

Frequently Asked Questions (FAQs) on Non Resident Accounts

03.01.2023

Q1. Who can open a NRE account?

- The following individuals can open a NRE account without prior approval of RBI.
- Non Resident Indian (i.e. An Indian Citizen, who have gone abroad for gainful employment or for carrying on a business or vocation or for any other purpose in circumstances indicating an intention to stay outside India for an uncertain duration)
 - A Person of Indian Origin (PIO)/ OCI (Overseas Citizens of India).
 - Crew members having Indian Nationality or of Indian origin employed by Shipping companies/Airlines, based at Foreign Ports and residing abroad.
 - Students who have gone abroad for higher studies and continue to stay abroad.
- Indian nationals deputed/ posted abroad or working with foreign Governments/ Governments agencies, UNO and other international agencies.

Q2. Who is a PIO?

- Person of Indian Origin [PIO] means a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the central government, satisfying the following conditions:
- i. Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955);
or
 - i. Who belonged to a territory that became part of India after the 15th day of August, 1947;
or
 - ii. Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or
- Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c)

Q3. Who is an OCI (Overseas Citizens of India)?

- In terms of Gazette Notification of Ministry of Home Affairs, Government of India, on and from 9th January, 2015 all the existing Persons of Indian Origin Cardholders Registered as such shall be deemed to be Overseas Citizens of India (OCI) Cardholders. Overseas Citizen of India is defined as under:
- Any person of full age and capacity other than who is or had been a citizen of Pakistan; and Bangladesh:-
- i. Who is citizen of another country, but was a citizen of India at the time of or at any time after, the commencement of the Constitution; or
 - i. Who is citizen of another country, but was eligible to become a citizen of India at the time of the commencement of the Constitution; or
- Who is a citizen of another country, but belonged to a territory that became part of India after 15th day of August, 1947; or who is a child or a grandchild or a great grandchild of such a citizen; or

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- iv. A person who is a child of a person mentioned in (i); or
- v. A person who is a minor child and whose both parents are citizens of India or one of the parents is a citizen of India; or
- vi. Spouse of foreign origin of a citizen of India or spouse of foreign origin of an Overseas Citizen of India Cardholder registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application for OCI Card.

When OCI comes to India with an intention to stay for an indefinite period and stays more than 182 days, he/she loses the privileges available to NRIs/PIOs/OCIs. Such OCI is required re-designate / convert his/her NRE/NRO/FCNR Accounts to resident account, or NRE/FCNB account to RFC account as the case may be. Further, an OCI can open all types of accounts allowed to a Resident customer.

Q4. What are the types of accounts NRI/ PIO can maintain with our Bank?

Following types of accounts can be maintained by NRIs/PIOs.

i. NRE SB:

HOW TO OPEN	CURRENCY	TENDOR/ PERIODICITY	INTEREST	REPATRIABILITY	TAX LIABILITY
Inward remittance in freely convertible currency through normal banking channel	In Indian Rupees only	Running account with cheque book facility.	Please click on the following link for interest rate as on date. INTEREST	Freely Repatriable	Free from all Taxes

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i. NRE TERM DEPOSIT:

HOW TO OPEN	CURRENCY	TENDOR/ PERIODICITY	INTEREST	REPATRIABILITY	TAX LIABILITY
• Inward remittance in freely convertible currency through normal banking channel	In Indian Rupees only	Minimum 1 year and maximum 10 years.	Please click on the following link for interest rate as on date. INTEREST	Freely Repatriable	Free from all Taxes
• Debit to existing NRE SB account					

ANY WHERE
ANY TIME



ii. FOREIGN CURRENCY NON RESIDENT (BANKS): FCNR(B)

<ul style="list-style-type: none"> Inward remittance in freely convertible currency through normal banking channel Debit to NRE SB or NRE Term Deposit Foreign currencies / Travellers cheques. 	<ul style="list-style-type: none"> USD GBP EUR CAD AUD 	Minimum 1 Year and Maximum 5 Year	<p>Please click on the following link for interest rate as on date.</p> <p>INTEREST</p>	Freely Repatriable	Free from all Taxes
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iv. NON RESIDENT ORDINARY (NRO) SB:

HOW TO OPEN	CURRENCY	TENDOR/ PERIODICITY	INTEREST	REPATRIABILITY	TAX LIABILITY
<ul style="list-style-type: none"> Inward remittance in freely convertible currency through normal banking channel Debit to NRE account. 	In Indian Rupees Only	Running account with cheque book facility.	<p>Please click on the following link for interest rate as on date.</p> <p>INTEREST</p>	Can be repatriated upto USD 1 Million per financial year subject to certain conditions and payment	Interest earned is subject to Tax.

v. NON RESIDENT ORDINARY (NRO) TERM DEPOSIT:

HOW TO OPEN	CURRENCY	TENDOR/ PERIODICITY	INTEREST	REPATRIABILITY	TAX LIABILITY
<ul style="list-style-type: none"> Inward remittance in freely convertible currency through normal banking channel Debit to NRE account. 	In Indian Rupees Only	Minimum 7 days and maximum 10 years	<p>Please click on the following link for interest rate as on date.</p> <p>INTEREST</p>	Can be repatriated up to USD 1 Million per financial year subject to certain conditions and payment	As applicable.

Besides above, NRIs can maintain the following types of Indian Rupee accounts also. NRE Current accounts, NRO current accounts, NRE Recurring deposits.

Q5. What are the permissible debits to NRE accounts?

The followings are Permissible Debits to NRE accounts.

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- i. Local payments.
 - i. Remittances abroad.
 - ii. Transfer to NRE/FCNR (B) accounts of the same account holder.
 - iv. Transfer to NRE account of person other than the account holder subject to conditions.
 - v. Investment in shares/securities /commercial paper of an Indian company or for purchase of immovable property in India provided such investment/purchase is covered by the regulations made or the general/special permission granted by the Reserve Bank of India.
 - vi. Any other transaction if covered under general or special permission granted by the Reserve Bank of India.

Q6. What are the permissible credits to NRE accounts?

The followings are Permissible Credits to NRE accounts.

- A.
- i. Proceeds of inward remittances in any permitted currency.
 - i. Current income of NRIs like rent, dividend, pension, interest, subject to payment of income taxes.
 - ii. Transfers from NRE/FCNR accounts of the account holder and Interest accruing on the funds held in these account.
 - iv. Proceeds of Foreign Currency Notes/Travelers Cheques brought by the NRI account holder from abroad during his temporary visit to India, subject to conditions.
 - v. Proceeds of Personal cheques/ Bank drafts, subject to conditions.
 - vi. The followings can be credited to NRE account, provided the securities/units were purchased by debit to the account holder's NRE/FCNR account or out of inward remittance received through normal banking channels.
 - Maturity proceeds and interest of Government securities including National Plan/ Savings Certificates as well as proceeds and dividends on units of mutual funds sold on a recognized stock exchange in India.
 - Refund of application/earnest money made by the house building agencies due to non-allotment of flat/plot along with interest, if any (net of income tax payable thereon).
 - vi. Refund of share/debenture subscriptions to Initial public offer of Indian companies or portion thereof, if the amount of subscription was paid from NRE/FCNR account of the account holder or by inward remittance through normal banking channels.
 - vii. Sale proceeds of immovable property purchased out of inward remittances, NRE/ FCNR funds subject to conditions.
 - ix. Any other credit covered under general or special permission granted by Reserve Bank of India.



Q7.	Whether proceeds of Foreign Currency Notes/Traveller's Cheques brought by a NRI/ PIO account holder from abroad during his/her temporary visit to India can be credited to his/her NRE account?
A.	<p>Yes, the proceeds of such Foreign Currency Notes/Traveller's Cheques can be credited to his/her NRE account subject to :</p> <ul style="list-style-type: none"> • They are tendered in person by the account holder. • Travelers' cheques should have been issued outside India and same to be discharged by the account holder in the presence of Bank officials concerned. <p>In case, the amount of foreign currency notes tendered exceeds USD 5000 or its equivalent or the total amount tendered i.e. Currency Notes and Travelers Cheques together are more than USD 10000 or its equivalent, the same should have been declared to the customs on the Currency Declaration Form (CDF) at the time of arrival in India and should be submitted to the Authorised Dealer at the time of tendering Currency Notes/ TCs.</p>
Q8.	Whether proceeds of personal Cheques and Bank Drafts can be credited to NRE accounts?
A.	<p>Normally proceeds of personal Cheques drawn by a NRI/ PIO account holder on his foreign currency account and Bank Drafts payable in any permitted currency including instruments expressed in Indian rupees for which reimbursement will be received in foreign currency can be deposited to his/her NRE account, provided the same is tendered in person during his temporary visit to India and the Cheques/ Drafts are standing in the name of the account holder.</p>
Q9.	Whether a NRI/ PIO resident in Nepal/ Bhutan can maintain an NRE account in India?
A.	<p>When a person resident in India leaves India for Nepal and Bhutan for taking up employment or for carrying on business or vocation or for any other purpose indicating his intention to stay in Nepal and Bhutan for an uncertain period, his existing account will continue as a resident Rupee account. Such account should not be designated as Non-Resident (Ordinary) Account (NRO).</p> <p>b) Bank may open and maintain NRE/FCNR (B) Accounts of the persons resident in Nepal and Bhutan who are citizens of India or of Indian Origin, provided the funds for opening these accounts are remitted in free foreign exchange. Interest earned in NRE/FCNR (B) accounts can be remitted only in Indian rupees to NRIs and PIO resident in Nepal and Bhutan.</p> <p>c) In terms of Regulation 4(4) of the Notification No FEMA 5/2000-RB dated May 3,2000, ADs may open and maintain rupee accounts for a person resident in Nepal /Bhutan.</p>
Q10.	Whether a NRI/ PIO resident in Nepal/ Bhutan can maintain an NRE account in India?
A.	Whether Senior Citizen NRIs are eligible for any preferential interest rate for their NRE term deposits?
Q11.	Whether a NRI/PIO can have a resident joint account holder for his/her NRE Account?
A.	<p>Yes.</p> <p>NRI/PIO can open a joint account with a resident close relative (Close relative as defined in Section 6 of the Companies Act, 1956) on former or survivor basis.</p>

Q12.	How many NRI individuals can join together and open a single NRE joint account?
A.	The joint account should not have more than 4 individuals.
Q13.	Whether the Resident Joint Account Holder in NRE account can operate the account?
A.	Yes, provided the NRI has given specific power of attorney/ Letter of authority. The resident Power of Attorney holder can withdraw from NRE account for local payments and in case the account holder is eligible to make investments in India, the power of attorney holder may be permitted to operate the account to facilitate such investments.
Q14.	Whether a resident Power of Attorney holder can open/close NRE account on behalf of a NRI?
A.	No.
Q15.	Whether a resident Power of Attorney holder can repatriate funds held in the NRE account out of India?
A.	A resident Power of Attorney holder can repatriate the funds held in NRE account to NRI account holder's account held abroad only and not to third party account. He/ She cannot make payment by way of gift to a resident or transfer funds from the account to another NRE account on behalf of the Non-resident account holder
Q16.	Whether Nomination facility is available for NRE account?
A.	Yes, nomination facility is available for NRE account.
Q17.	Whether transfer between NRO accounts of same/other person is permitted?
A.	Yes.
Q18.	Whether a Resident Power of Attorney holder can credit proceeds of foreign currency notes and Traveller's cheques to the NRE accounts?
A.	No.
Q19.	Whether NRE term deposits can be extended/ closed during the tenure of the deposit?
A.	<p>The period of NRE term deposits can be extended during the tenure of the deposit, but for a period longer than the remaining period of the deposit. The period of the extended deposit shall be a minimum of one year & a maximum of 10 years effective from the date of extension. However no interest is payable if extended before completion of minimum stipulated period of one year.</p> <p>NRE Term deposits can also be closed pre-maturely, subject to applicable penal cut. If the deposit has run for a period of less than 1 year, no interest shall be payable.</p>
Q20.	Whether NRI/PIO can transfer fund from NRO account to their own NRE account or can remit fund abroad from their NRO account?
A.	Yes, NRI/PIO can transfer fund from their NRO account to their own NRE account or can remit fund abroad from their NRO account within overall limit of USD 1 Million or equivalent per financial year subject to payment of tax as applicable and on production of an undertaking by the remitter in Form 15 CA and a certificate from the Chartered Accountant in Form 15 CB.

Q21.	Whether loans can be granted to NRI/PIOs in INR against their own NRE/ FCNR deposits?
A.	Yes, loans can be granted to NRI/PIOs as well as to third parties in India against NRE/FCNR deposits without any ceiling subject to usual margin requirements.
Q22.	Whether loans can be granted to NRI/PIOs in INR against their own NRO deposits?
A.	Yes, loans can be granted to NRI/PIOs as well as to third parties in India against NRO deposits without any ceiling subject to for meeting the personal requirements or for carrying on business activities other than for the prohibited purposes mentioned below. However loans cannot be granted to the account holder or third parties abroad against NRO deposits.
Q23.	What are the prohibited purposes for which loans cannot be granted to NRIs/ PIOs?
A.	Loans cannot be granted to NRIs/PIOs for the following purposes: i. Relending ii. Carrying on agricultural/ plantation activities. iii. Investment in real estate business. (Real Estate business does not include development of township, Construction of residential/ commercial premises, Roads/ Bridges) iv. Acquisition of commercial property.
Q24.	Whether a NRI/PIO can acquire an immovable property in India?
A.	NRI/PIO can acquire immovable property in India other than agricultural land/ plantation property or a farm house out of inward remittances as well as from repatriable or non-repatriable funds held in his non-resident account. He may acquire an immovable property by way of gift and inheritance also.
Q25.	Whether NRI/PIO can repatriate sale proceeds of immovable property?
A.	An NRI/PIO can repatriate the sale proceeds of immovable property to the extent of Foreign inward remittances or amount drawn from FCNR/NRE account. Excess sale proceeds, if any can be credited to NRO account, which will be eligible for repatriation abroad upto USD1 million per financial year, subject to payment of eligible tax. In case of Residential properties, the repatriation of sale proceeds is restricted to not more than two such properties. If the property was acquired out of Rupee sources/ inheritance/ Legacy, NRI or PIO may remit an amount up to USD 1 million or equivalent per financial year out of the balances held in the NRO account, subject to tax compliance. However this facility is not available, if such inherited property is agricultural/ plantation property or Farm house.

The regulations relating to the various deposit schemes available to Non Resident Indians have been notified vide Notification no. FEMA.5 dated 03rd May, 2000, as amended from time to time. The relevant notification and A P (DIR Series) Circulars are available in RBI website www.rbi.org.in and may please be referred to for full details.

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