



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2013-14/616
A.P. (DIR Series) Circular No.136

May 28, 2014

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Crystallization of Inoperative Foreign Currency Deposits

The Reserve Bank of India, in exercise of the powers conferred by subsections (1) and (5) of Section 26(A) of the Banking Regulation Act, 1949 (10 of 1949) has formulated the Reserve Bank [\(Depositor Education and Awareness Fund\) Scheme, 2014](#). This Fund will be credited with the credit balances of any account in India with a banking company which has not been operated for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years within a period of three months from the expiry of ten years.

2. With the objective of aligning the instructions in respect of foreign currency accounts with the above scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative Foreign Currency Deposits) Regulations, 2014 vide [Notification No. FEMA 10A/2014-RB dated March 21, 2014](#) under Foreign Exchange Management Act (FEMA), 1999 relating to inoperative foreign currency deposits.

3. Accordingly, Authorised Dealer banks shall crystallise, that is, convert the credit balances in any inoperative foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

(i) In case a foreign currency denominated deposit with a fixed maturity date remains inoperative for a period of three years from the date of maturity of the deposit, at the end of the third year, the authorised bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the

exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

(ii) In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains inoperative for a period of three years (debit of bank charges not to be reckoned as operation), the authorised bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

4. AD Category- I banks may bring the contents of the circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

Rudra Narayan Kar
Chief General Manager-in-Charge