



Dear NRI fraternity,

Season's Greetings and Best Wishes!

I thank you for your overwhelming response to our previous newsletter, in which we had apprised you of the salient features of our Remittance Products.

Now it gives me a great pleasure in bringing you this edition of newsletter on Facilities for Non-Resident Indians returning home for permanent settlement in India.

NRI's are most respected and sought after resource abroad for many decades. With the Indian economy showing signs of recovery, ample opportunities are on the anvil for NRI's for investment and taking up employment in senior roles in Indian corporates. A returning NRI, who intends to return to India permanently for settlement or for setting up business or take up employment, required to know the facilities available to him to plan his investment, taxation, responsibilities, etc. To enlighten the returning NRI's about the facilities available to them, I brought this special issue, which I hope would be interesting and useful.

I solicit your feedback and suggestions, which will help us in understanding your needs better and align our products and services as per your requirements.

With warm regards,

(A K Singla)

General Manager

(Business Resources)

Facilities for NRIs returning Home

1. Introduction

Returning Indian are those Indians, who were non-residents earlier and have returned now for permanent stay in India. RBI has extended certain facilities to them in order to enjoy the foreign exchange savings abroad as well the balances lying in the NRE/FCNR accounts in India and also to hold any assets abroad while they were non-residents.

2. Responsibility of Returning Indians

When NRI comes back to India for permanent settlement, it is his responsibility to inform the Bank where he is having non-resident bank accounts, which include NRO/NRE/FCNR(B) accounts that “he has become resident and accordingly his bank accounts may be redesignated as resident bank accounts”. Only Fixed deposits in NRE/FCNR(B) accounts can run upto maturity.

Further he should report to all the Indian companies where he has turning NRIs have investments like (i) deposits (ii) shares (iii) debentures etc. that he is now a resident of India.

3. Rights of Returning Indians

- a) He can transfer his NRE/FCNR(B) deposit balances to Resident Foreign Currency (RFC) account.
- b) He can maintain and hold moveable and immovable assets abroad
- c) He can maintain bank accounts abroad
- d) He can enjoy the concessions available in respect of free allowance and concessional duty on goods on account of transfer of residence
- e) He can enjoy the tax concession by exercising option to be taxed @ 20%
- f) He can continue to hold any general insurance policy issued by an insurer outside India when such person was resident outside India. Provided further that where the premium due on a general insurance policy has been paid by making remittance from India, the policy holder shall repatriate to India through normal banking channels, the maturity proceeds or amount of any claim due on the policy, within a period of seven days from the receipt thereof

4. RFC Account

Returning Indians are permitted to open, hold and maintain with an authorized dealer in India a RFC account out of foreign exchange-

- a) Received as pension or any other superannuation or other monetary benefits from his employer outside India; or
- b) Realized on conversion of the foreign assets including foreign security or immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India and or repatriated to India; or
- c) Received or acquired as gift or inheritance from a person resident outside India and proceeds

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- have been repatriated to India
- d) Acquired or received before the 8th day of July 1947 or any income arising or accruing thereon which is held outside India by any person in pursuance of a general or special permission granted by the RBI
 - e) Held by a person resident in India upto such limit as the RBI may specify, if such foreign exchange was acquired by way of gift or inheritance from a person who had acquired the foreign exchange before the 8th day of July 1947 including any income arising therefrom
 - f) Received as the proceeds of life insurance policy claims/ maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority

Utilization of RFC funds:

The funds in an RFC account are free from all restrictions regarding utilization of foreign currency balances including any restriction on investment in any form, by whatever name called, outside India

Types of accounts & operation of the account

RFC account may be opened in the form of current or term deposit account. No interest is payable for deposit opened under current account. The minimum period of the deposit under term deposit is 12 months and maximum 60 months. The interest rate is as applicable to FCNR(B) deposits, which can be referred from our website. Interest is not payable if the same is closed before completion of 12 months.

RFC account can be opened and maintained singly or jointly. RBI has now permitted resident Indians (returned Indians) to include non-resident close relatives as a joint holder(s) in their RFC account on 'former or survivor' basis. However, such non-resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder

Remittance after the a/c holder's death by a nominee-resident outside India

RBI has given general permission to authorized dealer to allow a nominee being a person resident outside India to remit funds to the extent of his share from the a/c of the deceased a/c holder

Remittance after the a/c holder's death by a nominee-resident in India

A nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, may apply to the RBI for such remittances