



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

RBI/2013-14/560

April 10, 2014

A.P. (DIR Series) Circular No.120

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Rupee Drawing Arrangement – ‘Direct to Account’ Facility

Attention of Authorised Dealer Category – I (AD Cat – I) banks is invited to the [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses, as amended from time to time.

2. In order to facilitate receipt of foreign inward remittances directly into bank accounts of the beneficiaries, it has been decided to allow foreign inward remittances received under Rupee Drawing Arrangement (RDA) to be transferred to the KYC compliant beneficiary bank accounts through electronic mode, such as, NEFT, IMPS, etc. The procedure to be followed for the purpose will be as under:

3. Foreign inward remittances received by the AD Cat-I Bank (termed as ‘Partner Bank’) having RDA with Non Resident Exchange Houses may be credited directly to the account of the beneficiary held with a bank other than the AD Cat-I Bank (termed as ‘Recipient Bank’) electronically, subject to the following conditions:

- i. The Recipient Bank will credit the amount transferred by the Partner Bank only to the KYC compliant bank accounts.

- ii. In respect of the bank accounts which are not KYC compliant, the Recipient Bank shall carry out KYC/CDD of the recipient before the remittance to such account is credited or allowed to be withdrawn.
- iii. The Partner Bank (i.e. the AD Cat-I Bank receiving foreign inward remittance through non-resident exchange houses under RDA) shall appropriately mark the direct-to-account remittances to indicate to the Recipient Bank that it is a foreign inward remittance.
- iv. The Partner Bank shall ensure that accurate originator information and necessary beneficiary information is included in the electronic message while transferring the fund to the Recipient Bank. This information should be available in the remittance message throughout the payment chain, i.e., the Non Resident Exchange House, the Partner Bank and the Recipient Bank. The Partner Bank should add an appropriate alert in the electronic message indicating that this is a foreign inward remittance and should not be credited to a KYC non-compliant account.
- v. The identification and other documents of the recipient shall be maintained by the Recipient Bank as per the provisions of Prevention of Money Laundering (Maintenance of Records) Rules, 2005. All other requirements under KYC/AML/CFT guidelines issued by the Reserve Bank of India from time to time shall be adhered to by the Partner Bank.
- vi. The Recipient Bank may seek additional information from the Partner Bank and shall report suspicious transactions to the FIU-IND with details of the Partner Bank through which they received the remittances.

3. All other instructions issued vide A. P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, will remain unchanged.

4. AD Cat-I Banks may bring the contents of this circular to the notice of their constituents concerned.

5. 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager-in-Charge