



Banking

Non Resident Account

- An Non Resident Indian (NRI) is an Indian Citizen who resides in India for less than one hundred & eighty two days during the course of the preceding financial year, or
- who has gone out of India or who stays outside India for the purpose of employment, or
- who has gone out of India or who stays outside India for carrying on business or vacation outside India, or
- who has gone out of India or who stays outside India for any other purpose indicating his intention to stay outside India for an uncertain period.

A citizen of a foreign country is a PIO if

- he/ she at any time held an Indian passport; OR
- he/ she or either of his/ her parents or either any of his/ her grandparents was a citizen of India; OR
- he/ she is a spouse of an Indian citizen.

There are three types of NRI accounts which can be opened in India

- **Non – Resident External (NRE) Account**

It can be opened and maintained by NRIs with earnings originating from the respective individual's country of residence but shall be held in Indian rupee denominations.

- **Non – Resident Ordinary (NRO) Account**

It can be opened with income earned from within India and shall be held in that deposit account in INR denominations. The source of income can either be rent, dividends, etc.

- **Foreign Currency Non- Resident (FCNR) Account**

It facilitates deposits made by Non-Residential Indians (NRIs) or Persons of Indian Origin (POI). NRIs or POI can make these deposits in the currency of their country of residence and shall be held in that account in any one of the foreign currencies prescribed by RBI. The currencies in which deposits can be held in an FCNR (B) Account are – US Dollars (USD), Canadian Dollar (CAD), Australian Dollar (AUD), Euro (EUR), Great Britain Pound Sterling (GBP), Singapore Dollar (SGD), Hong Kong Dollar (HKD), Japanese Yen (JPY) and Swiss Franc (CHF).

Difference between NRI accounts

Parameters of Difference	NRO Account	NRE Account	FCNR Account
Currency Denomination of Deposits	Indian Rupee (INR)	Indian Rupee (INR)	USD, CAD, SGD, AUD, EUR, GBP, JPY, CHF
Purpose of Account	An NRO account can be opened by an NRI to deposit his / her earnings that originate from India in INR.	An NRI account can be opened by an NRI to deposit his / her earnings that originate from that individual country of residence in INR	An NRI can open an FCNR account to deposit his / her earnings that originate from that individual residential country in any of the currency mentioned above.
Taxability	Both Principal and Interest earned are taxable	The entire balance (interest + principal) is exempted from tax.	Interest earned on FCNR deposits is exempted from tax.

Difference between NRI accounts

Parameters of Difference	NRO Account	NRE Account	FCNR Account
Types of Accounts	Individuals can open savings, current, or fixed deposit account under this category	NRE accounts facilitate savings, current, and fixed deposit accounts	Only Fixed Deposit account can be opened with a minimum maturity period of 1 Year
Joint Account Facility	It can be opened with another NRI or an Indian resident	It can only be opened with another NRI	It can only be opened with another NRI
Period of Fixed Deposits	Depends on the Financial Institution	Depends on the Financial Institution	Maturity tenure allowed on FCNR fixed deposits is 1-5 years
Effect of Exchange Rate	Not affected by prevailing exchange rates	Affected by prevailing exchange rates	Affected by prevailing exchange rates if there is a currency conversion involved.

Difference between NRI accounts

Parameters of Difference	NRO Account	NRE Account	FCNR Account
Repatriation of Balances	The interest earnings can be repatriated fully. The principal amount can only be repatriated to the extent of 1 million USD or equivalent in fiscal year	The entire balance is fully repatriable	The entire balance is fully repatriable



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GLOBAL LOCATIONS

INDIA

SINGAPORE

UK

US

DUBAI

RIYADH

MALAYSIA

MEXICO

