

Foreign Currency (Non-Resident) Accounts (Banks) Scheme

DBOD No. Dir.BC. 28 /13.03.00/2000-01

October 6, 2000
Ashwina 14, 1922(S)

Foreign Currency (Non-Resident) Accounts (Banks) Scheme

In exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949 and in partial modification of its Directive DBOD No. Dir.BC 95/C.347(I)-86 dated September 11, 1986, as amended from time to time, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that the existing paragraph 10 shall be substituted by the following with immediate effect.

“ 10. Prohibitions

No bank shall -

- a) accept or renew deposit over three years;
- b) discriminate in the matter of rate of interest paid on the deposits, between one deposit and another accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank, except on the size group basis. The permission to offer varying rates of interest based on size of the deposits will be subject to the following conditions:
 - (1) Banks shall, at their discretion decide the currency-wise minimum quantum on which differential rates of interest may be offered. For the term deposits below the prescribed quantum with same maturity the same rate will apply.
 - (2) The differential rates of interest so offered shall be subject to the overall ceiling prescribed.
 - (3) Interest rates paid by the bank should be as per the schedule and not be subject to negotiation between the depositor and the bank.
- (c) pay brokerage on deposits in any form to any individual, firm, company, association, institution or any other person.
- (d) employ/engage any individual, firm, company, association, institution or any other person for collection of deposit or for selling any other deposit linked products on payment of remuneration or fees or commission in any form or manner,"

2. The other provisions of the Directives DBOD No. Dir.BC 95/C.347(I)-86 dated September 11, 1986 and DBOD No. Dir.BC 115/13.01.09/93 dated April 29, 1993, as amended from time to time, shall remain unchanged.

(D.P. Sarda)
Executive Director