NRI Guide

Welcome to Reliance Mutual Fund

Make the most of the attractive investment opportunities in India. But before you do that know all that you need to know about investing. Here are a few answers to some fundamental questions that you might have in your mind. Keep it handy for reference.

Who is a Non-Resident Indian (NRI)?

An Indian citizen or a foreign citizen of Indian origin who stays abroad for employment/carrying out business or vocation for 182 days or more or under circumstances indicating an intention for an uncertain duration of stay abroad is a Non-Resident Indian (NRI). Those who stay abroad on business visits, for medical treatment, study or such other purposes, which do not indicate an intention to stay there for an indefinite period are not considered as NRIs.

Who is a Person of Indian Origin (PIO)?

A Person of Indian Origin (PIO) means a citizen of any country (other than Bangladesh or Pakistan), if :
(a) He/She at any time has held an Indian passport or
(b) He/She or either of his/her parents or grand parents was a citizen of India by virtue of the constitution of India or Citizenship Act, 1955 (57 of 1995) or
(c) He/She is a spouse of an Indian citizen or of a person referred to in (a) or (b) above.

What is an Overseas Corporate Body (OCB)?

An OCB is a company, partnership firm, society or other corporate body owned directly or indirectly to the extent of at least 60% by one or more NRIs and includes an overseas trust in which not less than 60% beneficial interest is held directly or indirectly by NRIs.

Who is a Foreign Institutional Investor (FII)?

FII means an institution established or incorporated outside India, which proposes to make investments in Indian securities and is registered with SEBI.

Can an NRI maintain a bank account in India?

Yes. NRIs can maintain accounts in rupees as well as in foreign currency. However, accounts in foreign currencies can be maintained with authorized dealers/ banks only.

What are the different types of rupee accounts that are permitted and can be maintained by NRIs?

The three types of rupee accounts permitted, that can be maintained by NRIs are as follows :
a) NRE : Non-Resident (External) Rupee Account
b) NRO : Non-Resident (Ordinary) Rupee Account
c) FCNR – B : Foreign Currency (Non –Resident) Accounts (Banks)
Note : With effect from 01/04/2002, both NRSR and NRNR deposit schemes have been discontiuned.

What are NRE and NRO accounts?

Non-Resident (External) Rupee (NRE) account is a rupee account from which funds are freely repatriable. It can be opened with either funds remitted from abroad or local funds maintained in NRE/ FCNR accounts, which can be remitted abroad. The deposits can be used for all legitimate purposes. The balance in the account is freely repatriable. Interest credited to the NRE accounts is exempt from tax in the hands of the NRI.
Non-Resident Ordinary Rupee (NRO) account is a rupee account and can be opened with funds either remitted from abroad or generated in India. The amounts in such an account are generally non-repatriable. However, funds in NRO accounts can be remitted abroad subject to/as per various directives in force at the time of repatriation. More details can be found on the Reserve Bank of India (RBI) website **www.rbi.org.in**

What is the distinction among NRE and NRO Accounts?

Balances held in NRE accounts can be repatriated abroad freely, whereas funds in NRO accounts cannot be remitted abroad but have to be used only for local payments in rupees. Funds due to the non-resident accountholder which do not qualify, under the Exchange Control regulations, for remittance outside India are required to be credited to NRO accounts.
Snapshot :

Type of Account	Currency	Repatriable / Non Repatriable
NRE - Non Resident External	INR	Freely Repatriable
NRO - Non Resident Ordinary	INR	Non Repatriable, Repatriable subject to RBI conditions
FCNR - Foreign Currency Non Resident	USD, GBP, Yen, Euro, DMK	Repatriable

Can an NRI, OCB, & FIIs invest in mutual funds in India?
While NRIs & FIIs can invest in mutual funds in India, OCBs cannot invest in mutual funds in India.

Does an NRI, PIO, FII requires any approval from the RBI to invest in mutual fund schemes?
No special approval is required. NRIs/FIIs have been granted a general permission by RBI [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000] for investing in/redeeming units of the schemes subject to conditions set out in the aforesaid regulations.

What is a PIO Card? Who Issues PIO Cards? How to get a PIO Card?
Person of Indian Origin (PIO) Cards are issued by Ministry of External Affairs (CPV Division), Government of India to persons of Indian origin through Indian missions abroad. Specific information on rules, forms, particular offices, missions is available on the website http://www.passport.nic.in/

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