

Special Non-Resident Rupee Accounts

(January 16, 2025)

Note: a) Since SNRR account has been allowed to be used for specified transactions in trade, foreign investments, External Commercial Borrowings, etc., in lieu of sending inward/outward remittances by a person resident outside India in a convertible foreign currency for each transaction with a resident or vice-versa, all precautions need to be taken by Authorized Dealer (AD) banks to ensure identification of the counterparty of such transactions. Some of such precautions are listed out in FAQs below. The onus of ensuring the use and identification of SNRR transactions as per guidelines falls on the AD banks.

b) The provisions of these FAQs will not apply to the SNRR accounts of FPIs, FVCIs and Depository Receipt / FCCB conversion accounts which are operated by a custodian and fall under para 7.1 (i) of Part II of the [Master Directions on Deposits and Accounts](#).

1. What are the processes to be adopted for transactions undertaken through SNRR A/c?

- A. **Payments initiated to the debit of SNRR Accounts:** While handling INR payments to the debit of SNRR A/c favouring a person resident in India, AD Bank shall ensure that the transaction is communicated as SNRR transaction (including purpose code and country details, if applicable) to the recipient bank, either through electronic means or manually.
- B. **Payments received for credit to SNRR Accounts:** AD Bank holding SNRR account shall ensure that any domestic inward remittance received for credit to SNRR account should be confirmed as SNRR transaction as at A above.
- C. AD banks shall ensure compliance with various FEMA provisions as contained in the FEMA or the Rules or Regulations framed thereunder or directions issued thereunder in respect of all such transactions involving SNRR accounts.

2. Who is responsible for FEMA compliance for trade transactions?

A. For Debit to SNRR A/c (for onward credit domestically)

In case of receipt of Export proceeds by an Indian party by debit to SNRR account of the overseas buyer:

- As in case of any inward remittance received for export payment, the AD bank handling the export documents shall ensure compliance with all export related rules/regulation/ guidelines prescribed under FEMA.
- The AD bank maintaining SNRR account shall be responsible for performing due diligence of the overseas client and related FEMA compliances. Further, it shall, while transferring the funds to the AD bank of the Indian exporter (beneficiary's bank), provide complete KYC details of the account holder (Name, address, country etc.), purpose of remittance, currency and amount of remittance, name and account number of the beneficiary etc. so as to enable the latter to close the entries in EDPMS with the respective remittance.

B. For Credit to SNRR A/c (received from a domestic account)

In case of payment for Imports by an Indian party by credit to the SNRR account of the overseas seller:

- As in case of any outward remittance sent for import payment, the AD bank handling import documents and remitting funds (Importer's Bank) shall ensure compliance with all related import rules/regulations/guidelines prescribed under FEMA.
- It shall also communicate all details related to the importer as required by the AD bank maintaining the SNRR account of the overseas client.

C. Similarly, in case of ECB, Trade credits, foreign investments, etc., the designated AD bank maintaining the resident customer's A/c will be responsible for ensuring compliance with FEMA provisions, including issuance of FIRC, wherever applicable, on the same lines as it would have done in case of money received in freely convertible currency through an inward remittance. Further, the banks involved in the transaction shall be responsible for sharing of the details of the transactions on similar lines as above.

3. Whether A2 reporting has to be undertaken by bank remitting the funds?

Yes, any underlying transaction by a domestic Indian party, which requires A2 reporting for remittance overseas will require the same in case of a domestic remittance for credit to an SNRR Account.

4. Whether purpose code is to be used and who is responsible for FETERS reporting?

- A. The regulatory reporting under FETERS (R Return) will be undertaken by the Bank maintaining SNRR A/c.
- B. Any credit / debit to / from an SNRR account from / to an offshore account of the non-resident entity holding the SNRR account will be reported under AD bank transfer.
- C. Any credit / debit to / from an SNRR account from / to a domestic (Indian) party will be reported basis underlying transaction (import, export, Trade Credit, services, ECB, etc).

Please note that bank holding SNRR account shall follow the reporting procedure as applicable to other INR Vostro accounts held by it. Please also refer to [A.P. \(DIR Series\) Circular No. 25 March 20, 2019](#) on Compilation of R>Returns: Reporting under FETERS.

5. Whether ACU guidelines will be followed in case shipment to ACU countries?

Trade transactions with ACU countries are governed by Regulation 3(1)(A) and Regulation 5(1)(A) of [Notification FEMA 14 \(R\)](#), as amended from time to time and are to be settled under ACU mechanism or as defined therein. Therefore, transactions between ACU countries shall be kept distinct and separate and settled as per extant instructions outside the SNRR arrangement.

6. Whether interest can be earned on SNRR balances or through term deposit?

No.