

FEMA Ke Fundae

#FamiliarwithFEMA

**Non-Resident (External)
Rupee Account Scheme –
NRE Account**

Issue No : 83

Date : 10th January, 2024

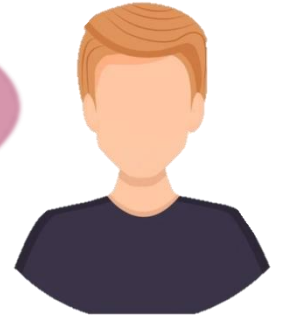




Devanand (NRI)

Hey! Mr. FEMA Gyani. My name is Devanand, and I am a resident of the United States with a keen interest of investments in corporate equities. My friend suggested me to get a Non-Resident (External) Rupee Account opened. Can you please brief me about it?

Yes Devanand, this can be possible through **Non-Resident (External) Rupee Account**, which is denominated in Indian Rupees .



The FEMA Gyani

That's great. Can you brief more about it like with whom I can open such account?

Sure, this account can be opened by Non-resident Indians (NRIs) and Person of Indian Origin (PIOs) with **authorized dealers and Banks of India**.



The FEMA Gyani



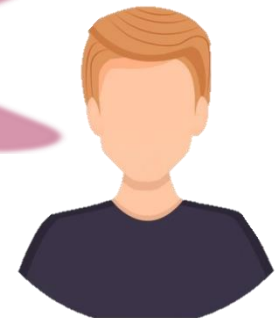
Devanand (NRI)



Devanand (NRI)

FEMA Gyani, as this account will be opened in India and it is a rupee denominated account. So, can I deposit INR cash in such account which is earned in India?

No, you cannot deposit INR cash in an NRE account because **NRE accounts are used to maintain income earned outside India**. Amount you deposit into these accounts must be earned outside India. The foreign currency you deposit into the account is converted to INR. Also, some permissible credits are specified in NRE account.



The FEMA Gyani

Proceeds of remittances to India in any permitted currency.

Transfers from other NRE/FCNR (B) accounts.

Proceeds of Personal cheques/ Bank drafts

Interest accruing on the funds held in the account.

Proceeds of Foreign Currency Notes/Travelers Cheques brought by the NRI account holder from abroad during his temporary visit to India.



The FEMA Gyani

Permissible Credits are:

Maturity or sale proceeds of any permissible investment in India

Current income in India due to the account holder

Refund of share/ debenture subscriptions to new issues of Indian companies

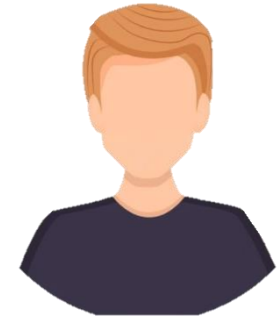
Refund of application/ earnest money/ purchase consideration made by the house building agencies/ seller on account of non-allotment of flat/ plot/ cancellation of bookings



Devanand (NRI)

Okay, I have one question just like the permissible credits, is there any conditions governing permissible debits within such account?

Yes, following are the permissible debits through such account.



The FEMA Gyani

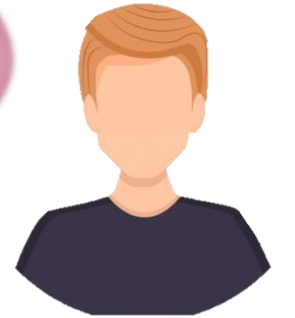
- ✓ Local disbursements.
- ✓ Remittances outside India.
- ✓ Transfer to NRE/ FCNR (B) accounts of the account holder account.
- ✓ Investment in shares/ securities/ commercial paper of an Indian company or purchase of immovable property in India, if permissible.
- ✓ Any other transaction if covered under general or special permission granted by the Reserve Bank.



Devanand (NRI)

I'm curious to know, do NRE accounts offer any interest on the deposited funds?

Yes, NRE accounts do offer interest on the funds you deposit. Rate of interest shall be in accordance with the directions issued by Reserve Bank. However, it's important to note that the **interest earned on NRE account deposits is tax-free in India.**



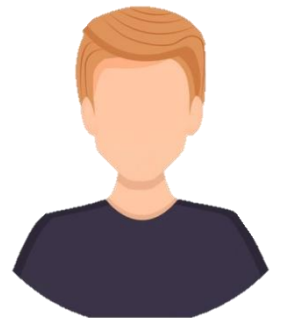
The FEMA Gyani



Devanand (NRI)

Is there any limitations on the repatriation of funds held in an NRE account?

No, Devanand. The account offers full repatriability, meaning you can freely transfer the funds back to your foreign accounts.



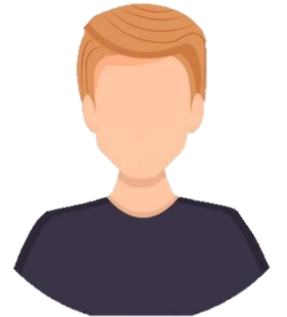
The FEMA Gyani



Devanand (NRI)

After considering the Investment opportunity in Indian companies. There is a possibility that in future I will be required more funds for Investment. I am eager to know whether it is feasible to obtain a loan against the holdings within my NRE account?

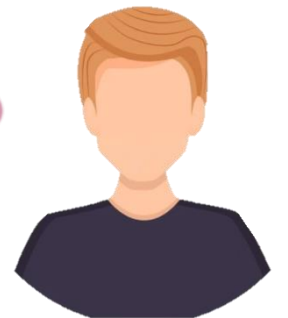
Yes, it is possible to avail a loan against funds held within your NRE account subject to some conditions.



The FEMA Gyani

Thanks for all the information. I really appreciate it!

You're welcome, Devanand.

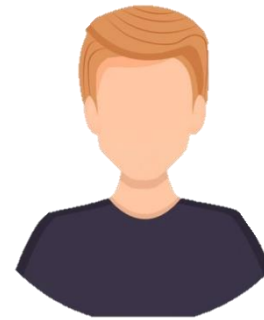


The FEMA Gyani



Devanand (NRI)

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoca>

WEBSITE

<https://jainshrimal.com/>

Disclaimer

- ❑ This presentation has been prepared on the basis of information available in the public domain and is intended for guidance purposes only.
- ❑ Jain Shrimal & Co. has taken reasonable care to ensure that the information in this presentation is accurate. It however accepts no legal responsibility for any consequential incidents that may arise from errors or omissions contained in this presentation.
- ❑ This presentation is based on the information available with us at the time of preparing the same, all of which are subject to changes which may, directly or indirectly impact the information and statements given in this presentation.
- ❑ Neither Jain Shrimal & co., nor any person associated with us will be responsible for any loss however sustained by any person or entity who relies on this presentation. Interested parties are strongly advised to examine their precise requirements for themselves, form their own judgments and seek appropriate professional advice.