



RBI/2011-12/536

A. P. (DIR Series) Circular No.117

May 07, 2012

To

All Authorised Dealer banks and Authorised banks

Madam/Sir,

Transfer of Funds from Non-Resident Ordinary (NRO) account to Non-Resident External (NRE) Account

The Committee to Review the Facilities for Individuals Under FEMA, 1999 (Chairperson : Smt. K.J.Udeshi) has recommended that the NRIs/PIOs may be permitted, subject to payment of applicable taxes, to transfer repatriable funds from their NRO account within the overall ceiling of US \$ 1 million per financial year, for credit to their NRE account in India. At present transfer of funds from NRO to NRE account is not permissible.

2. On a review, it has been decided that henceforth NRI as defined in Foreign Exchange Management (Deposit) Regulations, 2000 contained in [Notification No. FEMA.5/2000-RB dated 3rd May 2000](#), as amended from time to time, shall be eligible to transfer funds from NRO account to NRE account within the overall ceiling of USD one million per financial year **subject to payment of tax**, as applicable (i.e. as applicable if funds were remitted abroad). Such credit of funds to NRE account shall be treated as eligible credit in terms of paragraph 3(j) of Schedule-1 of Notification No. FEMA.5/2000-RB dated 3rd May 2000.

3. All Authorised Dealer banks and Authorised banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this circular have been issued under Sections 10(4) and 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