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Power of Attorney (PoA) Holder Can Operate NRO Account?

Allowed for local payments

Cannot repatriate outside India without proper approval

Example: Vikas, an NRI in the USA, gave PoA to his brother in India to manage his NRO account. His brother can pay school fees but cannot transfer funds abroad.

Chapter 9 Part 2

International Credit Cards (ICCs) for NRIs

Banks can issue International Credit Cards (ICCs) to NRIs & PIOs

Can be used in India & abroad

Bills can be paid from:

Inward remittances

NRE account

FCNR (B) account

NRO account

Example: Ravi, an NRI in the UK, has an ICC issued by SBI. He uses it

for shopping in London, and the bill is paid from his NRE account.



Example: Amit, an NRI in the USA, earns ₹2 lakhs interest on his NROFD. He must pay TDS before transferring funds abroad.

Quick Summary Table

Feature	NRO Account	NRE Account	FCNR (B) Account
Who Can Open?	NRIs & Foreign	NRIS & PIOS	NRIS & PIOS
	Nationals		Convertible
Currency Allowed?	INR	INR	Foreign Currency
Types of Accounts?	SB, CA, TDs, RDs	SB, CA, TDs	Only Fixed Deposits
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Minimum Deposit	7 Days	1 Year	1 Year
Period?			\sim
Maximum Deposit	No Limit	No Limit	5 Years
Period?			
Interest Rate?	As per domestic	As per domestic	Based on foreign
	INR rates	INR rates	currency benchmarks

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Tax on Interest?	Taxable	Tax-Free in India
Repatriation?		Fully Repatriable Fully Repatriable
S II		$p_{12} \rightarrow p_{12}$
Joans Allowed?		Yes Yes
12		

Final Takeaways

NRO accounts help NRIs manage Indian income but are taxable NRE & FCNR accounts offer tax-free, fully repatriable benefits Loans available against NRO deposits but with restrictions NRIs must follow tax compliance for remittances abroad Would you like guidance on best NRI investments, tax planning, or remittance rules?

Foreign Nationals of Non-Indian Origin Visiting India

- NRO Account

Foreign nationals (non-Indians) **can open NRO accounts** during their stay in India. These accounts help them manage funds while traveling.

Who Can Open?

Foreign nationals of non-Indian origin

Must be visiting India for a short duration

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No Local Funds Can Be Credited (Except Interest Earned)

Closing the Account

Balance in the account must be paid when the visitor leaves India

Example: John, a British citizen, visits India for six months. He opens an NRO account and deposits USD 5,000, which he remitted from his UK account. When he leaves India, the balance is refunded to his foreign bank account.

Rules for Foreign Nationals Leaving India

When **foreigners working in India** leave permanently, their bank accounts must be converted.

What Happens to Their Accounts?

Job NRD

Resident bank accounts get converted into NRO accounts

For collecting pending dues (salary, investments, etc.)



paying taxes

Max repatriation limit = USD 1 million per financial year

Only repatriation transactions allowed (No new local deposits)

Account Closure:



Once all pending dues are received & repatriated, the account

must be closed

Example: Emily, an Australian working in India, leaves permanently. Her Indian bank account is converted to an NRO account, where she receives her last salary payment. She then repatriates the amount to her Australian bank account.

Special Rules for Accounts of Citizens from Certain

Countries

(a) Citizens/ Entities from Pakistan

Prior approval from RBI is required to open a bank account

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(b) Citizens of Bangladesh

Can open accounts in India

Must have a valid visa

Must have a residential permit from FRO/ FRRO

(c) Entities Owned by Bangladesh Nationals/ Companies

Prior RBI approval required before opening a bank account

(d) Citizens of Pakistan, Bangladesh from Minority Communities

Includes Hindus, Sikhs, Buddhists, Jains, Parsis & Christians

Can open ONLY one NRO account

Must have Long-Term Visa (LTV) issued by Govt. of India

Account Validity & Renewal Rules

Initially valid for 6 months

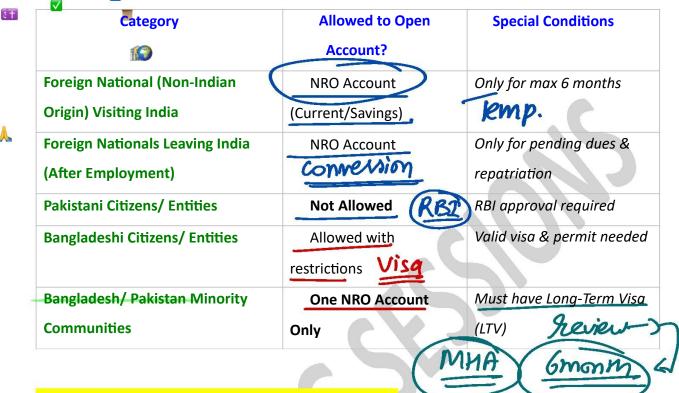
Can be renewed every 6 months if LTV application is under review

Must be reported to the Ministry of Home Affairs (MHA) quarterly

Example: Mohammed, a Pakistani Christian, migrated to India and applied for citizenship. He was granted a Long-Term Visa (LTV) and opened an NRO account in India, which was renewed every six months until he received citizenship. PDFs & Videos ALL PAPERS. <u>https://iibf.info/app</u>

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Final Takeaways for Foreign Nationals

Foreign tourists can open NRO accounts for 6 months

Foreigners leaving India can only use NRO accounts for repatriation

Pakistani & Bangladeshi citizens face stricter banking rules in India

Bangladeshi/Pakistani minority communities can open limited NRO accounts

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SPECIAL NON-RESIDENT RUPEE ACCOUNT (SNRR)

SNRR accounts are designed for foreign businesses or individuals who have legitimate business interests in India. This account allows them to conduct business transactions in Indian Rupees under FEMA guidelines.

(a) Who Can Open an SNRR Account?

Any person residing outside India (including companies &

businesses)

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Foreign nationals & entities with business interests in India

Prior RBI approval needed for citizens/entities from Pakistan &

Bangladesh

Example: A US-based company, XYZ Inc., exports software to India and

opens an SNRR account to receive payments from Indian clients in rupees.

(b) Purpose - Why Open an SNRR Account?

An SNRR account is used **only for business-related transactions** . It

is NOT a savings account!

Business Interests Include:

Investing in India

Importing/exporting goods & services

Trade credit transactions

max. limit

Imp

Lending under External Commercial Borrowings (ECB)

Business activities in International Financial Services Centres (IFSC)

like GIFT City

Example: A foreign company, ABC Ltd., imports machinery from India

and uses an SNRR account to pay the supplier in rupees.

(c) Tenure (How Long Can You Keep This Account?)

Linked to business contract duration

Renewal beyond 7 years needs RBI approval

Example: A German investor signs a 5-year infrastructure contract in

India. His SNRR account is valid for the same period and must be closed

after contract completion unless renewed with RBI approval.

no mix SNRR ALC is allowed

(d) Separate Accounts for Different Business Activities

Banks can offer:

Separate SNRR accounts for different transactions OR

A single account if transactions are clearly categorized

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Example: An American firm does both software exports and stock market investments in India. The bank may allow two separate SNRR accounts for clarity in transactions.

(e) Transaction Rules - What Can You Do?

Credits & debits should match business needs

Bank ensures FEMA compliance

Restrictions

Cannot provide foreign exchange to an Indian resident

No transfers from NRO accounts to SNRR accounts χ

Example: A Dubai-based company receiving rupee payments from its

Indian customers cannot use the SNRR account to convert rupees to USD

and transfer it to an Indian individual.

(f) Key Features of SNRR Account

Feature	Rule		
Interest	No interest paid on balances		
Repatriation	Funds can be repatriated abroad		
Taxation	Transactions are subject to Indian tax laws		
If Holder Becomes	Converted to a resident account		
Resident			
Nomination	Allowed for individual account holders		

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Funds can be transferred to nominee's NRO/NRE account or sent abroad

Example: A UK-based trading firm opens an SNRR account for its Indian Dusiness. After 5 years, it closes operations and repatriates the remaining balance to the UK.

REMITTANCE OF ASSETS BY NRIs/PIOs

NRIs and PIOs can remit money abroad from their assets in India,

subject to some conditions.

How Much Can Be Remitted?

From these assets:

NRO account balances

max limit/FY 1 Mn USD

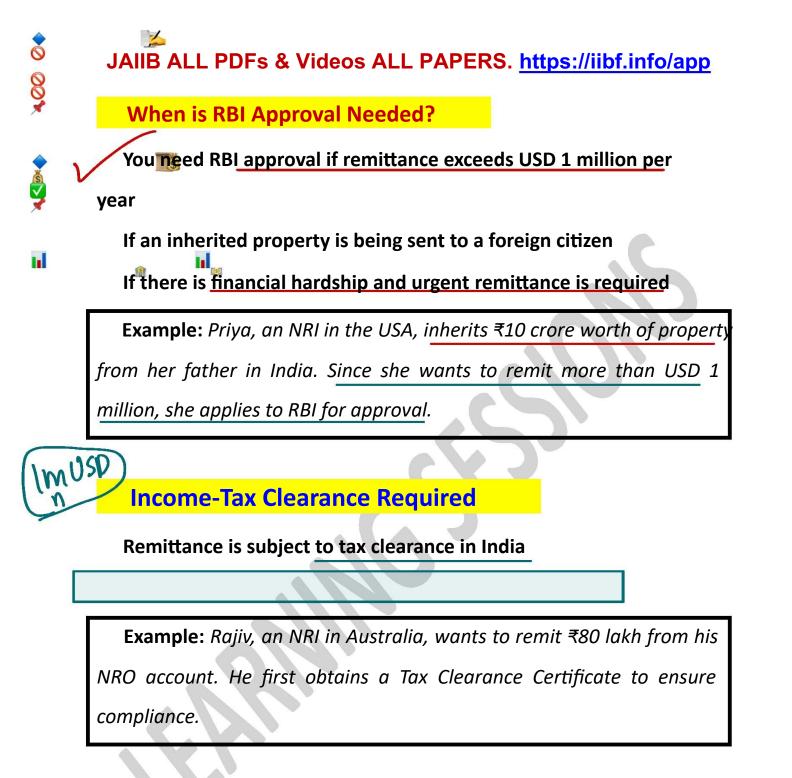
Sale proceeds of property in India

Inheritance or gifts from parents/relatives

Settlement assets received after a relative's death

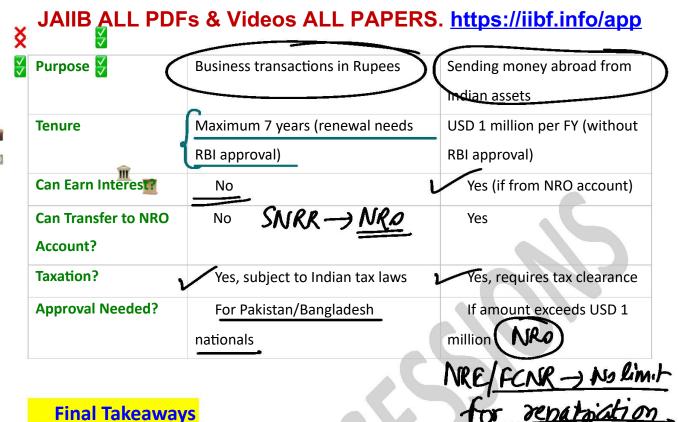
Example: Ramesh, an NRI living in Canada, sells his house in India and

remits USD 800,000 to his Canadian bank account.



Quick Summary – SNRR & NRI Remittance Rules

Feature	SNRR Account	NRI Remittance	
Who Can Open?	Foreign businesses with Indian	NRIS & PIOS	
	interests		



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SNRR Accounts are for foreign businesses with Indian financial

interests

NRIs can repatriate up to USD 1 million per year without RBI

approval

Income tax clearance is required before remittance

If remitting more than USD 1 million, RBI approval is needed