

**SCHEDULE 2**  
**[See Regulation 5(1) (ii)]**

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

**1. Eligibility:**

- (a) NRIs and PIOs are eligible to open and maintain these accounts with an authorised dealer.
- (b) These accounts may be opened with funds remitted from outside India through 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 (B) 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 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 account may be accepted in such permissible currencies as may be designated by the Reserve Bank from time to time.

**3. Type of account:**

These accounts may be opened only in the form of term deposit with maturity of such period as may be specified by the Reserve Bank from time to time.

**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 Schedule 1 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 account in the name of the account holder, at his option.

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

- (1) The terms and conditions as applicable to NRE deposits (cf. Schedule 1) 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.
- (2) The margin requirement shall be notionally calculated on the rupee equivalent of the deposits.

**10. Change of residential 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 accountholder 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 accountholder 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.:**

(1) Terms and conditions as applicable to NRE accounts (cf. Schedule 1) 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.

(2) Authorised dealer may permit remittance of the maturity proceeds of FCNR (B) deposits to third parties outside India, provided the transaction is specifically authorised by the account holder and the authorised dealer is satisfied about the bona fides of the transaction.

**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 mobilised by authorised dealers under these accounts are not subject to any interest rate stipulations.