

RBI/2006-2007/427

UBD.PCB.Cir.No. 46/16.12.000/06-07

June 4, 2007

The Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

Norms for maintaining NRE/NRO accounts - UCBs

Please refer to our circular UBD.PCB.Cir.No. 21/16.12.000/06-07 dated November 27, 2006 prescribing , inter alia, the norms for eligibility for Authorized Dealer category I and II licence.

2. In continuation thereof, we advise that the eligibility norms for maintaining NRE/NRO accounts have also been reviewed. It has been decided that banks registered in States that have entered into a Memorandum of Understanding (MOU) with Reserve Bank for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 may be permitted to open NRE accounts subject to compliance with the following eligibility norms.

- (i) Minimum net worth of Rs 25 crore.
- (ii) CRAR of not less than 9%
- (iii) Net NPAs to be less than 10%
- (iv) Compliance with CRR/SLR requirements
- (v) Net profit for preceding three years without any accumulated losses.
- (vi) Sound internal control systems
- (vii) Satisfactory compliance with KYC/AML guidelines
- (viii) Presence of at least two professional directors on the Board.

3. As per extant instructions, UCBs are not permitted to accept NRO deposits and were required to close these accounts in a given time frame. It has now been decided that banks may maintain NRO accounts, arising from their redesignation as such, upon the account holders becoming non-resident. Opening of fresh NRO accounts will not be permitted. Further, no fresh credits barring periodical credit of interest will be allowed in these accounts. However, these restrictions will not be applicable to UCBs having Authorized Dealer Category I licence.

4. UCBs may apply to the Regional Offices of the Reserve Bank of India for fresh authorization, to maintain NRE accounts/renewal of the existing authorization, wherever applicable.

5. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-Charge