

**PUNJAB NATIONAL BANK  
INTERNATIONAL BANKING 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.

**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, Canadian Dollar and Australian Dollar. However RBI has permitted 6 currencies (including one Japanese Yen).

**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?**

- No. The joint holders can only be Non-Resident Indians.

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

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

**9. How is rate of interest determined for FCNR (B) a/cs?**

- Under RBI extant guidelines to all banks, Interest rate on FCNR a/cs of all maturities is presently fixed with maximum ceiling of LIBOR/SWAP minus 75 basis points, being declared by FEDAI on the last working day of every month. Accordingly, in turn Bank revises the rates effective from the beginning of every month, based on such rates notified by FEDAI.

**10. 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.

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

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

**12. 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.

**13. 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.

**14. 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.

**15. Is the amount held under FCNR deposit repatriable?**

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

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

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

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

- Yes.

**18. 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.

**19. Is payment of interest on overdue FCNR (B) deposit allowed?**

- Banks may, at their discretion, renew an overdue deposit or a portion thereof provided the overdue period from the date of maturity till the date of renewal (both days inclusive) does not exceed 14 days. The Interest rate payable on amount of deposit so renewed should be the appropriate rate of interest for the period of renewal as prevailing on the date of maturity or on the date when depositor seeks renewal, whichever is lower.
- In the case of deposits where the overdue period exceeds 14 days, the prevailing guidelines will be applicable.

**20. 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.

**21. 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.

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

- Banks are prohibited from granting fresh loans or renewing existing loans in excess of Rupees twenty (20) Lacs against FCNR (B) deposits.

**23. What is the manner of charging interest for advances against FCNR (B) deposits?**

- Bank would charge Rate paid on FCNR (B) deposits plus swap cost plus operating cost. Accordingly, the rate of interest in case of rupee loans to self, against FCNR (B) deposits shall be Swap cost plus the rate paid on FCNR (B) deposits effective 1.1.2007, for existing as well as new accounts.
- As regards rupee loans to third party against FCNR (B) deposits, the existing interest rate is BPLR.

**24. 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.

**25. Is the premature withdrawal of deposits allowed?**

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

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

- The guidelines, prevailing at the time of premature withdrawal will be applicable.