder		Not permitted Not permitted i. Personal purpose or for carrying on business activities.*	Not permitted Not permitted i. Personal purpose or for carrying on business activities.*	Not permitted Not permitted *Personal requirement and/ or business purpose.*
		ii. Direct investment in India on non- repatriation basis by way of contribution to the capital of Indian firms/companies.	ii. Direct investment in India on non- repatriation basis by way of contribution to the capital of Indian firms/companies.	
		iii. Acquisition of fat /house in India for his own residential use.	iii. Acquisition of fat /house in India for his own residential use.	

Particulars	Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B) Account]	Non-Resident (External) Rupee Account Scheme (NRE Account)	Non-Resident Ordinary Rupee Account Scheme (NRO) Account
To Third Party	Fund based and / or non-fund based facilities for personal purposes or for carrying on business activities*	Fund based and / or non-fund based facilities for personal purposes or for carrying on business activities*	Personal requirement and/ or business purpose. *
b. Abroad To the account holder and third party	Fund based and / or non-fund based facilities for bonafide purposes.	Fund based and / or non-fund based facilities for bonafide purposes.	Not permitted

* The loans cannot be utilized for the purpose if Regulation-lending or for carrying on agriculture or plantation activities or for investment in real estate business.

Note:

- a) When a person resident in India leaves India for Nepal and Bhutan for taking up employment or for carrying on business or vocation or for any other purpose indicating his intention to stay in Nepal and Bhutan for an uncertain period, his existing account will continue as a resident Rupee account. Such account should not be designated as Non-Resident (Ordinary) Account (NRO).
- b) ADs may open and maintain NRE/FCNR (B) Accounts of the persons resident in Nepal and Bhutan who are citizens of India or of Indian Origin, provided the funds for opening these accounts are remitted in free foreign exchange. Interest earned in NRE/FCNR (B) accounts can be remitted only in Indian rupees to NRIs and PIO resident in Nepal and Bhutan.
- c) In terms of Regulation 4(4) of the Notification No FEMA 5/2000-RB dated May 3,2000, ADs may open and maintain rupee accounts for a person resident in Nepal /Bhutan.