

**PUNJAB NATIONAL BANK
RESOURCE MOBILISATION DIVISION
HO: NEW DELHI**

F.A.Q.'s F.C.N.R. (B) Deposit Scheme

1. What is FCNR (B) A/c?

- Foreign Currency Non-Resident (Bank) Account.
- Only Authorised branches can open in approved currencies.

2. Who can open FCNR (B)a/cs?

- The a/c can only be opened in the name of NRI individuals – single/joint.

3. Who is Non-resident Indian / Persons of Indian origin?

- Those Indian residents, who are in employment, studying and staying permanently abroad and foreign nationals (except of Pakistan and Bangladesh), with their origin in India.

Students proceeding abroad for higher studies are treated as Non-residents.

4. Which type of accounts can be opened under FCNR (B)?

- Only Term Deposit with maturity of minimum 1 year & maximum 5 years.

5. In which currencies these a/cs be opened in our Bank?

- Pound Sterling, US Dollar, Euro, Japanese Yen, Canadian Dollar, and Australian Dollar.

6. These accounts can be opened with which funds?

- These accounts can be opened as per depositor's choice, in any of the permitted currencies, with /out of the funds received as foreign inward remittances in convertible currency through normal banking channel. The Foreign Currency Travellers Cheques / Notes may be accepted during temporary visits of the NRI, for credit to account.

7. Can these accounts be opened jointly with Indian residents?

- In the names of two or more non-resident individuals provided all the account holders are persons of Indian nationality or origin.
- Resident close relative (relative as defined in Section 6 of the Companies Act, 1956) on 'former or survivor' basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/ PIO account holder.

8. Whether nomination is permitted in FCNR (B) Account?

- Nomination in favour of NRI/PIO or a resident is allowed in the account.

9. What are the maturity periods under the scheme?

- (a) 1 year and above but < 2 years; (b) 2 years and above < 3 years ;

(c) 3 years and above but <4 years: (d) 4 years and above < 5 years ;
(e) Five years only.

10. Whether interest income from FCNR (B) account is taxable under Income Tax?

- No. Interest income from FCNR (B) accounts is exempt under IT rules.

11. Whether deposit held under FCNR (B) a/cs is taxable under Wealth Tax?

-No. Deposit held under FCNR (B) a/cs is not taxable under Wealth Tax.

12. Whether resident Indian holder of Power of Attorney is permitted to operate the account?

-Yes. He can give instructions about operations in the account, but can remit the amount abroad only to the account holder.

13. Is the addition or deletion of name/s of joint account holders allowed?

- At the request of all the joint holders, Bank may allow the addition or deletion of name/s of joint account holder/s, as per rules.

14. Is the amount held under FCNR deposit repatriable?

-Yes. Funds (Principal & Interest) is fully repatriable in foreign currencies

15. Is proceeds of the account also repatriable to third parties?

-Yes. As per the instruction, subject to Bank being satisfied about such repatriations.

16. Is transfer of funds from existing FCNR (B) NRE a/c to FCNR (B) and vice-versa permitted without the prior approval of RBI?

- Yes.

17. What is the manner of payment of interest on FCNR (B) account?

a) For deposits up to one year, without any compounding effect,

b) For deposits for over 1 year, compounding at intervals of 180 days each and thereafter for the remaining actual number of days.

18. How the interest is to be paid on term deposit maturing on Sundays / holidays / Non-business working days?

-Bank to pay interest at the originally contracted rate on the deposit amount for above mentioned days, intervening between the due date and the actual date of payment, on the succeeding working day.

19. Is there any facility for granting Loan / overdrafts against FCNR (B) Deposits to account holder/ third party?

- Yes, for permitted purposes, as per RBI guidelines.

20. What are the restrictions on advances against FCNR (B) deposits?

i) In India

To the Account holder/ Third Parties

Permitted without any ceiling subject to usual margin requirements.

ii) Abroad

To the Account holder/ Third Parties

Permitted

21. How interest is payable on FCNR deposits to NRIs on return to India?

- Banks may allow FCNR (B) deposits NRIs/PIOs, who return to India for permanent settlement, to continue till maturity at the contracted rate of interest, if desired, as per rules.

22. Is the premature withdrawal of deposits allowed?

- Yes. At the request of the depositor, Bank allows premature withdrawal.

23. Is any penalty levied on pre-mature withdrawal of FCNR (B) deposit?

- The present guidelines are:

a. In case of premature cancellation of FCNR (B) deposits for the purpose of renewing it further, for a period, which is up to or more than the original maturity date, interest may be paid at the rate applicable on the date of original deposit, for the period for which the deposit has remained with the Bank, without any penalty.

b. In case deposits under this scheme are withdrawn before maturity, the rate of interest payable on such deposits will be subject to a penalty of 1.00% on the rate applicable for the period for which the deposit has run.

c. No interest shall be paid on deposits, which have not run for the minimum stipulated maturity period i.e. one year.

d. Where FCNR (B) deposits are converted into NRE deposits before maturity, at the request of account holder, the rate of interest payable on such deposits will be subject to penalty of 1.00% on the rate applicable for the period for which the deposit has run.

24. Credits and Debits

- All debits / credits permissible in respect of NRE accounts, including credit of sale proceeds of FDI investments, are permissible in FCNR (B) accounts also.

25 Other Condition

Terms and conditions as applicable to NRE accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans/overdrafts against security of funds held in accounts, shall apply mutatis mutandis to FCNR (B).
