



151 Frequently Asked Questions (FAQs) from NRI+PIO for India

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(A) FAQs under head Foreign Exchange Management Act (FEMA), 1999

1. What is meaning of FEMA, 1999 ?

- (i) FEMA, 1999 is an act to consolidate + amend the law for foreign exchange with the objective of facilitating external trade + payment + promoting the orderly development and maintenance of foreign exchange market in India.
- (ii) FEMA, 1999 is providing legal framework for administration of exchange control in India.
- (iii) FEMA, 1999 is applicable from June 1, 2000 by replacing the old Act under head Foreign Exchange Regulation Act (FERA) 1973.
- (iv) FEMA, 1999 is covering 100% aspects of foreign exchange business like Exports + Imports + Remittances etc.
- (v) **FEMA, 1999 versus FERA, 1973**
 - **FEMA, 1999**
 - (a) FEMA, 1999 is having lower strong provisions comparatively FERA, 1973 where FEMA, 1999 is permitting monetary compounding against non serious contraventions of the rules and regulations.
 - (b) However a prosecution is also being recommended after enquiry + examination by the enforcement director (ED) against serious contravention of the rules and regulations.
 - (c) Hence FEMA, 1999 is soft + business friendly where imprisonment is only possible where serious contravention of the rules and regulations is existed like smuggling + money laundering etc.
 - **FERA, 1973**
 - (a) FERA, 1973 was having strong provisions comparatively FEMA, 1999 where FERA, 1973 was also not permitting monetary compounding against non serious contraventions of the rules and regulations.



(b) However a prosecution was also being recommended after enquiry + examination by the enforcement director (ED) against non serious contravention of the rules and regulations.

(c) Hence FERA, 1973 was not soft + not business friendly where imprisonment was also possible where non serious contravention of the rules and regulations is existed.

2. What is area of applicability of FEMA, 1999 in India ?

(i) FEMA, 1999 is applicable on whole of India including J & K

(ii) FEMA, 1999 is applicable on 100% branches + offices + agencies as owned or controlled by resident of India

(iii) FEMA, 1999 is also applicable against 100% contraventions as committed in India + outside India by any person wherever this Act is applicable.

3. What is meaning of Capital Account Transaction ?

(i) Capital account transaction is including a transaction where the asset or liability including contingent liability is being converted by a person as resident of outside India with a person as resident of India

(ii) Capital account transaction is including a transaction where the asset or liability is being converted by a person as resident of India with a person as resident of outside India

(iii) Capital account transaction is also including a transaction where the asset or liability is being converted under the section 6 (3) of FEMA, 1999 are following:

(a) Prohibited transaction

(b) Restricted transaction

(c) Regulated transaction by Govt. of India

(d) Regulated transaction by Reserve Bank of India (RBI)

4. What is meaning of Current Account Transaction ?

(i) Current account transaction is including a transaction which is not a capital account transaction.



(ii) *Current account transaction is including a transaction like foreign trade + service + other miscellaneous remittance as guided by FEMA (current account transactions) Rules 2000.*

5. What is meaning of Authorized Dealer (AD) in Foreign Exchange ?

(i) *AD in foreign exchange is a bank or an entity in India where the bank or entity in India has obtained an approval from the RBI under section 10 of the FEMA, 1999*

(ii) *AD bank or entity as already approved from the RBI is only permitted for engaging in foreign exchange transaction with a non-resident + resident of India against notified capital account transaction + current account transaction only.*

6. What is meaning of Permitted Transaction ?

(i) *Permitted transaction is including a foreign currency transaction in freely convertible currency as permitted under the rules and regulations of India + outside India*

(ii) *Permitted 8 foreign currencies where market is fairly active for volume transaction:*

(a) *US Dollar (USD)*

(b) *Pound Sterling (Pound)*

(c) *Euro*

(d) *Canadian Dollar (CAD)*

(e) *Australian Dollar (AUD)*

(f) *Japanese Yen*

(g) *Swiss Francs*

(h) *Swedish Kroner*

7. Whether permitted for opening of Foreign currency account by AD bank outside India ?

- *Yes, AD bank in India is permitted by the RBI to open + maintain the accounts in 8 permitted currencies with the branches + correspondent offices outside India*



(B) FAQs under head Person Resident in India

8. What is meaning of Person Resident in India ?

- *Meaning of Person resident in India is given under section 2(v) of the FEMA, 1999:*
 - (i) *Person resident in India is treated where he is staying in India for minimum 182 days during preceding financial year (April to March)*
 - (ii) *Person resident in India is not treated where he is staying in India for minimum 182 days during preceding financial year but he has gone outside India for the following purposes:*
 - (a) *Gone outside India for taking up employment*
 - (b) *Gone outside India for carrying a business or vocation*
 - (c) *Gone outside India for any other purpose + indicated his intention to stay outside India for an uncertain period to the RBI through AD bank*
 - (d) *Gone outside India for studying as a student.*
 - (iii) *Person resident in India is treated where he is staying in India for minimum 182 days during preceding financial year but he has come from outside India for the following purposes:*
 - (a) *Came from outside India for taking up employment in India or*
 - (b) *Came from outside India for carrying a business or vocation in India or*
 - (c) *Came from outside India for any other purpose + indicated his intention to stay outside India for an uncertain period to the RBI through AD bank*
 - (iv) *Person resident in India is treated where any person or body corporate is registered or incorporated in India.*
 - (v) *Person resident in India is treated where an office, branch or agency in India is owned or controlled by a person resident outside India.*
 - (vi) *Person resident in India is treated where an office, branch or agency outside India is owned or controlled by a person resident in India.*
 - *Mandatory conditions for qualifying as a person resident in India where the person concerned has to stay in India for minimum 182 days in a financial year + indicated his intention to stay in India for uncertain period to the RBI through AD bank.*



9. How to determine for a Person is Resident in India or not Resident in India ?

- (i) Residential status is determined by operation of law in accordance to FEMA, 1999
- (ii) RBI is not determining the residential status of a person as resident in India or not resident in India.
- (iii) Person is responsible to prove his or her residential status where it is asked by any authority in India.

10. Whether permitted for opening of resident rupee account (RRA) by Foreign National ?

- Yes, Foreign national (Foreign passport holder) is permitted for opening + maintaining a RRA in India

11. Whether permitted for opening of foreign currency account by Resident of India ?

- Yes, Person resident in India is permitted for opening + maintaining a foreign currency account in India known as Exchange Earners Foreign Currency Account + Resident Foreign Currency Account + Resident Foreign Currency (Domestic) Account for returning Indian where the Indian was previously as non-resident in India.



(C) FAQs under head Non Resident Indian (NRI)

12. What is meaning of NRI ?

- *Meaning of NRI is non-resident of India + Indian citizen (Indian passport holder)*
- (i) *NRI is including an Indian citizen + stayed outside India for employment or for carrying on any business or vocation or for any other purpose + indicated his intention to stay outside India for uncertain period to the RBI through AD bank.*
- (ii) *NRI is including an Indian citizen + stayed outside India for working on assignment with foreign governments, Govt. agency or international or multinational agencies like United Nations Organization (UNO) International Monetary Fund (IMF) World Bank etc.*
- (iii) *NRI is including an Indian citizen + stayed outside India for working as official of central + State governments + Public sector undertaking (PSUs) as deputed outside India on assignment with foreign governments or agency or organization or posted to their own office including Indian Diplomatic Mission outside India*
- (iv) *NRI is including an Indian citizen + stayed outside India for studying.*



(D) FAQs under head Person of Indian Origin (PIO)

13. What is meaning of PIO ?

- *Meaning of PIO is non-resident of India + Foreign citizen (Foreign passport holder) includes:*
 - (i) *Meaning of PIO is also including a non-resident of India + Foreign citizen where he was previously Indian citizen (Indian passport holder)*
 - (ii) *PIO is also including a non-resident of India + Foreign citizen where his or her parent or any of his or her grandparent was a citizen of India in accordance to the Constitution of India or the Citizenship Act, 1955*
 - (iii)
 - (a) *PIO is also including a non-resident of India + Foreign citizen where the person is a spouse of an Indian citizen or the parent or grandparent*
 - (b) *Although a spouse of PIO is permitted for 100% advantages + disadvantages as permitted for a PIO*
 - (c) *However a spouse of PIO is not permitted for acquiring + transferring an immovable property without an approval from the RBI as required for non PIO in India*
 - (iv) *PIO is permitted for opening + maintaining a bank account and also investment in shares + securities in India*
 - (v) *PIO from Pakistan + Bangladesh are permitted for opening + maintaining a bank account and also investment in shares + securities in India with an approval from the RBI*
 - (vi) *PIO is also including a non-resident of India + Foreign citizen where spouse is of Indian citizen or Indian origin parent or Indian origin grandparent is also permitted for opening + maintaining a bank account to invest in shares or securities as to be made by the spouse jointly with Indian origin spouse*
 - (vii) *PIO is permitted for investing in immovable property in India*
 - (viii) *PIO is permitted for investing in immovable property in India with an approval from the RBI where the PIO is citizen of 8 countries:*



- (a) **Pakistan**
- (b) **Bangladesh**
- (c) **Sri Lanka**
- (d) **Afghanistan**
- (e) **China**
- (f) **Iran**
- (g) **Nepal**
- (h) **Bhutan**

(ix) *PIO is not permitted for investing in agriculture land + plantation property + farm house in India*



(E) FAQs under head Overseas Corporate Body (OCB)

14. What is meaning of OCBs ?

(i) Meaning of OCBs:

- (a) Company as incorporated outside India**
- (b) Partnership as incorporated outside India**
- (c) Society as incorporated outside India**
- (d) Other body corporate as incorporated outside India**

(ii) Mandatory condition for OCB:

- **Minimum 60% as directly or indirectly an owned by NRI including a trust as incorporate outside India where NRI is having a beneficial interest minimum 60% as directly or indirectly but irrevocably.**

15. What is present acceptability of OCBs in India ?

- (i) Presently OCBs are debarred under head Portfolio Investment Scheme (PIS) for investment in India from November 29, 2001**
- (ii) Presently OCBs are also banned under head class of investor from September 16, 2003**
- (iii) Presently Effect of banned under head class of investor from September 16, 2003**
 - (a) OCBs are not permitted for opening + maintaining fresh account by whatever name as an OCB.**
 - (b) OCBs are not permitted for investing in any security**
 - (c) OCBs are not permitted for borrowing + lending in foreign exchange and also in Indian rupees.**



(F) FAQs under head Facilities Available for Returning NRI + PIO (only)

16. Whether permitted for opening of Bank Accounts by Returning NRI + PIO (both) ?

● **Yes**

(i) Permitted for opening of bank accounts in Indian Rupee

(a) Non-Resident Ordinary Rupee Account (NRO Account)

(b) Non-Resident (External) Rupee Account (NRE Account)

(ii) Permitted for opening of bank account in Foreign Currency

● Foreign Currency Non-Resident (Bank) Account (FCNR (B) Account)

17. Whether permitted Investment on Repatriation Basis without Any Monetary Limit ?

● **Yes**

(i) For investment in Government dated securities + Treasury bills in India

(ii) For investment in Units of domestic mutual funds in India

(iii) For investment in Bonds as issued by a public sector undertaking (PSU) in India

(iv) For investment in Non-convertible debentures of a company as incorporated in India

(v) For investment in shares in Public Sector Enterprises (PSEs) under disinvestment scheme by the govt. of India in accordance with the terms and conditions as stipulated in the notice inviting bids.

(vi) For investment in shares + convertible debentures of Indian companies under FDI scheme and also under automatic route + approval route + subject to satisfaction of certain terms and conditions as specified in schedules 3 and 4 to the FEMA Notification No. 20/2000-RB dated May 3, 2000 as amended from time to time.

(vii) For investment in shares + convertible debentures of Indian companies through stock exchange under the Portfolio Investment Scheme (PIS) + subject to satisfaction of certain terms and conditions as specified in Schedules 3 to the FEMA Notification No. 20/2000-RB dated May 3, 2000 as amended from time to time.

(viii) For investment in perpetual debt instruments + debt capital instruments as issued by the banks in India.



18. Whether permitted Investment on Non Repatriation Basis without Monetary Limit ?

● **Yes**

- (i) For Investment in Government dated securities + Treasury bills in India
- (ii) For investment in Units of domestic mutual funds in India
- (iii) For investment in Units of Money Market Mutual Funds in India.
- (iv) For investment in National Plan + Savings Certificates.
- (v) For investment in Non-convertible debentures of a company as incorporated in India.
- (vi) For investment in Shares + convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme (PIS) + subject to satisfaction of certain terms and conditions as specified in Schedules 3 and 4 to the FEMA Notification No. 20/2000-RB dated May 3, 2000 as amended from time to time other than under PIS.
- (vii) For investment in Exchange traded derivative contracts as approved by SEBI from time to time out of INR funds as held in India on non repatriable basis + subject to satisfaction to the limits prescribed by the SEBI

19. Whether permitted for Investment in Immovable Property by NRI + PIO (both) ?

● **Yes**

- (i) Permitted for investment in immovable property on repatriation + non repatriation basis (both).
- (ii) Permitted for investment in immovable property on repatriation + non repatriation basis (both) by NRI + PIO (both) of 8 countries without an approval from the RBI.
 - (a) **Pakistan**
 - (b) **Bangladesh**
 - (c) **Sri Lanka**
 - (d) **Afghanistan**
 - (e) **China**
 - (f) **Iran**
 - (g) **Nepal**
 - (h) **Bhutan**



(iii) However not permitted for investment in agricultural land + plantation property + farmhouse on repatriation + non repatriation basis (both).

20. Whether permitted for Facilities for returning NRI + PIO (both) ?

● **Yes**

(i) Permitted for continue + hold + own + transfer + invest in foreign currency, foreign security or any immovable property as situated outside India where the currency, security or property was acquired + held + owned when NRI + PIO (both) were non resident of India.

(ii) Permitted for non-repatriation against income + sale proceeds of assets as held an outside India.

(iii) (a) Permitted for open + hold + maintain with an authorized dealer (AD) bank in India a Resident Foreign Currency (RFC) Account to transfer the balances as held in NRE + FCNR (B) accounts.

(b) Permitted for crediting into RFC account the sale proceeds against the assets as held outside India.

(c) Permitted for utilizing the funds as lying in the RFC accounts without any restriction against utilization of foreign currency balances + without any restriction on investment in any form outside India.



(G) FAQs under head Permitted Bank Accounts + Deposits for NRI + PIO (only)

21. Whether permitted for Opening + Maintaining Bank Accounts in any Bank ?

● **Yes**

(i) NRI + PIO (both) are permitted for opening + maintaining bank accounts in any bank as approved an authorized dealer (AD) bank by the RBI

(ii) Hence NRI + PIO (both) are not permitted for opening + maintaining bank accounts in any bank not approved authorized dealer (AD) bank by the RBI

22. Whether permitted for Converting into NRO Account on Leaving for Nepal + Bhutan ?

● **No**

(i) Resident of India is not permitted for converting existing resident rupee account into NRO rupee account where he is leaving India for Nepal + 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 to the RBI through AD bank.

(ii) Hence the existing resident rupee account is to be continued without conversion into NRO account where resident of India is leaving India for Nepal and Bhutan

(iii) However the existing resident rupee account is not to be continued where resident of India is leaving India for other than Nepal and Bhutan

23. Whether permitted for opening NRE + FCNR Accounts by Resident of Nepal + Bhutan ?

● **No**

(i) Generally AD banks are not permitted for opening + maintaining a NRE + FCNR (B) Account of NRI + PIO (both) from Nepal + Bhutan

(ii) However AD banks are permitted for opening + maintaining NRE + FCNR (B) Account of NRI + PIO (both) from Nepal + Bhutan where the NRI + PIO (both) are sending the remittance in free foreign exchange for opening NRE + FCNR (B) Account (both) + interest earned on NRE + FCNR (B) Account (both) are to be remitted in Indian rupee (INR) to the NRI + PIO (both) as resident of Nepal + Bhutan

24. Whether permitted for opening NRE Account by Crew member of Shipping Company ?

● **Yes**, NRI as crew member of a shipping company is permitted for opening + maintaining a NRE account in India where his posting is not based in India + income earned is from outside India + in foreign currency



25. Whether permitted for opening the Multiple NRE Accounts with Different Banks ?

- **Yes, NRI + PIO (both) are permitted for opening + maintaining the multiple NRE accounts with different banks in India simultaneously.**

26. Whether permitted for opening NRE Account with Mandatory Documents by NRI ?

- **Yes**

(i) When NRI is physically visiting the bank in India

(a) Photocopy of the relevant pages of current passport where the name, address, date of birth, date and place of issue, expiry date, photograph, signature and stamp for staying an outside India + original passport for physical verification.

(b) Photocopy of valid work permit or employment visa for outside India

(c) Documentary proof for the present address outside India

(d) Hard copy of recent passport size photographs

(ii) Additional documents where NRI is minor

(a) Minor's birth certificate

(b) Photocopy of guardian's passport + guardians photograph as duly signed on the front + original passport for physical verification

27. Whether permitted for opening NRE Account with Mandatory Documents by PIO ?

- **Yes**

(i) When PIO is physically visiting the bank in India

(a) Copy of the relevant pages of the current passport

+

(b) Copy of the PIO Card

or

(ba) Copy of past Indian Passport of self or Parent or Grandparent + self declaration about for Indian origin

or

(bb) Self declaration by PIO

(c) Documentary proof for present address outside India

(d) Hard copy of recent passport size photographs



28. Whether permitted for opening + Maintain a NRE Account from Outside India ?

● **Yes**

(i) *NRI + PIO (both) are permitted for opening + maintaining a NRE account from outside India through sending account opening form duly filled + signed + attested by:*

(a) *Notary or*

(b) *Indian consulate or*

(c) *High commission or*

(d) *Embassy or*

(e) *Banker where NRI + PIO (both) are presently maintaining bank account outside India.*

(ii) *NRI + PIO (both) are also required to send duly self attested copy of passport + hard copy of passport size photograph*

29. Whether permitted for opening a NRE Saving Account with Zero Balance by NRI ?

● **Yes**

(i) *NRI is permitted for opening + maintaining a NRE saving account with zero balance where he is about to go (prior to going) outside India for employment or business or vacation etc. through completing account opening formalities along with submission of certain mandatory documents :*

(a) *Copies of relevant passport pages*

(b) *Appointment letter*

(c) *Copy of air ticket*

(d) *Copy of visa for visiting the country outside India*

(e) *Original an undertaking as stating that the funds would be remitted from outside India for crediting to the account as opened with zero balance.*

(ii) *Subsequently the NRI should send remittance from outside India to make the account an operative within a reasonable time + thereafter cheque book is to be issued.*

30. Whether permitted AD Bank for opening the NRE + FCNR (B) + NRO Accounts ?

● **Yes, NRI +PIO are permitted for opening + maintaining the NRE, FCNR (B) and NRO accounts with authorized dealer (AD) bank as notified by the RBI in India.**



31. Whether permitted for opening a Resident Rupee Account after becoming a NRI ?

● **No**

(i) (a) *NRI is not permitted for continuing a resident rupee account after becoming a NRI + indicated his intention to stay outside India for an uncertain period to the RBI through AD bank.*

(b) *Hence existing resident rupee account is to be re-designated as NRO account.*

(ii) (a) *NRI is required to continue the resident rupee account after becoming a NRI of Nepal or Bhutan + indicated his intention to stay in Nepal or Bhutan for an uncertain period to the RBI through AD bank.*

(b) *Hence existing resident rupee account is not to be re-designated as NRO account. Therefore existing resident rupee account is to be continued.*

32. Whether permitted for opening NRE, FCNR (B) and NRO Accounts from Pakistan etc. ?

● **No**

(i) *NRI + PIO (both) of Pakistan and Bangladesh are not permitted for opening NRE + FCNR (B) + NRO accounts without approval from the RBI.*

(ii) *Such NRI + PIO (both) are required to apply through AD bank to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investment Division, Reserve Bank of India, Central Office, Mumbai - 400001 for obtaining an approval from the RBI to open NRE + FCNR (B) + NRO accounts*

(iii) *NRI + PIO (both) of Bangladesh are permitted for opening NRO account only in India + subject to satisfaction of certain terms and conditions as prescribed and notified through AP (DIR) 82 dated February 11, 2013 of the RBI*



(H) FAQs under head NRO Rupee Account for 100% Non-Residents (All)

33. Whether permitted for opening of Non-Resident Ordinary (NRO) Account ?

- **Yes**

(i) Permitted a Non Resident of India to open + maintain a NRO account with AD bank for having bona fide transaction + not involving any violation of the provisions, rules and regulations of the FEMA in accordance with regulation 2 of the FEMA as notified vide notification No. 5 dated May 03, 2000.

(ii) However not permitted a Non Resident of India from Bangladesh + Pakistan without an approval from the RBI.

33A. Whether permitted for different types of NRO Accounts in India ?

- **Yes**

(i) For NRO Savings Bank Account

(ii) For NRO Current Account

(iii) For NRO Term Deposits (ACC and Fixed Deposit)

(iv) For NRO Recurring Deposit

34. Whether permitted for crediting into NRO Accounts ?

- **Yes**

(i) Permitted for proceeds of remittances from outside India through normal banking channels as received in free convertible foreign currency.

(ii) (a) Permitted for free convertible foreign currency as tendered by the account holder during his temporary visit to India.

(b) Permitted for free convertible foreign currency as exceeding USD 5000 or its equivalent in the form of cash (currency notes) where deposit of currency notes should be mandatory supported by currency declaration form (CDF).

(c) Permitted for rupee fund where deposit of currency notes should be mandatory supported by encashment certificate where these are representing rupee funds as brought from outside India.

(iii) Permitted for transfer from rupee account of non-resident.



- (iv) Permitted for legitimate dues in India. This includes current income like rent + dividend + pension + interest etc.
- (v) Permitted for sale proceeds of assets including immovable property as acquired out of rupee or free convertible foreign currency funds or by legacy or inheritance.

35. Whether permitted for debiting into NRO Accounts ?

- **Yes**

- (i) Permitted for local payment in rupee including payment for investment in India + subject to satisfaction of the certain terms and conditions as prescribed by the RBI.
- (ii) Permitted for remittance outside India subject to deposit of TDS on current income like rent + dividend + pension + interest etc. in India + subject to satisfaction of the certain terms and conditions as prescribed by the RBI.
- (iii) Permitted for remittance as not exceeding USD 1 million per financial year (April to March) for the bona fide purposes + subject to satisfaction of the certain terms and conditions as prescribed by the RBI.

36. Whether permitted for Opening NRO Account Jointly with Resident + Non Resident ?

- **Yes**

- (i) NRI + PIO (both) are permitted for opening NRO account jointly with resident + non-resident of India (both)
- (ii) NRI + PIO (both) are also permitted for giving authorization to operate the NRO saving account through power of attorney (PoA) or other authority letter.

37. Whether permitted for Multiple Joint Account Holders for NRO Account ?

- **Yes, NRI + PIO (both) are permitted for opening NRO with multiple joint account holders**

38. Whether permitted for Repatriating + Crediting to NRE Account the Interest ?

- **Yes**

- (i) NRI + PIO (both) are permitted for repatriating outside India the interest earned on NRO account in India subject to depositing the Income tax + subject to satisfaction of the certain terms and conditions as prescribed by the RBI



- (ii) *NRI + PIO (both) are permitted for crediting to NRE account the Interest earned on NRO account in India subject to depositing the Income tax + subject to satisfaction of the certain terms and conditions as prescribed by the RBI:*
- (iii) *NRI + PIO (both) are required to submit certain documents with the AD bank:*
- (a) *Request Letter*
 - (b) *Form A2 + FEMA declaration*
 - (c) *2 original set of 15 CA + 15 CB as duly signed by the Practicing Chartered Accountant (CA) + by the NRI + PIO (both) as remitter*
 - (d) *Computation of Income + detailed bifurcation of the interest earned as to be given by the Practicing Chartered Accountant (CA).*
 - (e) *Interest Certificate or copy of latest Income tax return (ITR) as filed*
 - (f) *Documentary evidence (Proof) for the payment of Income tax*

39. Whether permitted for Crediting to NRE Account + Repatriating from NRO Account ?

● **Yes**

- (i) *NRI + PIO (both) are permitted for crediting to NRE account as not exceeding USD 1 million per year subject to depositing the Income tax + subject to satisfaction of the certain terms and conditions as prescribed by the RBI*
- (ii) *Permitted for crediting to NRE account is to be treated as eligible credit into NRE account + subject to satisfaction of the certain terms and conditions as prescribed by the RBI as notified under the paragraph 3(j) of Schedule-1 of Notification No. FEMA.5/2000-RB dated May 03, 2000.*
- (iii) (a) *NRI + PIO (both) are permitted for repatriating out of balance available in the NRO account as not exceeding USD 1 million per financial year*
- (b) *NRI + PIO (both) are also permitted for repatriating out of sale proceeds of assets including the assets as acquired through inheritance or family settlement as not exceeding USD 1 million per financial year*
- (c) *NRI + PIO (both) are permitted for repatriating for bona fide purpose only + subject to satisfaction of the certain terms and conditions as prescribed by the*



RBI + submitting of undertaking and certificate from CA in the form no. 15CA and 15CB in accordance the format as prescribed by the CBDT vide circular No.10/2002 dated October 09, 2002

40. Whether permitted for Maximum Rate of Interest on NRO Bank Deposit Account ?

● **Yes**

(i) *NRI + PIO (both) are permitted for receiving the maximum rate of interest on NRO bank deposit account equivalent to the rate of interest as applicable on resident rupee account in India*

(ii) (a) *NRI + PIO (both) are required to pay tax on interest as earned on NRO bank deposit account.*

(b) *However NRI + PIO (both) are permitted for taking a benefit of Double Tax Avoidance Agreement (DTAA) as entered between India and country of resident of NRI + PIO. The rate of tax is subject to change from time to time in India.*

41. Whether permitted for Operating Resident Rupee saving Account after becoming ?

● **Yes**

(i) *NRI+PIO are required to approach AD bank to re-designate into NRO account*

(ii) *However NRI + PIO (both) are not permitted for operating resident rupee saving account*

42. Whether permitted for Transferring the NRO Account into NRE + FCNR (B) Account ?

● **No**

(i) *NRI + PIO (both) are not permitted for transferring the NRO Account into NRE + FCNR (B) Account as NRO account is not freely repatriable outside India*

(ii) *However NRI + PIO (both) are permitted for transferring the NRO account to NRE account as not exceeding USD 1 million per year subject to depositing the Income tax + subject to satisfaction of the certain terms and conditions as prescribed by the RBI + declaration and certificate from CA in 15CA + 15CB are filed*

43. Whether permitted for Nominating in NRO Accounts ?

● **Yes**

(i) *NRI + PIO (both) are permitted for nominating in NRO accounts to resident of India or non-resident of India as nominee*



- (ii) *However NRI + PIO (both) are not permitted for nominating the multiple nominees per NRO account.*
- (iii) *Moreover NRI + PIO (both) are also permitted for nominating a minor where guardian is to be appointed to receive payment on behalf of minor from the NRO account*

44. Whether permitted for Crediting the Cheque + Foreign Currency in NRO Account ?

● **Yes**

(i) *NRI + PIO (both) are permitted for crediting the travelers cheque + foreign currency to open new NRO account or to deposit into existing NRO account*

(ii) (a) *However NRI + PIO (both) are required to submit to AD bank the original Currency Declaration Form (CDF) for endorsement as issued by the custom authority at the time of arrival in India where foreign currency notes are exceeding USD 5,000*

or

(b) *Where foreign currency notes + travelers cheque (combined) are exceeding USD 10,000*

45. Whether permitted for Converting NRO into RFC Account on becoming Resident ?

- **No**, *NRI + PIO (both) are not permitted for converting NRO account into RFC account on becoming resident of India as NRO account is not freely permitted for repatriation outside India*

46. Whether permitted for Re-designating NRO Account into Resident Rupee Account ?

(i) **Yes**, *NRI + PIO (both) are permitted for re-designating NRO account into resident rupee account after becoming a resident of India for taking employment or carrying on business or vacation or any other purpose + indicated his intention to stay in India for an uncertain period to the RBI through AD bank*

or

(ii) *NRI+ PIO are not permitted for re-designating NRO account into resident rupee account where he is temporary visiting India.*

47. Whether permitted for Opening NRO Account by Foreign Student as Studying in India ?

● **Yes**

- *Foreign student as studying is required to obey the KYC procedure as to be followed for opening NRO account in India:*



- (i) Foreign student is permitted for opening NRO account based on the following documents:
- (a) Foreign passport + study visa + endorsement by immigration
 - (b) Address proof in India or address proof of home country where immediate address proof in India is not possible
 - (c) Letter for offering admission from education institution in India
 - (d) Hard copy of latest passport size photograph
- (ii) Foreign student is required to submit a proof of local address to the AD bank within 30 days from the date of opening NRO account + deposit should not be exceeding USD 1000 through foreign remittance from outside India + withdrawal should not be exceeding USD 50000 in a month where proof of local address is not submitted within 30 days
- (iii) NRO account of foreign student is to be treated as not normal NRO account till he has not submitted the local proof like rent agreement or letter from the educational institution as proof of living in a facility as provided by the educational institution
- (iv) NRO account is to be treated as normal after submission of proof of local address.
- (v) Foreign student from Pakistan is not permitted for opening NRO account without an approval from the RBI.
- (vi) Foreign student from Bangladesh is permitted for opening NRO account without an approval from the RBI.



(I) FAQs under head Non Resident External (NRE) Account for NRI+PIO (only)

- *NRI + PIO (both) are permitted for opening + maintaining a NRE account with AD bank. Moreover NRE account is to be opened himself not through the POA in India*
- 48. Whether permitted different Types of NRE Accounts ?**
- **Yes**
 - (i) *For NRE Savings Bank Account*
 - (ii) *For NRE Current Account*
 - (iii) *For NRE Term Deposit (ACC and Fixed Deposit)*
 - (iv) *For NRE Recurring Deposit*
- 49. Whether permitted NRE Account Jointly with Resident of India ?**
- **Yes**, *NRI + PIO (both) are permitted for opening + maintaining a NRE account jointly with resident of India who should be close relative as defined under the Companies Act (CA) 2013 + permitted for operating on former or survivor basis.*
- 50. Whether permitted for Operating NRE Account through Close Relative as POA ?**
- **Yes**, *NRI + PIO (both) are permitted for operating NRE account by close relative as POA + subject to satisfaction of certain conditions like POA is permitted for operating during the life time of the NRI + PIO (both) only*
- 51. Whether permitted for Opening a Joint Account with Resident of India ?**
- **No**, *NRI + PIO (both) are not permitted for opening a joint account with resident of India*
- 52. Whether permitted for Crediting into NRE Account ?**
- **Yes**
 - (i) *Out of proceed of remittance from outside India.*
 - (ii) (a) *Out of proceed personal cheque as drawn on his foreign currency account + bank draft as payable in foreign currency including an instrument as expressed in INR where reimbursement is also to be received in foreign currency*
 - (b) *Out of proceeds as deposited during his temporary visit to India + AD bank is satisfied that the account holder is still a resident outside India + draft is standing or endorsed in his name.*



- (iii) *Out of proceeds of foreign currency + bank note + travellers cheque as tendered during his temporary visit to India subject to that the amount was declared through CDF + notes are tendered by himself + AD bank is satisfied that he is still a resident outside India.*
- (iv) *Out of transfer from other NRE or FCNR (B) account.*
- (v) *Out of interest accruing on the funds as held in NRE account.*
- (vi) *Out of interest on govt. securities + dividend on units of mutual funds subject to that the securities or units were purchased through debiting to his NRE or FCNR (B) account or received directly as remittance from outside India with normal banking channels.*
- (vii) *Out of maturity proceeds of govt. securities + national plan or savings certificates + units of mutual funds as sold on a recognized stock exchange in India + sale proceeds of units as received from mutual funds + the securities or units were originally purchased through debiting to his NRE or FCNR (B) account or received directly as remittance from outside India with normal banking channels.*
- (viii) *Out of refund of share or debenture subscriptions to the new issues subject to that the amount of subscription was paid through debiting to his NRE (B) FCNR account or received directly as remittance from outside India with normal banking channels.*
- (ix) *Out of refund of application or earnest money against non-allotment of flat or plot + interest, if any (-) income tax paid on amount of interest subject to that the original payment was made debiting to his NRE or FCNR (B) account or received directly as remittance from outside India with normal banking channels + AD bank is satisfied that the transaction is genuine.*
- (x) (a) *Out of travelers cheque or foreign currency notes are to be deposited along with CDF where the foreign currency notes are exceeding USD 5000*
or
(b) *Travelers cheque + foreign currency notes (combined) are to be deposited along with CDF where the combined amounts are exceeding USD 10000.*
- (xi) *Out of any other credit where the credit is permitted under general or special permission as already granted by the RBI.*



53. Whether permitted for Debiting into NRE Account ?

● **Yes**

(i) For local disbursement

(ii) For remittance outside India

(iii) For transfer to NRE or FCNR (B) account of the account holder + any other person where other person is holding a NRE or FCNR (B) account in India

(iv) For investment in shares or securities or commercial paper of an Indian company or for purchase of immovable property in India where such investment or purchase is covered through the regulations as made or the general or special permission is already granted by the RBI

54. Whether permitted for Repatriating from NRE Account ?

● **Yes, NRI + PIO (both) are permitted for repatriating from NRE account as balance held in NRE account is freely repatriable outside India.**

55. Whether permitted for Minimum + Maximum a period against NRE deposit ?

● **Yes**

(i) AD banks are permitted for minimum period exceeding 1 year and maximum period is unlimited.

(ii) RBI has permitted the AD banks to decide the maximum period in accordance to their own convenience where some banks are allowing a maximum period not exceeding 10 years

56. Whether permitted for Value dated against NRE deposit ?

● **Yes, AD banks are permitted for providing the value dated against NRE deposit based on the funds received by the banks in their Nostro account**

57. Whether permitted for premature withdrawal from NRE deposit ?

● **Yes**

(i) NRI + PIO (both) are permitted for premature withdrawal from NRE deposit after completion of 12 months

(ii) Hence NRI + PIO (both) are not permitted for premature withdrawal from NRE deposit before completion of 12 months



(iii) AD banks are permitted for levying a penalty against premature withdrawal from NRE deposit

58. Whether permitted for Maximum Rate of Interest on NRE saving + deposit account ?

● Yes

(i) AD banks are permitted for deciding the freely for maximum rate of interest on NRE saving + term deposit account

(ii) However AD banks are not permitted for deciding the freely for maximum rate of interest on NRE saving + term deposit account exceeding the interest rate as offered on domestic rupee deposits.

59. Whether permitted for Withdrawing by NRI + PIO (both) from Outside India ?

● Yes, NRI + PIO (both) are permitted for withdrawing from outside India through using their International ATM cum debit card.

60. Whether Required for Payment of Tax on Principle + Interest against NRE Account ?

● No, NRI + PIO (both) are not required for payment of Income Tax on principle + interest against NRE account as principle + interest (both) are exempted under section 10 of Income Tax Act (ITA) 1961

61. Whether permitted for availing Rupee loan against Security of NRE Deposit Account ?

● Yes

(i) NRI + PIO (both) are permitted for availing a rupee loan against security of NRE term deposit account

(ii) Monetary ceiling is not applicable against rupee loan.

(iii) However margin guidelines are to be obeyed against rupee loan by the AD bank

62. Whether permitted for availing a Rupee loan against Security of 3rd Party ?

● Yes

(i) NRI + PIO (both) are permitted for availing a rupee loan against security of 3rd Party

(ii) Monetary ceiling is not applicable against rupee loan.

(iii) However margin guidelines are to be obeyed against rupee loan by the AD bank.



63. Whether permitted for Transferring from 1 NRE Account to another NRE Account ?

- **Yes, NRI + PIO (both) are permitted for transferring fund from 1 NRE to another NRE account**

64. Whether Permitted for Converting from NRE to RFC Account after becoming a Resident?

- **Yes, NRI + PIO (both) are permitted for converting from NRE account to RFC account after becoming a resident of India**

65. What is distinction between NRE account and NRO account ?

(i) (a) **Balance as held in NRE account is freely repatriable where balance as held in NRO account are not freely repatriable.**

(b) **Permitted for remitting from outside India + eligible local fund for crediting into NRE account except some of non eligible local funds are not permitted for crediting into NRE account where the eligible local funds are permitted for crediting into NRO account**

(ii) **Permitted for the exemption from the Income tax on the amount of principal + interest of NRE account where exemption is not permitted for tax on NRO account.**

(iii) **Permitted for using the balance in NRE account for domestic + non domestic (both) purpose where balance in NRO account is permitted for domestic purpose only.**

(iv) **Permitted for opening a NRE account jointly with resident of India + should be close relative + on former or survivor basis where NRO account can be opened + operate jointly with resident Indian only + on former or survivor basis.**

66. Whether permitted for Nominating in NRE Account ?

- **Yes**

(i) **NRI + PIO (both) are permitted for nominating in NRE account a resident of India or non resident of India as nominee**

(ii) **However NRI + PIO (both) are permitted for nominating 1 person per account only**

(iii) **Moreover NRI + PIO (both) are also permitted for nominating a minor where mandatory a guardian is to be appointed to receive the payment on behalf of minor.**



67. Whether permitted for continuing the accounts after becoming a Resident of India ?

● **Yes**

- (i) *NRI + PIO (both) are permitted for continuing the NRE + FCNR (B) account till maturity after becoming a resident of India*
- (ii) *NRI + PIO (both) are permitted for receiving the proceeds from NRE + FCNR (B) account into a RFC account in India*
- (iii) *NRI + PIO (both) are permitted for re-designating the NRE + FCNR (B) account into a resident rupee account*



(J) FAQs under head FCNR (B) Account for NRI+PIO (only)

- *NRI + PIO (both) are permitted for opening + maintaining a FCNR (B) account with AD bank where direct foreign currency remittance is to be credited to the FCNR (B) account in accordance to rules and regulations as stipulated by the RBI.*

68. Whether permitted for Opening 2 types of account under FCNR (B) Scheme ?

- **Yes**
- *NRI + PIO (both) are permitted for opening 2 types of account under FCNR (B) scheme as a term deposit in foreign currency:*
 - FD Account (Fixed Deposit account) where interest is to be calculated + paid on half yearly basis (180 days).*
 - ACC Account (Abhyudaya Cash Certificate Account) where interest is to be calculated + paid on half yearly basis (180 days)*
 - ACC Account is a cumulative deposit account where interest is to be reinvested along with principle amount till the date of maturity of term deposit.*

69. Whether permitted for opening + maintaining a FCNR (B) Account ?

- *Yes, NRI + PIO (both) are permitted for opening + maintaining a FCNR (B) account in 8 freely convertible currencies + subject to satisfaction of the terms and conditions as stipulated in the guidelines as issued by FEDAI + RBI (both):*
 - US Dollar (USD)*
 - Pound Sterling (Pound)*
 - Euro*
 - Canadian Dollar (CAD)*
 - Australian Dollar (AUD)*
 - Japanese Yen*
 - Swiss Francs*
 - Swedish Kroner*

70. Whether permitted for minimum and maximum period against FCNR (B) deposits ?

- *Yes, NRI + PIO (both) are permitted for minimum 1 year and maximum 5 years period against FCNR (B) deposits*



71. Whether Permitted for Premature withdrawing against FCNR (B) term deposits ?

- **Yes**

(i) **NRI + PIO (both) are permitted for premature withdrawing against FCNR (B) term deposits**

(ii) **However NRI + PIO (both) are not permitted for receiving the interest where FCNR (B) term deposit is premature withdrawal as before completion of minimum prescribed period also to pay penalty for premature withdrawal**

72. Whether permitted for freely repatriating from FCNR (B) Account ?

- **Yes, NRI + PIO (both) are permitted for freely repatriating from FCNR (B) account**

73. What is definition for Repatriation outside India ?

(i) **Meaning of repatriation outside India is including a buying + drawing of foreign exchange from AD bank in India for remitting outside India through normal banking channel**

or

(ii) **Crediting to an account as denominated in foreign currency**

or

(iii) **Crediting to an Indian currency account as maintain with AD bank in India to convert into foreign currency for remitting outside India.**

74. What is meaning for bringing foreign exchange from outside India to India ?

(i) **NRI + PIO (both) are permitted for bringing a foreign exchange into India**

+

(ii) **Permitted for selling the foreign exchange in Indian rupee to AD bank or AD entity**

or

(iii) **Permitted for holding the brought amount of foreign exchange with authorized dealer + permitted for remitting an outside India to the extent as allowed by the RBI**

75. Whether permitted for withdrawing the amount from FCNR (B) account ?

- **Yes, NRI + PIO (both) are permitted for withdrawing the amount from FCNR (B) account in Foreign Currency, traveler cheque or draft as not exceeding USD 2000. The currency note + balance in traveler cheque or draft or 100% or partly is permitted for repatriating through telegraphic transfer (TT)**

76. What are bank charges for remitting outside India from FCNR (B) Account ?

- **AD banks are not permitted for charging for remitting outside India the funds from FCNR (B) account**



77. Whether permitted for Converting from 1 currency to another currency ?

● **Yes**

(i) *NRI + PIO (both) are permitted for converting from 1 currency to another currency from FCNR (B) deposit*

(ii) *However NRI + PIO (both) should not convert from 1 currency to another currency from FCNR (B) deposit before the date of maturity of deposit to avoid the loss of interest + penalty by AD bank*

78. Whether permitted for Value dated deposit against FCNR (B) Account ?

● **Yes, AD banks are permitted for value dated deposit depending on date of fund as received by bank in its Nostro account as maintained outside India**

79. Whether permitted for Maximum Rate of Interest on FCNR (B) Deposit Account ?

● **Yes**

(i) *AD banks are permitted for maximum rate of interest on FCNR (B) deposit account in accordance to the regulation as stipulated by the RBI*

(ii) *However AD banks are permitted for quoting a maximum interest rate as linked with LIBOR (London Interbank offered Rate) as on last working day of the previous month for a specific currency*

80. Whether permitted for Joint FCNR (B) Account with 2 + more NRI + PIO (both) ?

● **Yes, NRI + PIO (both) are permitted for joint FCNR (B) Account with 2 + more**

81. Whether permitted for Joint account with Resident of India + Close Relative ?

● **Yes, NRI + PIO (both) are permitted for joint account with resident of India who should also be close relative as defined under Companies Act (CA) 2013 on former or survivor basis**

82. Whether permitted for Nominating a Nominee in FCNR (B) account ?

● **Yes**

(i) *NRI + PIO (both) are permitted for nominating a nominee in FCNR (B) account either a resident of India or non resident of India*

(ii) *However NRI + PIO (both) are permitted for appointing a maximum 1 nominee per account*

(iii) *Moreover NRI + PIO (both) are permitted for appointing a minor along with guardian who has to be appointed to receive a payment on behalf of minor.*



(K) FAQs under head Loan against Pledge of deposit for NRI+PIO (only)

83. Whether permitted for taking a loan etc. against NRE + FCNR (B) Term deposit ?

- **Yes, NRI + PIO (both) are permitted for taking a loan or over draft against NRE + FCNR (B) term deposit without any monetary ceiling but after satisfaction of margin guidelines of the AD bank**

84. Whether permitted for certain purposes to avail loan or overdraft by NRI + PIO ?

- **Yes**
 - (i) **Permitted for personal + business (both)**
 - (ii) **Permitted for direct investment on non-repatriation basis through a contribution to the capital of a firm or company in India.**
 - (iii) **Permitted for purchase of flat or house for own residential use in India.**

85. Whether Permitted (Prohibited) for certain purposes to avail loan or overdraft ?

- **No, NRI + PIO (both) are not permitted for availing a loan:**
 - (i) **For re-lending**
 - (ii) **For carrying on agriculture activity**
 - (iii) **For carrying on plantation activity**
 - (iv) **For investment in real estate trading**

86. Whether permitted for taking a loan or overdraft against NRO ?

- **Yes, NRI + PIO (both) are permitted for taking a loan or overdraft against NRO account:**
 - (i) **Permitted for personal needs**
 - (ii) **Permitted for carrying on business activity**
 - (iii) **Not permitted for re-lending**
 - (iv) **Not permitted for carrying on agriculture activity**
 - (v) **Not permitted for carrying on plantation activity**
 - (vi) **Not permitted for investment in real estate trading**

87. Whether permitted for taking a loan in rupee against deposits by Account holder ?

- **Yes, NRI + PIO (both) are permitted for taking a loan in rupee against NRI + FCNR (B) deposits by account holder himself without any monetary ceiling but after satisfaction of margin guidelines by AD bank.**



88. Whether permitted for availing a loan by 3rd party against NRE + FCNR (B) deposits ?

- **Yes, NRI + PIO (both) are permitted for availing a loan by 3rd party against NRE + FCNR (B) deposits without any monetary ceiling but after satisfaction of margin guidelines by AD bank.**

89. Whether permitted for availing a loan an outside India by himself ?

- **Yes**
 - (i) NRI + PIO (both) are permitted for availing a loan an outside India against NRE + FCNR (B) deposits**
 - (ii) However NRI + PIO (both) are not permitted for remitting back to India**
 - (iii) Hence NRI + PIO (both) are permitted for using an outside India only**

90. Whether permitted for availing a loan an outside India by 3rd Party ?

- **Yes**
 - (i) NRI + PIO (both) are permitted for availing a loan an outside India against NRE + FCNR (B) deposits by 3rd party**
 - (ii) However 3rd party is not permitted for remitting back to India**
 - (iii) Hence 3rd party is permitted for using an outside India only**

91. Whether permitted for availing a loan in India by 3rd Party ?

- **Yes, 3rd party is permitted for availing a loan in India against NRE + FCNR (B) deposits**

92. Whether permitted for maximum rate of interest against NRE deposit by himself ?

- **Yes, NRI + PIO (both) are permitted for maximum rate of interest on loan as not exceeding 2% over and above the interest rate as allowed on NRE deposit**

93. Whether permitted for maximum rate of interest against NRE deposit by 3rd party ?

- **Yes, NRI + PIO (both) are permitted for maximum rate of interest on loan as not exceeding the base rate + 6% subject to change from time to time.**

94. Whether permitted for maximum rate of interest against FCNR (B) deposit for himself ?

- **Yes, NRI + PIO (both) are permitted for maximum rate of interest on loan as not exceeding the base rate + 1.5% subject to change from time to time.**



95. *Whether permitted for repayment against loan as taken on term deposits ?*

- *Yes, NRI + PIO (both) are permitted for repayment against loan as taken on NRE + FCNR (B) term deposits out of NRO account along with Interest as to be charged at commercial rate in force from time to time but not exceeding USD 1 million per financial year*

SATISH AGARWAL



(L) FAQs under head Investment in Security + Share by NRI+PIO (only)

96. Whether permitted for Direct Investment on non repatriation ?

(i) Yes, permitted for Direct Investment on non repatriation in Proprietary etc.

(a) NRI + PIO (both) are permitted for Direct Investment on non repatriation in Proprietary + Partnership through capital contribution + without an approval from the RBI

(b) Hence NRI + PIO (both) are permitted for Direct Investment on non repatriation in Proprietary + Partnership through capital contribution without an approval from the RBI under automatic route

(c) However NRI + PIO (both) are permitted for Direct Investment on non repatriation in Proprietary + Partnership through capital contribution + with an approval from the RBI under approval route where Proprietary + Partnership firm are engaged in:

(ca) Agricultural activity

(cb) Plantation activity

(cc) Real estate trading

(cd) Chit fund business

(ce) Nidhi company business

(ii) Yes, permitted for Direct Investment in new issue of Indian Company on Non repatriation

(a) NRI + PIO (both) are permitted for Direct Investment in new issue + right issue Indian company on non repatriation in shares + convertible debentures

(b) NRI + PIO (both) are permitted for Direct Investment in new issue + right issue Indian company on non repatriation in shares + convertible debentures + with an approval from the RBI under approval route where company is engaged in:

(ba) Agricultural activity

(bb) Plantation activity

(bc) Real estate trading

(bd) Chit fund business

(be) Nidhi company business



(iii) **Yes, permitted for repatriating Income + Interest as earned on non repatriation**

(a) *NRI + PIO (both) are permitted for repatriating the Income + Interest as earned on the investments as made on non repatriation.*

(b) *However NRI + PIO (both) are permitted for repatriating the Income + Interest as earned on the investments as made on non repatriation after deposit of Income tax + submission of necessary documents.*

97. Whether permitted for Direct Investment with repatriation ?

(i) **Yes, permitted for remitting the Original Investment + Dividend + Interest where investment was with repatriation**

(a) *NRI + PIO (both) are permitted for remitting the Investment + Dividend + Interest where original investment was permitted with repatriation.*

(b) *However NRI + PIO (both) are permitted for repatriating the Investment + Dividend + Interest as earned on the investment as made on non repatriation after deposit of Income tax + submission of necessary documents.*

(ii) **Yes, permitted for purchasing of shares of Public Sector Enterprises under Disinvestment scheme of Govt. of India**

(a) *NRI + PIO (both) are permitted for acquiring shares of Public Sector Enterprises (PSEs) as disinvested by govt. of India but subject to satisfaction of the certain terms and conditions as stipulated in the notice for inviting bids*

(b) (ba) *NRI + PIO (both) are permitted for purchase + bid money where purchase + bid money are being paid through direct remittance in foreign exchange through normal banking channel*

or

(bb) *Debit to their NRE + FCNR (B) accounts*

98. Whether permitted for depositing + investing on non repatriation in company etc. ?

(i) **Yes, NRI + PIO (both) are permitted for depositing in company + partnership firm + proprietorship firm on non repatriation for a period as not exceeding 3 years**

(ii) (a) **Yes, NRI + PIO (both) are permitted for investing in CP as issued by Indian company under automatic route but subject to satisfaction of the terms and conditions as stipulated by the RBI.**



(b) Moreover NRI + PIO (both) are not permitted for transferring to any person

(c) Hence NRI + PIO (both) are permitted for investing on non repatriation and also should be non transferable to any person

99. Whether permitted for depositing on repatriation in company etc. ?

- No, NRI + PIO (both) are not permitted for depositing in company + partnership firm + proprietorship firm on repatriation

SATISH AGARWAL



(M) FAQs under head Miscellaneous for NRI + PIO (only)

100. What is meaning of Nostro account ?

- (i) AD bank is permitted for maintaining a account with any other bank as located outside India known as Nostro account
- (ii) AD bank is permitted for maintaining the Nostro account in different currencies + different banks + different countries the Nostro account.
- (iii) AD bank is required to route 100% transactions in foreign exchange through the Nostro account with a single currency.

101. What is meaning of Vostro account ?

- Foreign bank is permitted for opening a rupee account with a bank in India is commonly known as Vostro account

102. What is meaning of Loro account ?

- (i) 1st AD bank in India is permitted for approaching 2nd AD bank in India about 2nd AD bank's Nostro account with foreign bank outside India for using 2nd AD bank's account by 1st AD bank.
- (ii) Hence 1st AD bank in India + 2nd AD bank in India (both) are permitted for using a single Nostro account with foreign bank outside India

103. What is meaning of Spot transaction + Spot rate both ?

- (i) Where the payments in rupee or USD is making after 2 business days (T+2) is called as spot transaction
- (ii) Rate as quoted for the spot transaction is known as spot rate
- (iii) Spot transaction is an arrangement between buyer and seller to transact today + exchange asset and fund on following 2nd business day
- (iv) Abovementioned spot transaction is needed due to the time as involved in administration of the transaction + market practice + convention.
- (v) However the rates as quoted in Indian market are generally on spot basis.

104. What is meaning of Cash transaction + value today ?

- Where a cash transaction is an arrangement between buyer and seller to transact + exchange of assets and funds an immediately like today.



105. What is meaning of forward transaction ?

- Where a forward transaction is an arrangement between buyer and seller to transact today + exchange of assets and funds at some future business day.

106. What is meaning of Premium or Discount in forward transaction ?

- (i) Where a rate for forward transaction of a currency is normally either costlier or cheaper than its Spot rate for spot transactions as depending on demand + supply.
- (ii) Where the forward rate is more than the spot rate then the currency is called on premium.
- (iii) Where the forward rate is less than the spot rate then the currency is called on discount.

107. What is meaning of modes to remit funds from outside India to India ?

- (i) SWIFT mode for remittance
- (ii) Draft or cheque
- (iii) Foreign currency or traveler cheque as tendered by NRI + PIO (both) during their temporary visit to India.
- (iv) Demand draft as issued by exchange house from Gulf countries

108. Whether permitted for remitting from outside India to an account in India ?

- Yes, NRI + PIO (both) are permitted for remitting the fund from outside India to an account in India as SWIFT through Nostro account as maintained AD bank with correspondence foreign bank outside India.

109. Whether permitted for assessing the bank account through Internet ?

- Yes, NRI + PIO (both) are permitted for assessing the bank account through Internet

110. Whether permitted for using an Internet Banking + Cheque Book etc. by Minor ?

- Yes
 - (i) NRI + PIO (both) as minor are permitted for using a money click only where minors are having age exceeding 12 years but not exceeding 18 years
 - (ii) Hence NRI + PIO (both) as major are permitted for using an Internet Banking + Cheque Book + Debit card where they are having age exceeding 18 years



- (iii) *However NRI + PIO (both) as minor are not permitted for using an Internet Banking + cheque book + Debit card where minors are having age not exceeding 12 years*
- (iv) (a) *Moreover NRI + PIO (both) as minor are not permitted for using a Cheque Book where minors are having age not exceeding 18 years*
- and*
- (b) *As minor is permitted for using a debit card where minors are having age exceeding 14 years*

111. What is meaning of Indian Financial System (IFS) Code in India ?

- *IFS code is a 11 digit alphanumeric number as assigned by the RBI to identify each bank branch uniquely as who is participating in RTGS or NEFT system in India*

112. What is meaning of Financial Year in India ?

- (i) *Financial year is commonly known as fiscal year or budget year.*
- (ii) *Financial year is to be used for preparing of annual financial statements of the corporate + non corporate (both).*
- (iii) *Presently Financial year is reckoned from April to March every year.*

113. Whether permitted for obtaining of Debit Card from AD bank against NRO account ?

- **Yes**
- (i) *NRI + PIO (both) are permitted for obtaining of Debit Card from AD bank against NRO account for domestic use + withdrawal in India (only).*
- (ii) *Hence NRI + PIO (both) are not permitted for obtaining of Debit Card from AD bank against NRO account for foreign use as outside India*

114. Whether permitted for availing the Double Taxation Avoidance Agreement benefits ?

- **Yes**
- (i) *NRI + PIO (both) are permitted for availing the Double Taxation Avoidance Agreement (DTAA) benefits to avoid an element of double taxation*
- (ii) *NRI + PIO (both) are required to pay Income tax in India based on source of income + to pay Income tax outside India based on residency.*
- (iii) *Hence NRI + PIO (both) are permitted for availing a foreign tax credit (FTC) outside India against Income tax paid in India consequently element of double taxation is avoided*



(iv) *India has approximately more than 100 DTAA's with other countries + specified territories outside India.*

115. What is effect of changing of status from resident of India to non-resident of India ?

● *Resident of India is permitted for having a non-resident of India status after satisfying:*

(i) *Resident of India has already left for other country or specified territory outside India other than the Nepal + Bhutan for taking up employment or carrying on business or vacation or any other purpose + indicated his intention to stay outside India as permanently or for an uncertain period to the RBI through AD bank*

(ii) *AD bank on receipt of the information that abovementioned resident has left India to re-designate the resident rupee account into NRO account*

116. What is effect of changing of status from non resident of India to resident of India ?

● *Non-resident of India is permitted for having a resident of India status after satisfying:*

(i) *Non-resident of India has already come from outside India for taking up employment or carrying on business or vacation or any other purpose + indicated his intention to stay in India as permanently or for an uncertain period to the RBI through AD bank*

(ii) *AD bank on receipt of the information that abovementioned non-resident has already come from outside India is required to re-designate the NRO account into resident rupee account*

(iii) *NRE + FCNR (B) deposit (both) accounts are to be continued till maturity:*

(a) *Proceeds from NRE + FCNR (B) deposit (both) accounts are to be permitted for transferring in RFC account*

(b) *NRE-saving account is to be re-designated as rupee savings bank account*

(c) *However AD bank is not permitted for re-designating the NRE+ FCNR (B) deposit (both) accounts where the account holder is on a temporary visit to India.*

(d) *Hence the account should be continued to be treated as non-resident account during temporary visit to India.*

117. Whether permitted for becoming a resident of India from non-resident of India ?

● *Yes, NRI + PIO (both) are permitted for becoming a resident of India from non-*



resident of India an immediately upon return to India for taking up employment or for carrying on business or vocation or for any other purpose + indicated his intention to stay in India for an uncertain period

118. Whether required for interest loss after re-designating into resident rupee account ?

(i) (a) **No, NRI + PIO (both) are not required for interest loss after re-designating of NRE account into resident rupee account.**

(b) **Hence the NRO + NRE + FCNR (B) accounts are to be continued till the date of maturity of deposit**

(ii) **Moreover NRI + PIO (both) are permitted for continuing as earning of interest till the date of maturity of deposit without any interruption during the period from date of conversion from non-resident to resident and till the date of maturity.**

119. Whether permitted for retaining the assets outside after becoming a resident ?

● **Yes**

(i) **NRI + PIO (both) are permitted for retaining the assets outside India after becoming a resident of India**

(ii) **Hence NRI + PIO (both) are not required to declare or surrender their foreign currency assets and also permitted for earning an income on the assets as left outside India**

120. Whether permitted for retaining the foreign funds in foreign currency outside ?

● **Yes, NRI + PIO (both) are permitted for retaining the foreign funds in foreign currency outside India through resident foreign currency (RFC) account in India in any form like:**

(i) **Current account**

(ii) **Saving account**

(iii) **Fixed deposit account**

121. What is meaning of resident but not ordinarily resident of India ?

● **Individual is treated as not ordinarily resident in India in any previous year:**

(i) **Where individual was non-resident in India for minimum 9 years out of 10 previous years preceding the previous year as under consideration**

or

(ii) **Individual has stayed in India for maximum 729 days out of 7 previous years preceding the previous year as under consideration**



122. What is difference between authorized dealer bank and authorized dealer entity ?

(i) Authorized Dealer (AD) bank

- (a) AD bank is permitted for purchasing + selling + dealing otherwise in foreign exchange in accordance with terms and conditions as stipulated in approval as obtained from the RBI.
- (b) Generally AD bank is permitted for dealing in 100% transactions for foreign exchange in accordance with terms and conditions as stipulated in approval as obtained from the RBI

(ii) Authorized Dealer (AD) entity

- (a) AD entity is permitted for purchasing + selling (only) in foreign exchange in accordance with terms and conditions as stipulated in approval as obtained from the RBI.
- (b) However AD entity is permitted for purchasing + selling (only) for foreign exchange in accordance with terms and conditions as stipulated in approval as obtained from the RBI
- (c) Hence AD entity is not permitted for sending a remittance outside India + receive remittance from outside India in foreign exchange in accordance with terms and conditions as stipulated in approval as obtained from the RBI



(N) FAQs under head Operation through POA holder by NRI + PIO (only)

123. Whether permitted for availing an operation through PoA holder ?

- **Yes, NRI + PIO (both) are permitted for availing an operation through Power of Attorney (PoA) holder in accordance to the terms and conditions as specified in PoA or any other authority as granted in favor of a resident.**

124. Whether permitted for opening of account through PoA holder on behalf of NRI + PIO ?

- **No, NRI + PIO (both) are not permitted opening of bank account through PoA holder**

125. Whether permitted for operating account against investment through PoA ?

- **Yes**

(i) **NRI + PIO (both) are permitted for operating bank account against investment through PoA holder + making payment for 100% local eligible transaction + eligible investment in rupee from their NRE + NRO accounts (both)**

(ii) **NRI + PIO (both) are permitted for making payment for eligible investment but subject to satisfaction of the certain terms and conditions as stipulated by the RBI from time to time.**

(iii) **PoA holder is also permitted for remitting back the fund as already invested on repatriation to the NRI + PIO (both) themselves only.**

(iv) **Hence PoA holder is not permitted for remitting back the funds as already invested on repatriation to other than the NRI + PIO (both).**

126. Whether NRI+PIO (both) permitted for carrying the 100% activities through PoA ?

- **No**

(i) **PoA is not permitted for opening + closing the NRO + NRE + FCNR (B) accounts.**

(ii) **POA is not permitted for repatriating a fund from the accounts through demand draft + cheque + telegraphic transfer (TT)**

(iii) **PoA is not permitted for making any gift.**

(iv) **PoA is not permitted for transferring any fund to other NRE account.**

(v) (a) **PoA is not permitted for raising a loan against deposit + execute any document on behalf of NRI + PIO (both).**



(b) However PoA as close relative is permitted for filing a loan application but the application is to be signed by NRI + PIO (both)

and

(c) NRI+PIO (both) are also required to execute a specific PoA for filling a loan application

(vi) PoA is not permitted for tendering the foreign currency + foreign currency traveler cheque for crediting into NRO + NRE + FCNR (B) accounts. Hence NRI + PIO (both) themselves are only permitted for tendering the foreign currency + traveler cheque

127. Whether permitted for operating the NRE account through PoA as close relative ?

● **Yes**

(i) NRI + PIO (both) are permitted for operating the NRE account through PoA as close relative by giving a letter of authority (LoA) in the specified format as prescribed by AD bank.

(ii) PoA as close relative is permitted for operating the NRE account for local payment + transfer to NRI + PIO (both) themselves only

(iii) However PoA as close relative is not permitted for making the gift + transfer the fund to other NRE account

(iv) PoA as close relative is also not permitted for closing the NRE account



(O) FAQs under head Nomination Facility Available for NRI + PIO (only)

128. Whether permitted for nominating in NRO + NRE + FCNR (B) accounts ?

● **Yes**

- (i) *NRI + PIO (both) are permitted for nominating in NRO + NRE + FCNR (B) accounts to a resident or non resident of India*
- (ii) *NRI + PIO (both) are permitted for nominating in NRO + NRE + FCNR (B) accounts to a resident or non resident of India but not more than 1 nominee per account*
- (iii) *NRI + PIO (both) are permitted for nominating in NRO + NRE + FCNR (B) accounts to a minor resident or minor non-resident of India but a guardian is also to be appointed to receive payment on behalf of minor.*

129. What is reason for nominating a nominee by NRI + PIO (both) ?

- *NRI + PIO (both) are permitted for nominating a nominee for the purpose of allowing the nominee to receive the payment against the amount as outstanding in the NRO + NRE + FCNR (B) accounts after their death but subject to satisfaction of the certain terms and conditions of the rules as stipulated under Banking Regulation Act, 1949.*

130. Whether permitted for repatriating the fund after death of NRI + PIO by nominee ?

● **Yes**

- (i) *AD banks is permitted for repatriating the fund as held in NRE + FCNR (B) accounts (both) to the nominee after their death*
- (ii) *AD banks is permitted for crediting the fund as held in NRO account to the account of nominee after their death*
- (iii) *However AD banks is not permitted for repatriating the fund as held in NRO account to the account of nominee after their death*



(P) FAQs under head Different Bank Accounts for Deposits by NRI + PIO (only)

Q.No	Particulars	FCNR (B)	NRE Account	NRO Account
131	Eligible account holders	<p>(i) NRI + PIO (both) without an approval of the RBI</p> <p>(ii) NRI + PIO (both) of Bangladesh + Pakistan with an approval of the RBI</p>	<p>(i) NRI + PIO (both) without an approval of the RBI</p> <p>(ii) NRI + PIO (both) of Bangladesh + Pakistan with an approval of the RBI</p>	<p>(i) NRI + PIO (both) without an approval of the RBI</p> <p>(ii) NRI + PIO (both) of Bangladesh + Pakistan with an approval of the RBI</p> <p>(iii) NRI + PIO (both) of Nepal + Bhutan are not permitted</p>
132	Opening of Joint Account	<p>(i) NRI + PIO (both) are permitted for opening a joint account with 2 or more NRI + PIO</p> <p>(ii) NRI + PIO (both) are permitted for opening a joint account with 1 resident of India as close relative on former or survivor basis</p>	<p>(i) NRI + PIO (both) are permitted for opening a joint account with 2 or more NRI + PIO</p> <p>(ii) NRI + PIO (both) are permitted for opening a joint account with 1 resident of India as close relative on former or survivor basis</p>	<p>(i) NRI + PIO (both) are permitted for opening a joint account with 1 resident of India</p>
133	Nomination	NRI + PIO (both) are permitted for nominating a nominee	NRI + PIO (both) are permitted for nominating a nominee	NRI + PIO (both) are permitted for nominating a nominee
134	Permitted currencies for opening an account	<p>NRI + PIO (both) are permitted for opening an account in 8 currencies</p> <p>(i) US Dollar (USD)</p> <p>(ii) Pound Sterling (Pound)</p> <p>(iii) Euro</p> <p>(iv) Canadian Dollar (CAD)</p> <p>(v) Australian Dollar (AUD)</p> <p>(vi) Japanese Yen</p> <p>(vii) Swiss Francs</p> <p>(viii) Swedish Kroner</p>	Indian Rupee (INR) only	Indian Rupee (INR) only



135	Where repatriability is permitted ?	100% is permitted	100% is permitted	(i) 100% not permitted (ii) Hence permitted not exceeding USD 1 million per financial year (April to March)
136	Nature of permitted accounts	Permitted for Term Deposit (only)	Permitted for: (i) Savings account (ii) Current account (iii) Term Deposit (FD and ACC) (iv) Recurring Deposit	Permitted for: (i) Savings account (ii) Current account (iii) Term Deposit (FD and ACC) (iv) Recurring Deposit
137	Minimum + Maximum period for term deposit	(i) Minimum 1 year + (ii) Maximum 5 years	(i) Minimum 1 year + (ii) Maximum 10 years	Minimum + Maximum as permitted for resident rupee account
138	Rate of Interest	Linked to LIBOR or SWAP rate	(i) AD banks are permitted for determining a rate of interest (ii) However maximum rate of interest is not to exceed as permitted for resident rupee account	AD banks are permitted for determining a rate of interest



(Q) FAQs under head Taxability Income in India for NRI + PIO (only)

Q.No	Type of Taxable Income in India	For Resident of India	For Resident but not Ordinarily Resident of India	For Non-Resident of India
139	<i>Income received + deemed received + accrued - exempted in India</i>	<i>Taxable</i>	<i>Taxable</i>	<i>Taxable</i>
140	<i>(i) Income accrued + arise + deemed accrued + deemed arise - exempted in India</i> <i>(ii) Moreover income as received in India + received outside India (both) are taxable in India</i>	<i>Taxable</i>	<i>Taxable</i>	<i>Taxable</i>
141	<i>Income received + accrued outside India through business or profession as controlled from India</i>	<i>Taxable</i>	<i>Taxable</i>	<i>Not Taxable</i>
142	<i>Income received + accrued outside India through a business or profession as controlled outside India</i>	<i>Taxable</i>	<i>Not Taxable</i>	<i>Not Taxable</i>
143	<i>Income earned + received outside India and also Subsequently remitted to India but not directly remitted to India</i>	<i>Not Taxable</i>	<i>Not Taxable</i>	<i>Not Taxable</i>



(R) FAQs under head Account opening by Foreign National Tourist

144. Whether permitted for opening a NRO account during short visit ?

- **Yes**, Foreign national tourist is permitted for opening NRO account with AD bank during his temporary (short) visit to India like current account + saving account for a period not exceeding 6 months.

145. What are mandatory documents for opening a NRO account by foreign tourist ?

- (i) Foreign national tourist is required to submit a passport + other valid identification proof like driving license or citizen card similar to Aadhar card in India etc.
- (ii) AD bank is required to obey the Know Your Customer (KYC) norms as prescribed by the RBI for opening a NRO account in India

146. Whether permitted for crediting into NRO account by foreign national tourist ?

- **Yes**
- (i) Foreign national tourist is permitted for crediting the fund into NRO account as directly remitted in convertible foreign currency through normal banking channel
- (ii) Foreign national tourist is also permitted for crediting the sale proceeds against sale of foreign exchange as brought by him from outside India

147. Whether permitted for debiting into NRO account by foreign national tourist ?

- **Yes**
- (i) Foreign national tourist is permitted for debiting against for local payment only
- (ii) (a) Foreign national tourist is permitted for making payment against local expense through cheque or pay order or demand draft as exceeding 50 thousands.
- (c) However foreign national tourist is not permitted for making payment against local expense through cash as exceeding 50 thousands.

148. Whether permitted for converting in NRO account at time of departing from India ?

- **Yes**
- (i) AD bank is permitted for converting the balance in NRO account into foreign currency at the time of departing from India



- (ii) *However AD bank is required to ensure that duration of NRO account is not exceeding 6 months + local payment is not credited except crediting of interest in NRO account*

149. Whether permission is required from RBI for converting the balance in NRO account ?

- *Yes, foreign national tourist is required to obtain an approval from the RBI through AD bank for converting the balance as outstanding in NRO account into foreign currency at the time of his departure from India where duration of NRO account is exceeding 6 months. Hence an application for approval is to be prepared on plain paper or form as prescribed by AD bank.*

150. Whether permitted for opening resident rupee account by foreign national tourist ?

- *Yes, foreign national tourist is permitted for opening resident rupee account by foreign national tourist where he is on temporary (short) visit to India based on his tourist VISA.*

151. Whether permitted for remitting the balance in NRO account in India ?

- **Yes**
 - (i) *AD bank is permitted for remitting the balance as outstanding in NRO account in India*
 - (ii) *However AD bank is required to ensure that already credited amount in NRO should be either through direct remittance in foreign currency from outside India or balance as outstanding is a nature of repatriable + permissible in accordance with the guidelines as stipulated by the RBI.*



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