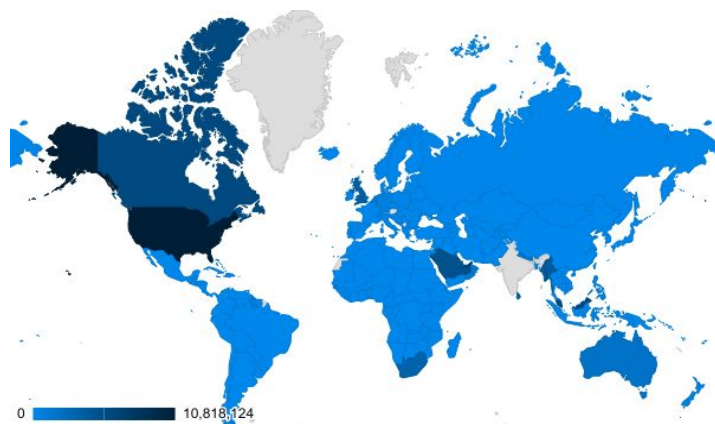


Non Resident Indians

- The Indian diaspora, the largest in the world, plays a vital role in India's economic landscape.
- While they may not be residents of India, there are multiple ways in which they contribute to the overall economy.
- Through remittances, NRIs enhance the country's foreign exchange reserves, making it a major source of foreign currency inflow.
- During times of economic uncertainty and global financial volatility, these reserves are crucial for ensuring India's macroeconomic stability.

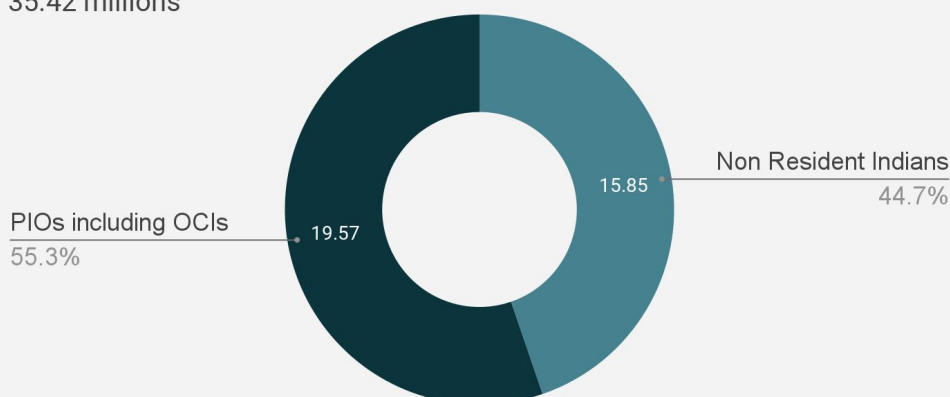


Indian diaspora across the world as per their density

Source: Ministry Of External Affairs

Categories of Overseas Indians

Ministry of External Affairs-Population of Overseas Indians (May 2024)-Total: 35.42 millions

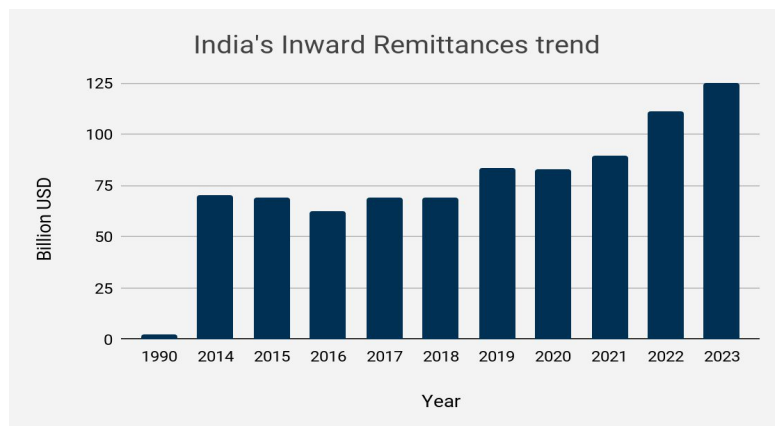
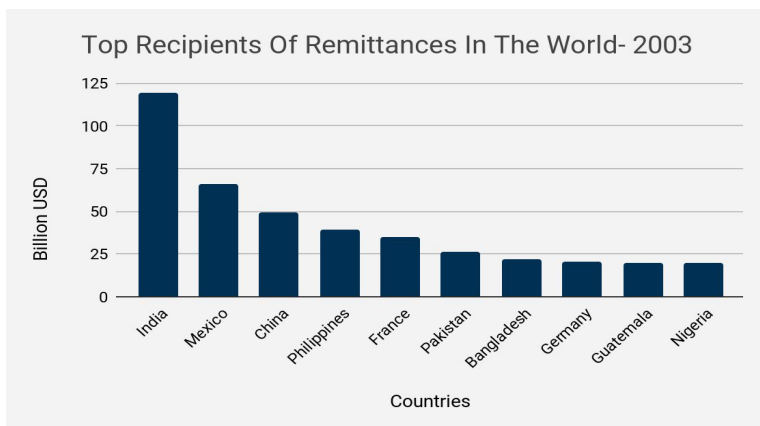


Who?

NRI	Person of Indian Origin	OCI cardholder
An Indian citizen who is ordinarily residing outside India and holds an Indian Passport	A person who was or whose any ancestor was an Indian national and who is presently holding another country's citizenship/nationality i.e. he/she is holding foreign passport	A person registered as Overseas Citizen of India (OCI) Cardholder under section 7A of the Citizenship Act, 1955, a foreign national who was an Indian citizen or eligible to become an Indian citizen on or after 26th January 1950 or belonged to a region that became part of India after 15th August 1947. They will have their respective citizenship based on country of origin

Remittances

India is the top ranked remittance recipient country in the world with a total of \$125 billion sent by Indians living in different parts of the world to their families in India, according to a report by the World Bank- Recipients of Remittances among Low and Middle Income Countries-2023.



Bank account types for NRIs

	Non Resident External Account - NRE	Non Resident Ordinary Account - NRO	Foreign Currency Non Resident Account-FCNR
Function	NRIs/PIOs can deposit their money in foreign currency	NRIs/PIOs can deposit their Indian as well as foreign incomes	Funds invested continue to be maintained in foreign currency, unlike the rupee-denominated NRE/NRO
Deposit and withdrawal	Money is deposited in foreign currency and withdrawn in Indian currency, no rupee credits allowed	Money can be deposited in both foreign as well as Indian currency but can be withdrawn in Indian currency only	Account maintained in foreign currency
Repatriable	Money in the account can repatriate, which includes both Principal and interest	The interest earned can fully repatriate however the principal amount can be repatriated within the set annual limit of USD 1 million dollar	Both, the principal and the interest amount in FCNR (Bank) accounts can be freely transferred to foreign country
Taxation	Interest earned is tax free	Interest earned is taxable as per Income Tax laws	Interest earned is tax free
Joint holding	Can have NRIs or PIOs as joint holders	NRI can have a joint account with another NRI as well as an Indian citizen.	Can be held jointly with two or more NRIs/PIOs, or a resident relative
Exchange rate risk	Prone to risk as deposit and withdrawal is in different currencies	Not prone to risk as both deposit and withdrawal is in Indian currency	Protects funds from currency fluctuation risk as the deposit is maintained in foreign currency

Investment Avenues for NRIs

- Fixed deposit bank accounts
- Mutual funds
- Direct equity
- Real estate
- Bonds & NCDs
- NPS (Tier-I)
- Government securities
- National Pension Scheme (NPS)
- Public Provident Funds (PPF)*
- Portfolio Management Services (PMS)
- Unit Linked Insurance Plans (ULIPs)

* NRI can maintain a PPF account which was opened as a resident of India, he cannot open a new account as an NRI.

- ❑ NRIs need to understand the applicable laws and restrictions before making investment decisions.
- ❑ India has signed comprehensive Double Taxation Avoidance Agreement (DTAA) with more than 90 countries to help NRIs avoid being doubly taxed.
- ❑ With a range of choices available, NRIs can diversify their investment portfolio and make conscious financial decisions to secure their future.

Investment in Mutual Funds by NRIs

- Investment with Indian Currency only
- Should hold Non Resident External Account (NRE) or Non Resident Ordinary Account (NRO).
- Can transact directly or through an appointed Power of Attorney in India

Documents required for KYC-mutual funds :

- ❑ CKYC form with passport size photograph
- ❑ PAN, Passport, Overseas & Indian Address proof, bank statement/ driving license-Self attested copies
- ❑ Incase of PIO-certified true copy of the PIO Card.

NOTE:

Documents in a foreign language, to be translated into English before submission.

Attestation by Indian Consulate or overseas branches of scheduled commercial banks registered in India, Indian Embassy/ Consulate General in the country of residence, Court Magistrate, Notary Public

	US Based	Canada Based
	AMCs accepting investments from US / Canada based investors- With Declaration	
	Axis MF	
	ABSL MF	
	HDFC MF	
	Kotak MF	
	Motilal Oswal MF	
	PPFAS MF	
	TATA MF	
	UTI MF	
	Nippon MF	
	SBI MF	
	Sundaram MF	
	Bajaj MF	--
	Bandhan MF	--
	DSP MF	--
	Edelweiss MF	--
	HDFC MF	--
	ICICI Prudential MF	--

- ❑ An NRI can invest in MFs as long as he or she adheres to the Foreign Exchange Management Act (FEMA).
- ❑ Due to the cumbersome compliance requirements of FATCA (Foreign Account Tax Compliance Act), many fund houses do not accept investments from US/ Canada based investors.

New KYC Guidelines-SEBI

New KYC requirements of SEBI which came into effect from 1st April 2024

Requirement	Description	Impact/Notes
Name Validation	Name in MF folio must match the PAN card	Ensures consistency and reduces fraudulent activities
Address Validation	Residential address must be validated, done through Aadhaar	Accurate address for correspondence and legal purposes
Aadhaar-PAN Linkage	Aadhaar must be linked with PAN, verified from Income Tax website	Simplifies identity verification and complies with regulations, **Aadhaar not compulsory for NRIs, but PAN must reflect NRI status
Email or Mobile Verification	Verified through OTP sent to the registered email or mobile number	Ensures active communication channels
Extended date	Until April 30, 2025	NRIs with "KYC Registered" status can continue to invest without additional documentation till 30th Apr '25
KYC Status	If status is "On Hold" or "Rejected"	NRIs must undergo the KYC procedure again

Capital Gains Taxation for Mutual Funds

Type of MF Scheme	Equity Oriented Schemes	Other Than Equity Oriented Schemes
	LTCGs -(units held for more than 12 months) STCG-(units held for 12 or less months)	LTCG -(units held for more than 36 months) STCG-(units held for 36 or less months)
STCG*	15%	30%^
LTCG*	10%	Listed 20% with indexation, Unlisted 10% without indexation
	Tax Deducted at Source	
	Short Term Capital Gains*	Long Term Capital Gains*
Equity Oriented Schemes	15%	10%
Other Than Equity Oriented Schemes	30%^	10% for unlisted and 15% for listed
	*Surcharge as applicable and Cess	^ assuming investor falls in highest tax bracket