

**RESOURCE MOBILISATION DIVISION
HO: NEW DELHI**

Other facilities to NRIs/PIO and other Foreign Currency Accounts

1. Investment facilities for NRIs

1.1 NRI may, without limit, purchase on repatriation basis:

- Government dated securities / Treasury bills
- Units of domestic mutual funds;
- Bonds issued by a public sector undertaking (PSU) in India.
- Non-convertible debentures of a company incorporated in India.
- Perpetual debt instruments and debt capital instruments issued by banks in India.
- Shares in Public Sector Enterprises being dis-invested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.
- Shares and convertible debentures of Indian companies under the FDI scheme (including automatic route & FIPB), subject to the terms and conditions specified in Schedule 1 to the FEMA Notification No. 20/2000- RB dated May 3, 2000, as amended from time to time.
- Shares and convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme, subject to the terms and conditions specified in Schedule 3 to the FEMA Notification No. 20/2000- RB dated May 3, 2000, as amended from time to time.

1.2 NRI may, without limit, purchase on **non-repatriation basis:**

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

Note : NRIs are not permitted to invest in small savings or Public Provident Fund (PPF).

2. Investment in Immovable Property

- NRI / PIO4 may acquire/transfer immovable property in India other than agricultural land/ plantation property or a farm house out of repatriable and / or non-repatriable funds.

- Foreign national of non Indian origin resident outside India shall not acquire/transfer any immovable property in India other than on lease not exceeding five years, without prior approval of Reserve Bank of India.

- The payment of purchase price, if any, should be made out of

(i) funds received in India through normal banking channels by way of inward remittance from any place outside India or

(ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank.

Note : No payment of purchase price for acquisition of immovable property shall be made either by traveller's cheque or by foreign currency notes or by other mode other than those specifically permitted as above.

- NRI may acquire any immovable property in India other than agricultural land / farm house plantation property, by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of Indian origin resident outside India

- NRI 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 the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations or from a person resident in India

- An NRI may transfer any immovable property in India to a person resident in India.

- NRI may transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

In respect of such investments, NRIs are eligible to repatriate:

- The sale proceeds of immovable property in India if the property was acquired out of foreign exchange sources i.e. remitted through normal banking channels / by debit to NRE / FCNR (B) account.

- The amount to be repatriated should not exceed the amount paid for the property in foreign exchange received through normal banking channel or by debit to NRE account (foreign currency equivalent, as on the date of payment) or debit to FCNR (B) account.

- In the event of sale of immovable property, other than agricultural land / farm house / plantation property in India, by a person resident outside India

who is a citizen of India / PIO, the repatriation of sale proceeds is restricted to not more than two residential properties subject to certain conditions.

- If the property was acquired out of Rupee sources, NRI or PIO may remit an amount up to USD one million per financial year out of the balances held in the NRO account (inclusive of sale proceeds of assets acquired by way of inheritance or settlement), for all the bonafide purposes to the satisfaction of the Authorized Dealer bank and subject to tax compliance.
- Refund of (a) application / earnest money / purchase consideration made by house-building agencies/seller on account of non-allotment of flats / plots and (b) cancellation of booking/deals for purchase of residential/commercial properties, together with interest, net of taxes, provided original payment is made out of NRE/FCNR (B) account/inward remittances.

Repayment of Housing Loan of NRI / PIOs by close relatives of the borrower in India

Housing Loan in rupees availed of by NRIs/ PIOs from ADs / Housing Financial Institutions in India can be repaid by the close relatives in India of the borrower.

3. Facilities to returning NRIs/PIOs

- Returning NRIs/PIOs may continue to hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India, if such currency, security or property was acquired, held or owned when resident outside India
- The income and sale proceeds of assets held abroad need not be repatriated.

4. Foreign Currency Account

- A person resident in India who has gone abroad for studies or who is on a visit to a foreign country may open, hold and maintain a Foreign Currency Account with a bank outside India during his stay outside India, provided that on his return to India, the balance in the account is repatriated to India. However, short visits to India by the student who has gone abroad for studies, before completion of his studies, shall not be treated as his return to India.
- A person resident in India who has gone out of India to participate in an exhibition/trade fair outside India may open, hold and maintain a Foreign Currency Account with a bank outside India for crediting the sale proceeds of goods on display in the exhibition/trade fair. However, the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair.

5. Resident Foreign Currency Account

- A person resident in India may open, hold and maintain with an authorised dealer in India a Resident Foreign Currency (RFC) Account.
- Proceeds of assets held outside India at the time of return can be credited to RFC account.
- The funds in RFC accounts are free from all restrictions regarding utilisation of foreign currency balances including any restriction on investment in any form outside India.
- RFC accounts can be maintained in the form of current or savings or term deposit accounts, where the account holder is an individual and in the form of current or term deposits in all other cases.

RFC accounts are permitted to be held jointly with the resident close relative(s) as defined in the Companies Act, 1956 as joint holder (s) in their RFC bank account on 'former or survivor basis'. However, such resident Indian close relative, now being made eligible to become joint account holder shall not be eligible to operate the account during the life time of the resident account holder.

6. General facilities:

Can Exchange Earners Foreign Currency (EEFC) accounts be held jointly with a -resident Indian?

Yes, EEFC account of a resident individual can be held jointly with a resident close relative on a 'former or survivor' basis. However, such resident Indian close relative will not be eligible to operate the account during the life time of the resident account holder.

Can a resident individual holding a savings bank account include non resident close relative as a joint account holder?

Yes, individuals resident in India are permitted to include non-resident close relative(s) as a joint holder(s) in their resident bank accounts on 'either or survivor' basis subject to conditions.

Can a resident individual gift shares/securities/convertible debentures etc to NRI close relative?

Yes, a resident individual is permitted to gift shares/securities/convertible debentures etc to NRI close relative up to USD 50,000 per financial year subject to certain conditions.

Can a resident individual give rupee gifts to his visiting NRI/PIO close relatives?

Yes, a resident individual can give rupee gifts to his visiting NRI/PIO close relatives by way of crossed cheque/electronic transfer within the overall limit prescribed under Liberalised Remittance Scheme for the resident individual and the gifted amount should be credited to the beneficiary's NRO account.

What types of services can be provided by a resident individual to his / her non resident close relatives?

A resident may make payment in rupees towards meeting expenses on account of boarding, lodging and services related thereto or travel to and from and within India of a person resident outside India who is on a visit to India. Further, where the medical expenses in respect of NRI close relative are paid by a resident individual, such a payment being in the nature of a resident to resident transaction may also be covered under the term "services".

Can foreign tourists open a bank account in India during their short visit?

Yes. Foreign tourists during their short visit to India can open a Non-Resident (Ordinary) Rupee (NRO) account (Current / Savings) with any Authorised Dealer bank dealing in foreign exchange. Such account can be opened up to a maximum period of 6 months.

What are the documents required for opening such accounts?

Passports and other valid identification proofs are required for opening the accounts. Authorised Dealer banks are also required to follow the Know Your Customer norms while opening of the accounts.

What credits can be made to such accounts?

Funds remitted from outside India through banking channel or those obtained by sale of foreign exchange brought by the tourists to India can be credited to the NRO account.

Can the NRO account be used for making local payments?

Yes. Tourists can freely make local payments through the NRO account. All payments to residents exceeding INR 50,000 can be made only by means of cheques / pay orders / demand drafts.

Can foreign tourists repatriate the balance held in their NRO account at the time of departure from India?

A. Authorised Dealer banks have been allowed to convert the balance in the account for payment to the account holder at the time of departure from India into foreign currency, provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon.

What can be done to repatriate the proceeds of an account that has been maintained for more than six months?

A. In such cases, applications for repatriation of balance may be made on plain paper to the Foreign Exchange Department of the Regional Office concerned of the Reserve Bank through the Authorised Dealer bank maintaining the account.

Can foreign nationals resident in India open resident account?

Yes. Foreign nationals employed in India holding valid visas can open and maintain a resident Rupee account in India in terms of Notification No.5/2000-RB dated May 3, 2000 viz., Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.

Can AD Category-I banks remit proceeds of such accounts on closure?

Yes. But AD Category-I banks should ensure that the funds to be repatriated outside India were either received from abroad or they are repatriable in nature or permissible in terms of RBI notification No. FEMA 13/2000 dated 3rd May 2000, as amended from time to time. The foreign nationals employed in India holding valid visas are eligible to maintain resident accounts with an Authorised Dealer Category - I (AD Category-I) bank in India. In order to facilitate such foreign nationals to collect their pending dues in India, AD Category-I banks may, permit foreign nationals to re-designate their resident account maintained in India as NRO account on leaving the country after their employment to enable them to receive their pending bonafide dues, subject to conditions.
