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RBI disallows Certain Entities from accepting Fresh Deposits from NRIs

The Reserve Bank of India has today disallowed entities other than authorised dealers or authorised banks from accepting deposits from Non-Resident Indians (NRIs) received through fresh remittances from overseas. They will also not be permitted to accept deposits from NRIs by debit to their Non-Resident External (NRE)/Foreign Currency Non-Resident (Banks) (FCNR(B)) accounts. They will, however, be permitted to continue to hold the existing deposits and also renew such deposits held in their books in the name of NRIs on repatriation or non-repatriation basis, as the case may be. The interest earned on such deposits will continue to be repatriable.

The revised instructions are applicable with immediate effect. The decision of disallowing entities other than authorised dealers/authorised banks from accepting deposits from NRIs was taken after reviewing the issue in the light of current developments.

Under the existing regulations, apart from authorised dealers/authorised banks, a company registered under the Companies Act, 1956 (including a non-banking finance company registered with the Reserve Bank) or a body corporate created under an Act of Parliament or State Legislature is allowed to accept deposits from NRIs on a repatriation basis; whereas a company or a proprietorship concern or a firm in India is allowed to accept deposits from NRIs on a non-repatriation basis. The interest earned on such deposits, being current income, is eligible to be repatriated outside India.

Authorised Dealers have been advised to bring the revised instructions to the notice of their constituents concerned.

P.V. Sadanandan
Manager

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