

NPCI/IMPS/OC No. 32/ 2013-14

January 13, 2014

To,

All IMPS Member Banks

Dear Sir / Madam,

New Business Case: Usage of Immediate Payments Service (IMPS) for credit to NRE /CASA Accounts

In reference to the latest RBI Circular No. RBI/2009-10/122 / DPSS (CO) EPPD No.327/04.03.02/2009-10 of August 14, 2009 (copy attached), FEMA Regulations specify the nature of credits that are permitted to NRE accounts which, inter-alia, include foreign inward remittances, transfers from other NRE accounts. Further, the Wire Transfer Guidelines issued by DBOD, RBI, vide, DBOD.AML.BC.No. 77 / 14.01.001 / 2006-07 dated April 13, 2007 necessitates member banks to provide certain minimum information in the message formats while originating electronic payment instructions.

To facilitate these transactions, changes were made in the message formats for RTGS (field tag 7495 in R-41) and NEFT (field 7002 under transaction code 40) for identifying transactions where the remittance has been received by an intermediary bank representing foreign inward remittances. The onus of ensuring that credits to NRE accounts comply with the extant FEMA Regulations and the Wire Transfer Guidelines thus rests with the originating bank.

Like NEFT, IMPS is also credit push system and similar changes can be made in IMPS format as well, and IMPS can be used by Intermediary Bank in addition to NEFT to provide the benefit of instant credit and 24*7 availability. Credits from such foreign inward remittance transactions can be made into CASA / NRE accounts of the beneficiaries, and current RBI/FEMA/FIU guidelines and practices applicable for NEFT as complied by intermediary bank at present shall be applicable in case of IMPS also.

We have now received the approval from RBI for processing domestic leg of foreign inward remittances into bank accounts using IMPS, and for allowing credit into beneficiary's bank account subject to having audit trail for the entire chain of the remittance and that such transfers take place only to the KYC compliant accounts. Further, it shall be incumbent upon the Banks, at both ends, to abide by the FEMA guidelines issued from time to time in the matter.

We request you to examine the above use case, and take forward implementation of the same.

Thanking you,

Yours sincerely,

SD/-

Dilip Asbe
Chief Operating Officer