

**RESOURCE MOBILISATION DIVISION  
HO: NEW DELHI**

**F.A.Q.'s N.R.E. Deposit Scheme**

**1. What is NRE A/c?**

- Non-Resident (External) Account.

**2. Who can open NRE a/cs?**

- The a/c can only be opened in the name of NRI individuals – single/joint.

- NRE accounts can be opened only by the NRI himself and not through the holder of the power of attorney.

**3. Who is Non-resident Indian / Persons of Indian origin?**

- Those Indian residents, who are in employment, studying and staying permanently abroad and foreign nationals (except of Pakistan and Bangladesh), with their origin in India.

Students proceeding abroad for higher studies are treated as Non-residents.

**4. Which type of accounts can be opened under NRE?**

- Saving Fund / Current Account / Recurring Deposit / Term Deposit (with maturity of minimum 1 year & maximum 10 years).

**5. In which currency these a/cs are maintained in the Banks?**

- Indian Rupees.

**6. These accounts can be opened with which funds?**

- These accounts can be opened in Indian Rupees with / out of the funds received as foreign inward remittances in freely convertible currency through normal banking channel.

- The Foreign Currency Travelers Cheques / Notes may be accepted during temporary visits of the NRI, for credit to account.

- Transfers from rupee accounts of non-resident banks.

**7. Is transfer of funds from existing NRE / FCNR a/c to NRE a/c and vice-versa permitted without the prior approval of RBI?**

Yes.

**8. Can these accounts be opened jointly with Indian residents?**

In the names of two or more non-resident individuals provided all the account holders are persons of Indian nationality or origin.

Resident close relative (relative as defined in Section 6 of the Companies Act, 1956 ) on **'former or survivor'** basis.

The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/PIO account holder

**9. Whether nomination is permitted in NRE Account?**

- Nomination in favour of NRI/PIO or a resident is allowed in the account.

**10. What are the maturity periods under the NRE-Term Deposit scheme?**

- 1 Year to 10 Year.

**11. Whether interest income from NRE a/c is taxable under Income Tax?**

- No. Interest income from NRE accounts is exempt under Income-tax rules.

**12. Whether deposit held under NRE a/cs is taxable under Wealth Tax?**

- No. Deposit held under NRE a/cs is not taxable under Wealth Tax.

**13. Whether resident Indian holder of Power of Attorney is permitted to operate the a/c?**

- Yes. Operations restricted to local disbursements (other than gifts to resident), including for investments subject to compliance of relevant regulations. But remittances / repatriation abroad may be made only to account holder.

**14. Is the addition or deletion of name/s of joint account holders allowed?**

- At the request of all the joint holders, Bank may allow the addition or deletion of name/s of joint account holder/s, as per rules.

**15. Is the amount held under NRE deposit repatriable?**

- Yes. Funds (Principal & Interest) is fully repatriable in foreign currencies.

**16. Whether Debit Card Facility is available to NRE account holders?**

- DEBIT-cum-ATM Card facility is available for NRE account holders. The same is provided, upon request.

**17. Whether Internet Banking Service is available to NRE a/c holders?**

- Yes, the Internet Banking Service (IBS), including transactions facility is available to NRE a/c holders. The same is provided, upon request.

For more details, please visit our website [www.pnbindia.com](http://www.pnbindia.com) LINK - INTERNET BANKING ....Internet Banking for NRIs.

**18. How the interest is to be paid on term deposit maturing on Sundays / holidays / Non-business working days?**

- Bank to pay interest at the originally contracted rate on the deposit amount for above-mentioned days, intervening between the due date and the actual date of payment, on the succeeding working day.

**19. Is there any facility for granting Loan / overdrafts against NRE Deposits to account holder/ third party?**

- Yes, for permitted purposes, as per RBI guidelines.

**20. What are the restrictions on advances against NRE deposits?**

- Can be extended against security of funds held in NRE Account either to the depositors or third parties without any ceiling subject to usual margin requirements.

**21. How interest is payable on NRE deposits to NRIs on return to India?**

- Banks may allow NRE deposits NRIs/PIOs, who return to India for permanent settlement, to continue till maturity at the contracted rate of interest, if desired, as per rules.

**22. Is the premature withdrawal of deposits allowed?**

- Yes. At the request of the depositor, Bank allows premature withdrawal.

**23. Is any penalty levied on pre-mature withdrawal of NRE deposit?**

- The guidelines prevailing at the time of cancellation will be applicable. However in NRE Sugam Term Deposit no penal interest is charged on premature closure.

**24. Permissible Credits**

- Inward remittance to India in permitted currency,

- Proceeds of account payee cheques, demand drafts / bankers' cheques, issued against encashment of foreign currency, where the instruments issued to the NRE account holder are supported by encashment certificate issued by AD Category-I / Category-II,

- Transfers from other NRE / FCNR accounts,

- Sale proceeds of FDI investments, interest accruing on the funds held in such accounts,

- Interest on Government securities/dividends on units of mutual funds purchased by debit to the NRE/FCNR(B) account of the holder, certain types of refunds, etc.

**25. Permissible Debits**

- Local disbursements, transfer to other NRE / FCNR accounts of person eligible to open such accounts, remittance outside India, investments in shares / securities/commercial paper of an Indian company, etc.

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