

Remittance 'to and from' Non Resident of India

1. Remittance 'from' Non Resident for 'not permitted' businesses and activities in India

- (i) Non Resident is 'not' permitted to invest in the following businesses and activities
 - (a) Business of Chit fund company
 - (b) Business of Nidhi company
 - (c) Business of Real estate 'trading'
 - (d) Construction of farm house
 - (e) Trading in Transferable Development Rights (TDRs)
- (ii) Business of Real Estate Trading is 'not' including the followings:-
 - (a) Development of townships , construction of residential and commercial premises , roads and bridges in India
 - (b) Henceforth non resident is permitted to develop the townships, construction of residential and commercial premises , roads and bridges in India

2. Remittance 'from' Non Resident for 'permitted' businesses and activities in India

- (i) Non Resident is permitted to remit from 'outside India' through normal banking channels
- (ii) **And** also to Debit to the following accounts
 - (a) FCNR (B) Account
 - (b) NRE Rupee Account
 - (c) NRO Rupee Account

3. Remittance 'to' Non Resident against the sale proceed of Assets in India

- (i) AD Bank is permitted to remit against the sale proceed of assets.
- (ii) Assets are including the followings:-

- (a) Deposit with bank , partnership firm or company
 - (b) Balance in provident fund or superannuation benefits
 - (c) Amount of claim or maturity proceeds of Insurance policy
 - (d) Sale proceeds of shares, securities, immovable property or any 'other' asset
- (iii) AD bank is permitted for remittance in accordance with the provisions of Act, Rules or Regulations of the RBI

4. Remittance 'from' NRO Rupee Account in India

- (i) AD bank is permitted to remit from NRO rupee account.
- (ii) However AD bank is 'not' permitted to remit to the 'citizen of Nepal or Bhutan'.
- (iii) List of eligible persons for remitting 'from India' is following:-
 - (a) Retired person from employment in India
 - (b) Person who had acquired the credit into NRO rupee account when he was resident in India
 - (c) Person who had acquired through inheritance from a person who was resident in India
 - (d) Widow as resident 'outside India' who had inherited the assets of her deceased husband
 - (e) Person who has come to India for study/training **and** also 'completed' his study/training

5. Remittance 'with approval' from the RBI

- (i) AD bank is permitted for a remittance where amount is 'exceeding' USD 1 million per financial year from NRO rupee account with approval from the RBI
- (ii) AD bank is permitted for a remittance where amount is required for 'not permitted' purpose with approval from the RBI

6. Computation of Monetary Limit 'USD 1 Million' Per Financial Year

- Monetary limit USD 1 million is 'not' including the sale proceed of shares and immovable properties which have acquired by direct remittance through banking channel in foreign currency on 'repatriation basis'.

7. Remittance in Installments 'from' Non Resident of India

- Remittances in installment are permitted through 'same' authorized dealer bank only.

8. Remittance of USD 1 Million 'to outside India' by NRI / PIO

- NRI / PIO is 'not permitted' to remit 'exceeding' USD 1 million without approval from the RBI against the followings:-

- (i) Out of the balance available in NRO rupee account
- (ii) Out of Sale proceeds of assets acquired by way of inheritance, legacy or settlement with the 'close relatives'

9. Lock-in-Period for NRI / PIO

- NRI / PIO is permitted to remit against sale proceeds of immovable property purchased by him out of rupee funds 'without lock-in-period' **but** within USD 1 million per financial year

10. Remittance against Sale Proceeds of Residential Property as Purchased in Foreign Exchange

- (i) NRI / PIO is permitted to remit sale proceeds of 'residential property' purchased in Foreign exchange restricted to 'amount paid at time of purchase'
- (ii) However 'balance sale proceeds' over and above amount paid at time of purchase is to be credited to NRO rupee account
- (iii) Remittance against NRO rupee account is permitted USD 1 million per financial year

11. List of Eligible Repatriation

- (i) AD bank is permitted 'without monetary limit' USD 1 million for the following repatriations
 - (a) Out of refund of application or earnest money
 - (b) Out of purchase consideration paid by house building agencies/seller on account 'non allotment' of flat , plot or cancellation of booking or deal for purchase of residential or commercial property along with interest, if any 'without monetary limit' as prescribed through NRO rupee account i.e. USD 1 million per financial year
- (ii) However 'original' investments should be made out of FCNR (B) account , NRE rupee account

or direct remittance from 'outside India'

- (iii) Moreover NRI/PIO is **also** permitted to get credit into FCNR (B) account or NRE rupee account instead of remittance 'outside India'.

12. Remittance against Sale Proceeds of 'Residential Accommodation' Purchased through Bank Loan

- (i) AD banks is permitted to remit the sales proceeds of residential accommodation as purchased through bank loans 'after' making payment against 'outstanding loan'
- (ii) However loan should be repaid through direct foreign inward remittances , debit to FCNR (B) account or NRE rupee account

13. Remittances against the 'Current Incomes'

- (i) Current Incomes Includes the followings:-
 - (a) Rental Income
 - (b) Dividend Income
 - (c) Pension Income
 - (d) Interest Income
- (ii) Remittances against the current incomes are permitted 'without monetary limit' i.e USD 1 million per financial year
- (iii) Moreover remittance against current incomes is also permitted 'without routing through NRO rupee account'

14. 'Credit' of Current Incomes into 'NRE Rupee Account'

- (i) NRI / PIO is **also** permitted to get credit against the current incomes into NRE rupee account where AD bank is satisfied that credit represent 'current incomes only'
- (ii) **And** also Tax Deducted at Source (TDS) is to be deducted and deposited with the Income tax deptt.

15. Issue of the 'International Credit Cards' to NRI / PIO

- (i) AD banks is permitted to issue an International Credit Cards to NRI/PIO 'without approval' from the RBI
- (ii) (a) However settlement of International credit Cards should be made through direct foreign currency inward remittance
- (b) Or debit to FCNR (B) account, NRE rupee account or NRO rupee account as maintained in India

Banking Facilities for 'Returning NRI / PIO' to India

1. Banking Facilities for Returning NRI / PIO 'to India'

- (i) (a) Returning NRI / PIO is permitted to continue to hold , own , transfer or invest in foreign currency 'outside India'
- (b) **Or** in Foreign Security or immovable property 'outside India'
- (ii) However these assets should be acquired during his 'non-resident of India status'

2. Resident Foreign Currency (RFC) Account for 'Returning NRI / PIO' to India

- (i) Returning NRI / PIO is permitted to open, hold or maintain a RFC account for transferring his balance available in 'existing' FCNR (B) account or NRE rupee account.
- (ii) **And** also NRI/PIO is permitted to get credit into RFC account out of sale proceeds of the assets as held 'outside India'
- (iii) (a) Balance available in RFC account is permitted as 'free from all restrictions' regarding utilization
- (b) **And** also for investment in any form 'outside India'
- (iv) Types of RFC Account are followings:-
 - (a) Current Account
 - (b) Saving Account
 - (c) Term Deposit

3. 'Change of Residential Status' from NRI / PIO to Resident of India

(i) Impact on NRE Rupee Account

- (a) NRE rupee account is to be redesigned as 'resident rupee account' on change of residential status
- (b) **Or** Funds is to be transferred to RFC account

(ii) Impact on FCNR (B) Account

- (a) Deposits in FCNR (B) account is to be allowed to continue till date of maturity where depositor so desired
- (b) However provisions relating to rate of interest **and** also reserve requirements against FCNR (B) account is to be treated as 'resident rupee deposits account' from the date of 'returning NRI / PIO to India'
- (c) Moreover AD banks is required to convert the FCNR (B) account on maturity into resident rupee deposit account **Or** in RFC account in India
- (d) Henceforth 'new' rate of interest is to be applicable 'after conversion' into resident rupee account **Or** in RFC account in India

(iii) Impact on NRO Rupee Account

- (a) NRO rupee account is to be redesigned as resident rupee account **Or** in RFC account in India
- (b) Henceforth 'new' rate of interest is to be applicable 'after conversion' into resident rupee account **Or** in RFC account in India

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