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The Differences between NRE and NRO accounts:

Difference In :	**NRE**	**NRO**	**NRO**	FCNR : Foregin Currency Non Resident account	SNRR account
Why: Deposit and withdrawals /Motive /Purpose	This account is meant for foreign exchange earned outside India and transferred to India. So, if you want to park your overseas savings remitted to India after converting to Indian rupee, this account will work for you. Deposits in foreign currency and withdrawals in Indian rupee.	Deposits in both foreign currency and Indian rupee and withdrawals in Indian rupee.		To Mitigate the Flucatuation of indian currency . FCNRs are not savings accounts but fixed deposit accounts.	The SNRR account will carry the nomenclature of the specific business for which it is opened and not earn any interest.
Flow of Funds	funds that you consider for remittance outside the Indian boarders need to be credited to NRE account.	When we talk of remittance, the Indian funds earned by you that are not required to be sent abroad form a part of the credits of an NRO account		RBI decided that authorised dealer banks in India may be permitted to accept FCNR deposits in any permitted currency.	The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in no case should exceed seven years. No operations are permissible in the account after seven years from the date of opening of the account.

1. Repatriation:	NRE account is freely repatriable (Principal and interest earned).	while the NRO account has restricted repatriability i.e permitted remittance allowed from NRO is up to USD 1 million net of applicable taxes in a financial year after giving undertaking along with a certificate from a chartered accountant.	Not repatriable except for the following: i) current income ii) up to USD 1 (one) million per financial year (April-March), for any bonafide purpose, out of the balances in the account, e.g., sale proceeds of assets in India acquired by way of purchase/ inheritance / legacy inclusive of assets acquired out of settlement subject to certain conditions.	Yes, balances in FCNR can be freely repatriated outside India.	The balances in the SNRR account can be repatriated outside India.
Purpose of withdrawal	Not Require	Education, Healthcare ,………..		you can use the balance in FCNR account for making local payments in India.	
2. Tax Treatment:	NRE account is Tax free (no Income tax, wealth tax and gift tax) in India. Accrued interest income and balances held in NRE accounts are exempt from Income tax	On the other hand the interest earned in NRO account and credit balances are subject to respective income tax bracket and are also subject to applicable wealth and gift tax.	However, interest rates offered by banks on NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits. Tax is deducted at source in NRO accounts, unlike NRE accounts.		
3. Deposit of Rupee funds generated in India:	Deposit of such earnings is not permitted in NRE account.	If an NRI/PIO/OCI is earning income originating in India (such as salary, rent, dividends etc.) he/she is only allowed to deposit it in NRO account.			The debits/ credits and the balances in the account should be incidental and commensurate with the business operations of the account holder.

4. Joint Holding: .	NRE account can be jointly held with another NRI but not with resident Indian	On the other hand NRO account can be held with NRI as well as resident Indian (close relative) as defined under Section 6 of the Companies Act 1956.			
5. Choose Account If you :	**Choose NRE accounts if you:**	**Choose NRO account if you:**			
	(Primary reason) want to park your overseas earnings remitted to India converted to Indian Rupees;	(Primary reason) want to park India based earnings in Rupees in India;		You can open an FCNR account for a minimum term of 1 year and maximum term of 5 years. Is premature withdrawal available? Yes, you can withdraw your FCNR before completion of the selected term. Premature withdrawal is subject to a penal interest of 1%. Moreover, no interest is payable if the deposit is closed within a year.	The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder and in no case should exceed seven years. No operations are permissible in the account after seven years from the date of opening of the account.
	want to maintain savings in Rupee but keep them liquid;	want account to deposit income earned in India such as rent, dividends etc;		permitted NRIs to hold FCNR accounts jointly with other NRIs or with residents who are close relatives. In this case, the resident relative can operate the account as a power of attorney holder.	All transactions in the SNRR account will be subject to payment of applicable taxes in India.

	want to make a joint account with another NRI;	want to open account with resident Indian (close relative)		Nomination facility is available in FCNR accounts and the nominee can be either an NRI or a resident Indian.	
	want Rupee savings to be freely repatriable			"The balance in FCNR deposit of a deceased NRI can be credited to an NRI nominee's FCNR account and such funds can be freely repatriated	
Type of account	NRE account may be : Type of account	NRE account may be : Type of account			SNRR account may be designated as resident rupee account on the account holder becoming a resident.
	in the form of savings, current, recurring or fixed deposit accounts.	in the form of savings, current, recurring or fixed deposit accounts.			Opening of SNRR accounts by Pakistan and Bangladesh nationals and entities incorporated in Pakistan and Bangladesh requires prior approval of Reserve Bank.
	Such accounts can be opened only by the non-resident himself and not through the holder of the power of attorney.	Such accounts can be opened only by the non-resident himself and through the holder of the power of attorney.			
Currency	Account holder is exposed to the fluctuations in the value of INR	Account holder is exposed to the fluctuations, in the value of INR to the extent of interest amount.			

Transfer of Money		You can transfer money into an NRO account from any account - even other individuals residing in india can transfer money into an NRI's NRO account.		The funds in an FCNR account must necessarily come from your overseas funds. * You can transfer funds from an existing NRE account	Transfers from any NRO account to the SNRR account are not permitte
		funds from NRO to NRE accounts can be transferred, vice- versa .Within Limit from NRO to NRE.		* You can open an FCNR account using foreign currency notes or travelers cheques when you visit India	The amount due/ payable to non-resident nominee from the account of a deceased account holder, will be credited to NRO account of the nominee with an authorised dealer/
Comparing the exchange rates and interest rates the key	Normally Low	while an NRO account can earn interest. While the balances in a NRO account are non-repatriable (except for current income and to the extent permissible for NRIs/ PIOs under FEMA 13(R)), SNRR is a repatriable account.		The interest rates vary between terms and from currency to currency. Rates may also vary between banks. For instance, the rate for a 1 year FCNR deposit in US dollar would be in the range of 2.5-3% while the same for a deposit in Australian dollar would be 5-6% .It is important to note that this interest is tax free in India. However, you may be subject to tax in the country of your residence for such interest	The SNRR can be held only as a non-interest earning account,

Key Points	Always remember if you are depositing money from abroad never deposit the same in the NRO account. Always do so into the NRE account. This is because you can always move money from NRE to NRO, but, not the other way round. Also, compare some of the interest rates before investing. The chances are that there would be many companies that offer you a great interest rate. But remember even if the interest rate is higher in an NRO account always go for the NRE deposit, because they offer a tax free returns.				
Loan :NRIs avail loans against FCNR deposits				Rupee loans and foreign currency loans can be taken in India against the security of the deposit. "Presently such loans are restricted to Rs 10 million. These loans can be repaid out of maturity proceeds and/or local resources. Banks may also give loans to resident individuals, firms or companies against collateral security of FCNR deposits,	