

Investment options for NRIs in India



Types of NRI Bank Accounts

Non resident Indians are not allowed to operate a savings bank account in India.

Therefore, they have to open certain different types of accounts in India for various purposes, including investments.

Basis	NRE Account	NRO Account	FCNR Account
Currency	Indian Rupee	Indian Rupee	Foreign Currencies
Primary Purpose	Foreign earned income can be deposited here	For Indian earned income	Foreign earned income can be deposited here
Types of Accounts	Savings A/c & Fixed Deposit A/c	Savings A/c & Fixed Deposit A/c	Fixed Deposit A/c Only
Repatriation	Fully repatriable	Interest earned is fully repatriable. The capital balance can be repatriated upto USD 1 million per fiscal year. Foreign income can be deposited but not repatriated.	Fully repatriable
Taxation	The entire balance & interest earned is exempt from tax	Interest portion is taxable as per the income tax slab	The entire balance & interest earned is exempt from tax
Foreign exchange risk	Present	Not present	Not present
Joint account	Can be opened with another NRI only	Can be opened with another NRI or resident Indian	Can be opened with another NRI only

Investment options & NRI

Type of Investment	Can NRIs Invest
Bank Fixed Deposits	Yes
Mutual Funds	Yes
Direct Equity	Yes
Real Estate	Yes
Sovereign Gold Bonds	No
Government securities	Yes
National Pension System	Yes
Public Provident Fund	No
Post office Schemes	No
PMS	Yes

NRI Taxation in Mutual Funds

Capital Gains	
Equity Schemes	
Short Term Capital Gains	15%
Long Term Capital Gains	10% above Rs 1lakh.
Other than Equity Schemes	
Short Term Capital Gains	As Per Investors' Tax Slab
Long Term Capital Gains	Listed – 20% with indexation Unlisted – 10% without indexation
Tax Deducted at Source	
Equity Schemes	
Short Term Capital Gains	15%
Long Term Capital Gains	10%
Other than Equity Schemes	
Short Term Capital Gains	30%
Long Term Capital Gains	30%

NRI Taxation in Mutual Funds

Dividends	
Income Tax	As per investors' Tax Slab
Withholding Tax	20%

* Surcharge and Cess as applicable on above tax rates.

Thank You