

Types of NRI Bank Accounts



At present bank accounts for Non- Resident Indian (NRIs) has three categories :

1. NRE- Non -resident (external) rupee account.
2. NRO- Non- resident (ordinary) rupee account.
3. FCNR(B) - Foreign currency non-resident (banks)accounts.

These accounts can be distinguished as follows:

- While NRO and NRE accounts can be kept in the form of current , saving or term deposit accounts, while FCNR(B) deposit can be kept only in the form of term deposits, for period ranging from 6 months to 3 years.
- **Money from an NRO account is non-repatriable**, but NRE and FCNR deposits are repatriable.
- Remittances from abroad can be credited to any of these accounts . But earnings of NRIs on the property held by them in India, which are non-repatriable , can be credited only to NRO accounts.
- Interest earned on NRO accounts is eligible for repatriation.
- An NRO account may be jointly held with residents while NRE and FCNR (B) accounts cannot be jointly held with residents . But Indian resident power of attorney is permitted for local payments and investments in India.

- Balance held in NRE/FCNR accounts are exempted from wealth tax and interest earned is exempted from income tax. There are no tax exemptions on interest earned on NRO accounts.

Easy way

In simple terms NRIs can deposit income from Abroad in NRE accounts while income earned from Indian property need to be desposited in NRO accounts. This money is Non-Repatriable while interest earned on such money is Repatriable, means it can be converted into any foreign currency. FCNR(B) accounts are meant for term deposits.

Note

Repatriable and Non-Repatriable accounts are two important terms used in the above explanations.

Repatriable Accounts : Indian rupees can be transferred back to foreign currency, in simple terms Indian Rupee can be converted to any foreign currency.

Non-Repatriable Accounts : Money cannot be converted to any foreign currency.

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