



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

RBI/2010-11/560

June 9, 2011

A.P. (DIR Series) Circular No.70

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Remittance of assets by foreign nationals-
Opening of NRO Accounts**

The foreign nationals employed in India holding valid visas are eligible to maintain resident accounts with an Authorised Dealer Category - I (AD Category-I) bank in India. The AD Category-I banks are required to close the resident accounts of such foreign nationals on their leaving the country and transfer their assets to their accounts maintained abroad. In this connection, attention of the AD Category-I banks is invited to paragraph 8 of Schedule 3 to the [Notification No. FEMA 5 /2000-RB dated 3rd May 2000](#), viz. Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time, in terms of which 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 her / his stay outside India for an uncertain period, her / his existing account should be designated as a Non-Resident (Ordinary) [NRO] Account.

2. The extant instructions have been reviewed so as to facilitate the foreign nationals to collect their pending dues in India. AD Category-I banks may, therefore, permit such foreign nationals to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their pending bonafide dues, subject to the following conditions:

a) AD Category-I bank should obtain the full details from the account holder about his legitimate dues expected to be received into his account.

b) AD Category-I bank has to satisfy itself as regards the credit of amounts which have to be bonafide dues of the account holder when she / he was a resident in India.

c) The funds credited to the NRO account should be repatriated abroad immediately, subject to the AD Category-I bank satisfying itself regarding the payment of the applicable Income tax and other taxes in India.

d) The amount repatriated abroad should not exceed USD one million per financial year.

e) The debit to the account should be only for the purpose of repatriation to the account holder's account maintained abroad.

f) There should not be any other inflow / credit to this account other than that mentioned at point (a) above.

g) AD Category-I bank should put in place proper internal control mechanism to monitor the credits and debits to this account.

h) The account should be closed immediately after all the dues have been received and repatriated as per the declaration made by the account holder mentioned at paragraph 2 (a) above.

3. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

**Dr. (Smt. Sujatha Elizabeth Prasad)
Chief General Manager-in-Charge**