



NRI Accounts

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NRI Accounts



Section 6 of FERA requires the bank to obtain a licence from Reserve Bank of India (RBI) to deal in foreign exchange, and such banks are the “authorised dealers” in foreign exchange

- All Scheduled Commercial banks & State Co-operative banks

NRI Accounts



NRI Accounts can be maintained by

- ✓ **Non Resident Indians (NRIs)**
- ✓ **Persons of Indian Origin (PIO)**
- ✓ **Overseas Corporate Bodies (OCB)**
- ✓ **Non Residents (NRs)**

Types of NRI Accounts



1. Non Resident (Ordinary) Rupee Account – NRO

- When an Indian citizen goes abroad for a job with an intention to stay there, his resident accounts should be converted into an NRO
- PIO & NR
- Opened in the form of Savings, Current, Recurring or Fixed Deposits
- Rupee denominated account
- Non-repatriable- interest is repatriable on request or credited to NRE/ FCNR
- Interest rate- determined by the bank - falls under the taxation slab (30% +3 percent education cess)
- Offer joint account facility with a resident or a NRI individual. '
- Nomination facility -with both NRI and resident Individuals.

Types of NRI Accounts



2. Non-Resident External (NRE) Accounts

- Account allows you to transfer your foreign earnings easily to India
- Maintained in Indian Currency.
- Opened in the form of Current, Savings, Fixed or Recurring Deposits
- Tax exempted - not applicable to OCB
- Can be operated by power of attorney holders
- Easily repatriable
- Once account holder return back to India, this account gets converted into Resident Account

Types of NRI Accounts



3. Foreign Currency Non-Resident (FCNR) Accounts

- Operate only in foreign currency
- Opened in different currencies such as US Dollars, Canadian Dollars, Australian Dollars, Pounds Sterling, Euro, Japanese Yen, etc.
- Form of term deposits
- Interest in the same foreign currency
- Reinvestment plan
- Principal and interest is tax-free until you hold the NRI status
- Easily repatriable.



Types of NRI Accounts

4. Resident Foreign Currency (RFC)

- For returning Indians for permanently for settlement
- Account will be denominated in USD, GBP, EURO
- SB Accounts - with convertible foreign currency
- Term Deposit account (3 months to 1 year)
- Balance including interest is fully repatriable

Types of NRI Accounts



5. Non- Resident Non –Repatriable Rupee Deposit Scheme (NRNR)

- NRI/ PIO/ OCB/ NR (except Pakistani and Bangladeshi Nationals)
- In Indian rupees- for foreign remittance
- Fixed deposits & cash certificates
- Repatriation of interest for term deposits



Types of NRI Accounts

6. Non- Resident Special Rupee Account(NRSR)

- NRI /PIO
- Same facilities and restrictions- domestic account of residents
- Current, Savings, Recurring or Fixed deposits accounts
- Funds from FCNR / NRE/ NRO Account can be transferred to NRSR
- Interest – subject to Income tax
- Principal and interest non-repatriable



Facilities Available to NRI Accounts

➤ Facilities for NRE/FCNR Account holders

- I. When an account holders is still an NRI
- II. When an account holders returns to India
- III. General Facilities

Facilities Available to NRI Accounts



I. When an account holder is still an NRI

a) Investment Facilities- without limit , purchase on repatriation & non-repatriation basis

- ✓ Government securities/ treasury bills/ bonds
- ✓ Domestic mutual funds
- ✓ non convertible debentures of company incorporated in India
- ✓ Shares & convertible debentures of Indian companies- FDI scheme
- ✓ Shares & convertible debentures of Indian companies- Portfolio investment scheme
- ✓ NRIs – **not permitted** to invest in PPF



Facilities Available to NRI Accounts

I. When an account holders is still an NRI

b) **Investment on immovable property**

- ✓ NRIs/ PIOs- can acquire/ transfer immovable property (except agricultural land/ farm house)
- ✓ Can acquire by inheritance
- ✓ Transfer immovable property to resident in India
- ✓ Transfer immovable property (except agricultural land/ farm house) to PIOs or other NRIs



Facilities Available to NRI Accounts

II. When an account holders returns to India

- ✓ Returning NRIs/PIOs may continue to hold, own or transfer -foreign securities/ currency/ immovable property in abroad
- ✓ Income & sale proceeds of assets held abroad- repatriation not necessary
- ✓ Funds in Foreign currency accounts by PIOs (visited for study or visit) is repatriated to India
- ✓ RFC account can be opened in convertible currencies- attractive interest rate & repatriation facility



Facilities Available to NRI Accounts

III. General Facilities

- ✓ Permitted to include resident close relative as joint account holder
- ✓ Permitted to include NR close relative as joint account holder
- ✓ Permitted to gift shares/debentures to NRI close relative
- ✓ Resident can give rupee gift to visiting NRIs/ PIOs
- ✓ Resident can make payment in rupee- travel, boarding, lodging etc