

Resident Foreign Currency (Domestic) Account - Facility for Resident Individuals

**Reserve Bank Of India
Exchange Control Department
Central Office
Mumbai 400 001**

A.P. (DIR Series) Circular No. 37

November 1, 2002

To
All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Resident Foreign Currency (Domestic) Account - Facility for Resident Individuals

Authorised Dealers are aware that in terms of Regulation 3(iii) of RBI Notification No.FEMA.11/ 2000-RB dated 3rd May, 2000, residents are allowed to retain up to US\$ 2000 or its equivalent in aggregate, provided that such foreign exchange in the form of currency notes, bank notes and travellers cheques :

- (a) was acquired by him while on a visit to any place outside India by way of payment for services not arising from any business in or anything done in India; or
- (b) was acquired by him, from any person not resident in India and who is on a visit to India, as honorarium or gift or for services rendered or in settlement of any lawful obligation; or
- (c) was acquired by him by way of honorarium or gift while on a visit to any place outside India; or
- (d) represents the unspent amount of foreign exchange acquired by him from an authorised person for travel abroad.

2. As a step towards further liberalisation, it has been decided to allow a person resident in India to open, hold and maintain with an Authorised Dealer in India a Foreign Currency Account to be known as Resident Foreign Currency (Domestic) Account, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques from the sources specified at items (a) to (d) above. Debits to the account shall be for payment towards current/capital account transactions in accordance with the existing foreign exchange

regulations. The account will be maintained in the form of current account and shall not bear any interest.

Cheque facility will be available. There will be no ceiling on the balances held in the account.

3. It is clarified that the facility of opening of RFC (Domestic) Account is in addition to the existing facility of

(i) RFC facility provided under Regulation 5 of Notification No. FEMA 10/ 2000-RB dated 3rd May 2000 and

(ii) retention of foreign exchange in cash and/or travellers cheques up to US\$ 2000 or its equivalent available

in terms of Regulation 3

(iii) of Notification No. FEMA 11/RB-2000 dated 3rd May, 2000.

4. A Notification amending the relevant provisions of RBI Notification No. FEMA 10/RB-2000 dated 3 May 2000 is being issued separately.

5. Pending publication of the Notification by the Government of India, requests received by Authorised

Dealers for opening of Resident Foreign Currency (Domestic) Accounts may be forwarded with

recommendations to the concerned Regional Office of the Reserve Bank. While opening these accounts the

Authorised Dealers should however, follow the same procedures, including 'Know Your Customer' guidelines

as applicable for opening any other domestic account.

6. Authorised Dealers may bring the contents of the circular to the notice of their constituents concerned.

7. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager