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**Q: What types of bank accounts can be opened by NRIs/OCBs in India?**

NRIs/OCBs can open the following types of accounts with banks in India, which hold authorised dealer licences, as also other banks, specifically authorised by the Reserve Bank to maintain accounts in the names of NRIs/OCBs.

***Rupee Accounts:-***

1. Non-Resident (Ordinary) Account - NRO A/c.
2. Non-Resident (External) Rupee Account - NRE A/c.

**Foreign Currency Accounts:-**

- Non-Resident (Foreign Currency) Account - FCNR A/c.  
(in Pounds, Sterling, US Dollars, Japanese Yen and Euro).

A person, resident in India, who is earning foreign exchange, is also permitted to maintain a Foreign Currency account in India with an authorised dealer bank, to the extent of 50% of such foreign exchange earnings, under the Exchange Earners Foreign Currency Account (EEFC) Scheme.

**Q: What are the special features of each account?**

The special features are as under:

***NRO A/c.:*** The funds, standing to the credit of this account, cannot be repatriated outside India in foreign exchange, without prior permission of the Reserve Bank of India. Interest, earned on these accounts, is, however, eligible for repatriation outside India, net of Indian taxes. The remittance of interest (net of taxes) will be permitted by the authorised dealer, where the account is maintained, if the account holder makes an application to the authorised dealer, in the prescribed form. No RBI permission is required for remittance of interest.

***NRE A/c.:*** The funds, standing to the credit of this account, as well as interest earned thereon, are remittable outside India in free foreign exchange, without permission of the

RBI. The interest income is not subject to Indian Income-tax. Credits to the accounts should be in the form of remittance in foreign exchange from outside India, as well as other funds, which are eligible to be remitted outside India, in free foreign exchange. Funds, emanating from local sources, are not eligible to be credited to these accounts, unless these funds are otherwise remittable outside India, in terms of the existing Exchange Control Regulations.

**FCNR A/c.:** These accounts can be opened in four foreign currencies:

- Pounds Sterling;
- US Dollars;
- Japanese Yen;
- Euro.

For the purpose of opening an account, remittance in foreign exchange, in the same currency, should be received in India. The accounts can be opened only as fixed deposits, with a minimum maturity of one year and, a maximum maturity of three years. The principal, as well as interest, earned on these accounts, is remittable outside India, in the same currency or, in other convertible currency, as desired by the account holder. The interest, earned on these deposits, is exempt from Indian Income-tax.

**Q: Can Non Resident accounts be opened/ operated by the Power of Attorney holder in India, on behalf of the non-resident?**

The accounts cannot be opened by the Power of Attorney holder in India. However, the latter can operate the accounts for the purpose of local payments to be made on behalf of the non-resident account holder. The Power of Attorney holder is not permitted to make gifts from these accounts and, is not allowed to make remittances outside India.

**Q: What happens to the status of these accounts when the non-resident holder becomes a person, resident in India?**

The accounts are to be re-designed as resident accounts, when the non-resident account holder becomes a person, resident in India. In the case of fixed deposits opened by the account holder, before becoming resident in India, the contracted rate of interest will be paid till maturity of the deposits. Similarly, FCNR deposits will be eligible to be held in respective currencies till maturity of the deposits, even after the non-resident holder become a resident in India. He will, however, cease to get tax exemption on interest on the erstwhile deposits (NRE/FCNR deposits), after he becomes resident in India. In certain situations, it might be advisable for the account holder to convert the account to a Resident Foreign Currency Account Deposit (RFC)

**Q: What are the various facilities available to NRIs/OCBs?**

The facilities available to NRIs/OCBs for making investment in India are as follows:

- opening and maintenance of bank accounts in India;
- investment in shares and securities of Indian companies, government securities, units of domestic mutual funds and ,deposits with Indian companies/firms;
- investment in immovable properties in India;
- investment in proprietorship/partnership concerns in India.

**Q: Are NRIs permitted to send remittances outside India out of the assets in India that are inherited by them?**

Yes. RBI will consider application from NRIs for remittance of assets, inherited by them in India. Such remittance may be permitted up to US\$ 100,000 per year.

**Q: Can a person of Indian origin acquire any immovable property in India by way of inheritance?**

A person of Indian origin, resident outside India, may acquire any immovable property in India by way of inheritance from a person, resident outside India, who had acquired such property in accordance with the provisions of foreign exchange law in force at the time of acquisition by him or the provisions of Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2000. Immovable property, by way of inheritance, can also be acquired by a person of Indian origin resident outside from a person resident in India.

**Q: Can NRIs and Overseas Corporate Bodies (OCBs) invest in India?**

The Government of India has adopted a liberal policy, with respect to investments by NRIs and OCBs in India. Such investments are allowed, both, through the RBI route and also through the Government route, i.e., through the Foreign Investment Promotion Board (FIPB) NRIs and OCBs are permitted to invest up to 100% equity in real estate development activity and civil aviation sectors. Investment, made by the NRIs and OCBs, are fully repatriable, except in the case of real estate, which has a 3 year lock-in period on original investment and, 16% cap on dividend repatriation.

For those proposals that do not qualify under the automatic route, Government approval is granted through FIPB.

**Q: What is the extent and application of Foreign Exchange Management Act (FEMA)?**

FEMA extends to the whole of India. It also applies to all branches, offices and agencies outside India, owned or controlled by a person, resident in India. It also applies to any contravention, there under, committed in or, outside India, by any person to whom the Act applies.

**Q: What is the penalty for contravention of FEMA?**

Any person, contravening FEMA, shall be liable, upon adjudication, to a penalty up to three times the sum involved in such contravention, where such amount is quantifiable, or up to Rupees Two hundred thousand, where the amount is not quantifiable. In addition, where such contravention is a continuing one, the person will be liable to further penalty, which may extend to Rupees Five thousand for every day after the first day, during which the contravention continues.

**Q: Can a person of Indian origin resident outside India gift properties acquired earlier in terms of the provisions of FERA/FEMA?**

Yes. A person of Indian origin resident outside India may transfer residential or commercial property in India by way of gift to a person resident in India or to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India. A Person of Indian origin resident outside India may also transfer by way of gift agriculture land/farm house/plantation property in India to a person resident in India who is a citizen of India.

**Q: Can an NRI account be opened in the name of crew members of shipping companies?**

Yes. NRI accounts can be opened in the name of crew members of shipping companies if their posting is not based in India and they derive their income from abroad in foreign currency.