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"To The Global Indian Community……"

NRIFinancebuddy

Buddy like Advice

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Foreword

There are more than 30 million of Global Indians living & working across the world. US, UK, CANADA, AUSTRALIA, UAE, KSA and other GCC countries being the prominent places that holds a majority of the Global Indians.

Most of these Global Indians still hold a *very strong cultural bondage*, *family & friends' connections* and none the less, a deep ***banking & financial relationship*** with their land of origin, making it the biggest immigrant diaspora of the world and a major contributor of India's forex reserves. Just to give a perspective, India retained its ***NO. 1 position as the largest recipient of remittances*** with the Global Indian diaspora sending back in excess of USD 80 billion in the year of 2018 only.

NRI Banking & Investments had historically been considered a very ***niche*** *segment* in Indian Banking and Investment Industry, that demands for specialized knowledge of regulatory aspects, up to date information of ever evolving Indian as well as global economic and political scenarios and extreme care in handling and managing the Banking & Investments relationships. No surprise that almost all of the major Indian Banks and Financial institutions have specialized operating desk catering to the Global Indians.

In spite of the relentless efforts from the regulators, the market participants like banks, mutual fund houses, equity brokers, there still lies a ***huge gap between the expectation and the experience*** when it comes to the actual service delivery. Be it a cross border banking transaction, an investment or adhering to a regulatory requirement like KYC-AML. The Global Indians often find themselves ***struggling with several REAL-TIME ISSUES*** like opening a bank account or a trading account while in the country of residence, getting the Digital channels like internet or mobile banking working, deliverables like cards or cheque books, KYC & RE-KYC, FATCA-CRS declaration updating, Mutual Fund or share broker KYC, transaction processing or a tax concern, and this list can never be exhaustive enough.

While struggling with any service issue with their banks/financial institutes or financial advisors, their first resort of further information or guidance is mostly the ***online search,*** looking for a solution to the existing problems they are facing.

However, while looking for a help to solve a problem, most of the time they end up visiting some of the websites which are trying to sell some products.

Give it a try…. search the web with any of the issues you might be facing right at this moment, you will understand what I am trying to mean. Looks like ***everyone out there wants to sell but no one is willing to serve.***

I simply feel an affinity towards the situation being a global Indian myself and being aware of the real time struggles of the fellow global Indians, dealing with their issues day in and day out. This has inspired me to come forward with whatever little knowledge & expertise I have gathered during my past 15 years journey in providing best guidance on NRI banking & investments, because I believe…

"A helping hand is better than praying lips".

I really hope that this book will help you in understanding the basics of NRI Banking & Investments better than ever before and thus will make your life easier while dealing with your banks and/or financial advisor.

If you still have some doubts on any of the topics or simply confused about how to manage your NRI Banking or Investment with any Indian banks, financial institution or financial advisor…

Feel free to ask for advice…. Visit my blog and write to me:

https://nrifinancebuddy.com buddy@nrifinancebuddy.com

I am not claiming that I know everything and can provide you with an instant solution for all the matters concerning. Rather my promise is, either I will provide Best Guidance on NRI Banking & Investments OR I will get the information /advice from somebody who is knows better, ***of course FREE of cost*… *Buddies don't charge…!!!***

Just don't forget two things:

First and foremost, **NEVER EVER** share any of your personal details like account no, card no, OTPs, passwords or any other sensitive information like name of the bank officer or financial advisor. *Just share the problem you are facing in brief*.

Lastly, don't forget to drop a thanks mail / text, if you find my/our suggestion had helped you by any way. A single word of appreciation will go far way to keep you 'nrifinancebuddy' motivated & focused……

Cheers….!!!

Table of Content

Banking:

NRI Banking is a very **specialized and niche segment** in the Indian Banking Industry. All of the major scheduled commercial banks in India offers NRI Services. Almost all of them have dedicated desks and NRI team to cater to the needs of the Global Indian diaspora……NRIs, PIOs & OCIs.

NRI Banking services basically consist of three major verticals viz Savings Bank accounts, Term Deposits (popularly known as fixed deposits) & Remittances.

Who is a Non-Resident Indian?

QUOTE

Section 2 of the Foreign Exchange Management Act, 1999 (FEMA) deals with various definitions. It defines a person resident in India and a person resident outside India. However, it does not define the term non-resident nor it does define the term Non-Resident Indian (NRI).

However, Notification No. 5/2000-RB (dealing with various kinds of Bank Accounts) defines the term Non-Resident Indian (NRI) to mean a person resident outside India who is either a citizen of India or is a person of Indian origin. In short, the definition of the term NRI is contextual and can have slightly different connotations for FEMA/Income Tax/Acquisition of Immovable Property etc.

UNQUOTE

For Banking Purposes :

An Indian passport holder going abroad for an indefinite period for the purpose of study, business or vocation considered to be NRI (Non-Resident Indian).

For Taxation purposes :

An Indian Passport holder staying abroad for more than 182 days in a financial year is considered to be NRI (Non-Resident Indian) for that financial year.

Check out for more details:

https://www.rbi.org.in/scripts/FAQView.aspx?Id=52#FQ1

Who is a Person of Indian Origin (PIO)?

QUOTE

For the purposes of availing of the facilities of opening and maintenance of bank accounts and investments in shares/securities in India; Person of Indian Origin means any person:

a) Who at any time, held an Indian passport; or

b) He/she or either of his/her parents or his/her grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955(57 of 1955) or

c) The person is a spouse of an Indian citizen or a person referred to in clause (a) or (b) above.

UNQUOTE

A Person of Indian Origin (PIO) means a foreign citizen (except a national of Pakistan, Afghanistan Bangladesh, China, Iran, Bhutan, Sri Lanka and Nepal)

who at any time held an Indian passport Or

who or either of their parents/ grandparents/ great grandparents was born and permanently resident in India as defined in Government of India Act, 1935 and other territories that became part of India thereafter provided neither was at any time a citizen of any of the aforesaid countries (as referred above); Or Who is a spouse of a citizen of India or a PIO.

Check out for more details: https://mha.gov.in/sites/default/files/ForeigD-FAQs-PIO-Crd.pdf

Who is an OCI?

QUOTE

The Government of India, on application, may register any person as an Overseas Citizen of India, if the person:

- was a citizen of India on 26 January 1950 or at any time thereafter; or
- belonged to a territory that became part of India after 15 August 1947; or
- was eligible to become a citizen of India on 26 January 1950; or
- is a child or a grandchild or a great-grandchild of such a citizen; or
- is a minor child of such persons mentioned above; or
- is a minor child and whose both parents are citizens of India or one of the parents is a citizen of India; or
- is a spouse of foreign origin of a citizen of India or spouse of foreign origin of an Overseas Citizen of India Cardholder registered under section 7A of the Citizenship Act, 1955 and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application?

No person, who or either of whose parents or grandparents or great grandparents is or had been a citizen of Pakistan or Bangladesh, is eligible for registration as an Overseas Citizen of India. Persons who served as a member of any foreign military are also ineligible to receive an OCI card.

UNQUOTE

A foreign national, who was eligible to become citizen of India on 26.01.1950 or was a citizen of India on or at any time after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 is eligible for registration as Overseas Citizen of India (OCI). Minor children of such person are also eligible for OCI. However, if the applicant had ever been a citizen of Pakistan or Bangladesh, he/she will not be eligible for OCI.

Check out for more details:

https://ociservices.gov.in/welcome

Who is an RNOR?

QUOTE

A person is an RNOR if he meets either of these two conditions: –

He/she has been non-resident in India, that is, an NRI, in nine out of the ten previous years preceding that year, or –

He/she has, during the seven previous years preceding that year, been in India for a period of 729 days or less

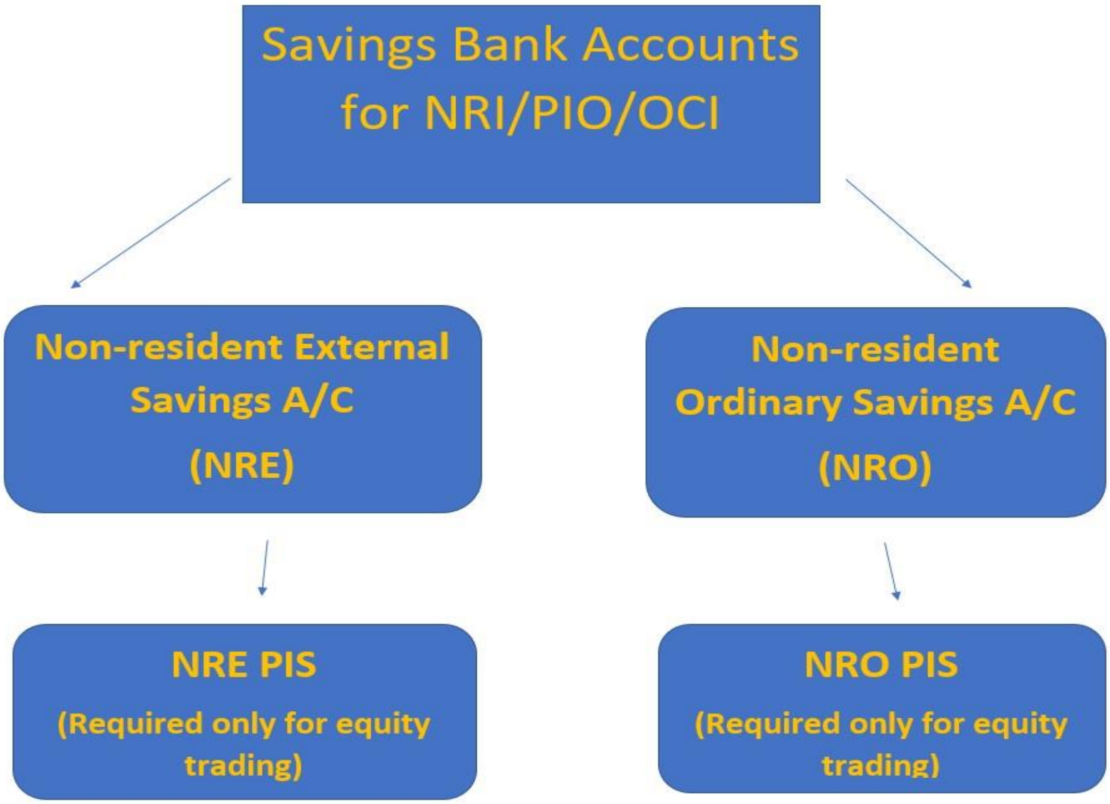
Now depending on the date of return, a person can take the benefit of the RNOR status for up to 3 tax years in India. (Note than a tax year in India is a fiscal year, that is, from April to March)

UNQUOTE

It’s a special status given to the returning NRIs. Under this status they can continue enjoying tax exemption on their foreign and repatriable earnings, for example interest on their existing FCNR(B) deposits.

- Any income that is ‘earned’ in India is taxable for you in India.
- Your Income outside of India is not taxable in India.

Bank Accounts For NRI/PIO/OCI



Before we explore the details of the above mentioned Bank Accounts for NRIs

ONE FUNNY THING......

First of all, there is nothing called **"NRI ACCOUNT"** .... Bank Accounts for NRIs are NRE & NRO and it's for NRIs (PIOs/OCIs as well)

And ONE NOT SO FUNNY THING…

NRI/PIO/OCIs ARE NOT ALLOWED TO HOLD AND OPERATE RESIDENT ACCOUNTS.

What to do?

Simple, once you have become NRI…***convert your RESIDENT account into NRO & open an NRE account.***

Most of the bank will convert the existing resident accounts to NRO mandatorily when you apply for an NRE account with them.

If you are planning to open your NRE account with a different bank, make sure you inform your existing bank about the change in your residential status.

They may ask you for few documents for the account conversion. Therefore, keep these documents are ready with you:

1	**Valid passport copy; 1st page, last page and all other relevant pages**
2	**Valid residential status proof, Residence, Work, student Visa/ PR/ PIO-OCI Card/ IQAMA (For Saudi) etc.**
3	**Address proof in your country of residence, Utility Bill/ Local bank/ Credit card statement/ Employment letter/ Labour contract etc.**
4	**PAN copy; Bank will ask you to sign Form 60 if you don’t have PAN.**
5	**Recent coloured photograph**

Now that you know what to do with your resident accounts after becoming NRI…. Let us take a look at the features and benefits of the Bank Accounts for NRIs (NRE /NRO accounts):

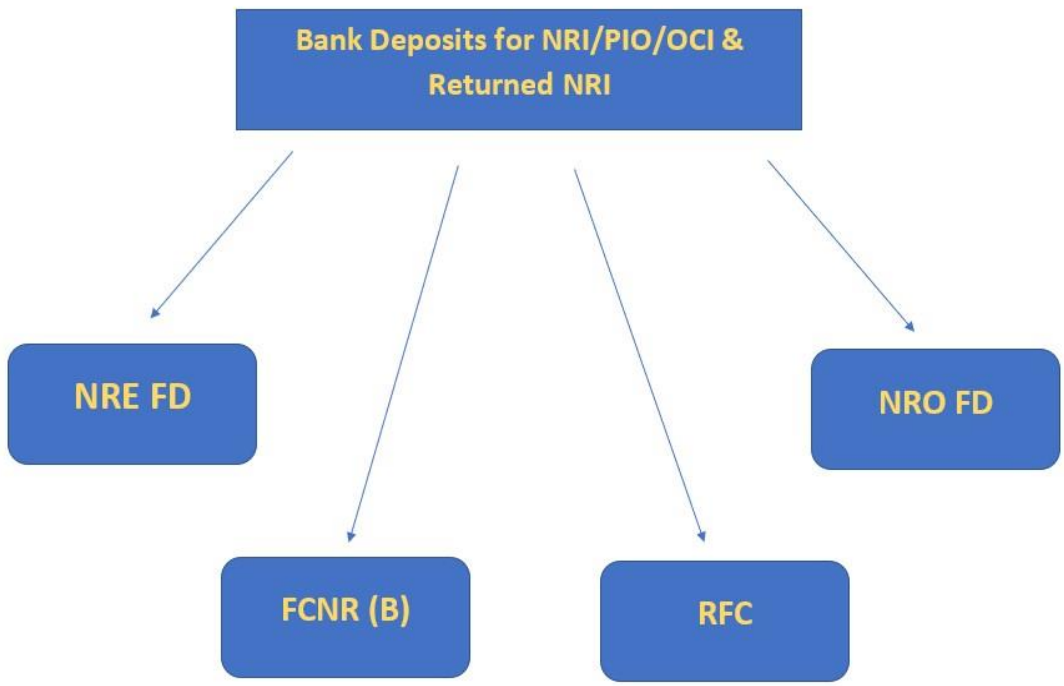
Area	NRE	NRO
Repatriability	Both Principal & Interest are FULLY & FREELY REPATRIABLE	Generally not repatriable, Repatriable subjected to fulfillment of regulatory guidelines
Tax Treatment	Interests are exempted from taxation in India	deduction, banks generally deducts TDS from the interests paid on NRO account at the highest slab
Permissable Credit	Permissible credits in NRE account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance). *** Only those credits which are repartiable in nature	In addition to all the permissible credits in NRE, the NRO accounts can also receive legitimate dues of the NRI in India,e.g, Rents, Dividends and other current income. Rupee loan/ gifts received by NRIs from residents withing the suggested limits of Liberalised Remittance Scheme (LRS) can also come into NRO account.
Permissible Debit	For any payment and investments in India and abroad	Generally, only local payments and investments in India
Internet Banking	Available	Available
Mobile Banking	Available	Available
Chque Book	Available	Available
Debit Card	International Debit card	Domestic Debit Card
Resident Joint Holder	Permitted in Former or Survivor mode	Permitted
NRI Joint Holder	Permitted	Permitted
Currency	INR	INR

Want to open Non-Resident Account?

Want to open NRE/NRO account ??	Follow these steps :
Step 1_Get your documents ready : Most of the banks will ask for the following documents :	Valid passport copy ; 1st page, last page and all other relevant pages,
	Valid residential status proof , Residence, Work, student Visa/ PR/ PIO-OCI Card/ IQAMA (For Saudi) etc.
	Address proof in your country of residence, Utility Bill/ Local bank/ Credit card statement/ Employment letter/ Labour contract etc
	PAN copy; Bank will ask you to sign Form 60 if yoou don't have PAN.
	Recent coloured photograph
Step 2_ *Decide on the bank*	It's entirely personal choice and preferrence. But try to select one with good internet banking/ mobile banking platforms, because you will need that more than physical branches. Also consider the bank's reputation on customer support. *Do some online research.*
Step 3_ *Choose the branch beforehand*	Though you may not be visiting the branch frequently, still choose a branch near to your place of residence in India. Search google with " IFSC Code of (Name Of the bank) space (Name of the place) ". For example " IFSC Code of SBI Andheri east" . Note down the IFSC code.
Step 4 _ *Initiate the process*	Go to the website of the shortlisted bank's NRI section. Drop your contact details. They will contact you

Till the time they contact you…...Just chill…!!

Different Bank deposits for NRIs



Let us take a detailed look into the Bank deposits for NRIs/ PIOs/ OCIs and returned NRIs:

Comparison between different deposits

	NREFD	NROFD	FCNR (B)	RFC
Repatriability	Both Principal & Interest are FULLY & FREELY	Generally not repatriable. Repatriable subjected to	Both Principal & Interest are FULLY & FREELY	Both Principal & Interest are FULLY & FREELY
Tax Treatment	Interests are exempted from taxation in India	Interests are subjected to tax deduction, banks generally deducts TDS from	Interests are exempted from taxation in India	Interests are exempted from taxation in India only if the person holds RNOR status.
Permissible Source Of Fund	Permissible source of funds for NRE deposit account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance).	In addition to all the permissi	Permissible source of funds for FCNR (B) deposit account are inward remittance from outside India, interest accruing on the NRE/ FCNR (B) account, interest on investment if made out of repatriable funds , transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made	Permissible source of funds for RFC deposit account are inward remittance from outside India, interest accruing on the NRE/ FCNR (B) account, interest on investment if made out of repatriable funds , transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made
Permissible Debit	For any payment and investments in India and abroad	Generally, only local payment	For any payment and investments in India and abroad	For any payment and investments in India. Also become repatriable when
Currency	INR	INR	FCY- All major fully convertible currency like USD,GBP, EUR, AUD,CAD,	FCY- All major fully convertible currency like USD,GBP, EUR, AUD,CAD.
Resident Joint	Not permitted	Permitted	Not permitted	Not permitted
Tenure	Minimum 1 year, Maximum 5 years	Minimum 7 Days, Maximum 10 Years	Minimum 1 year, Maximum 5 years	Minimum 1 year, Maximum 5 years

Want to open a bank deposit ??

For NRE/NRO Deposit			
Situation 1	Already have NRE/NRO account	Active on Internet banking/ Mobile banking	DIY - Do it yourself
Situation 2	Already have NRE/NRO account	Not Active on Internet/ Mobile banking	Contact your banker
Situation 3	Don't have NRE/ NRO account	Open the accounts first	Follow the step mentioned in accounts section

For FCNR(B)/ RFC			
Any situation	Account or no account	Active on digital channels or not	Contact your banker

Loans for NRIs In India

Though all the banks will tell you that they offer all kinds of loans to the NRIs/PIOs/OCIs, like Home loan, Loan against property, Car Loan, Personal Loan, Education Loan (and whatnot), in reality most of them offer only TWO TYPES of loan for NRIs/PIOs/OCIs.

Home loan to buy property in India

Loan against property held in India

If you actually enquire about any other loans, like car loan or personal loan, you will find out either they don't offer that loan or the *loan is actually given to any of your resident close relative*, and you are just a financial co-borrower. This simply means, in case of any unfortunate events, bank will hold your close relative responsible for the repayment of the loan.

Moreover, these loans come with a high interest rate. Hence, it makes more sense to borrow at your country of residence at lower rate and remit the amount to India, for any smaller amount or for the purposes like buying a car/ education of any relatives/ Wedding/ Vacation & so on.

For example, it always makes more sense to borrow $ 15000 in US and send the money to India and later repay @ 5% p.a, rather than borrowing Rs 10 lakh in your parents' name @ 15% in India.

Only when it comes to home loan or loan against your existing property in India, the role of Indian banks comes into the picture. *Basic reason being;*

Home loans are generally large in size, and you need more time to repay that. For instance, a one crore home loan is not a very unusual amount for an NRI. But, getting a $150,000 personal loan may not be that easy, as most of the personal loans from the overseas lender come with a tenure of 3-5 years, which makes the EMI amount unaffordable. Then, if you want to take a home loan in your country of residence so that you can repay over 15-20 years with relatively lower EMI, they will expect you to buy the property where you are living. Not in India.

Bottomline……… If you are planning to purchase a property in India, you need to take the loan from an Indian bank. Most of the prominent Indian banks offer Home loans to NRIs/PIOs/OCIs, for purchasing properties in India.

Let's take a detailed look into the NRI – Home Loans.

Few things to remember before we start with Home Loans For NRIs In India:

NRIs/PIOs/OCIs are not allowed to buy agricultural land, plantation land or farm houses,

NRIs/PIOs/OCIs may buy any nos of immovable residential/ commercial properties in India. However, repatriation of the sales proceeds of immovable properties are restricted to TWO.

The funds have to be routed through regular banking channels. Travelers' cheque or foreign currency cash cannot be used for full or any part of the payments.

Well…***now that you know what to do and what not to*** ……Let's take a step by step approach to check out Home Loans for NRIs in India…

Step 1: Finalize your budget:

This is your first step towards owning your dream home back in India. Keep two things into mind while making the budget;

- *You need to make a down-payment.* Though earlier the down payment used to be 20% of the property value, now a days lots of builder and banks have come up with 10-80-10, 10-90 kind of plans. But these facilities are not available in all the locations or on all the properties. So, keep a rough estimate of 20% down payment in mind to be on safer side.

- Make an approximate calculation of the EMIs. Again, for rough estimation keep a figure of ***Rs 950 per month/ per lakh of loan for 15 years tenure.***

For Example, if you are planning to buy a home worth Rs 1 crore, then first of all you should be ready with about Rs 20 lakh of down-payment.

For the rest 80 lakh bank loan, take an estimate of approx. EMI of Rs 76,000/ month for 15 years. These figures are just for the purpose of illustration. All the banks will provide you with EMI calculators where you can calculate your exact EMI.

One gentle piece of advice, take a conservative approach when planning the budget.

Step 2: Shortlist few properties:

In next step forward, shortlist few properties in your preferred location as per your budget. *Look out for the properties/ projects already approved by the major banks.* Do some online research. Google with the keywords like…

"Good residential projects in south Delhi approved by so & so banks" ……. you will get some ideas.

Or, go to the banks' websites and search for approved projects. Most of the banks will have location wise list of approved builders as well as projects.

Check out the approved properties and shortlist few of them.

Step 3: Finalize the bank:

This could be the most confusing task. Keep the following aspects in mind while narrowing down your search for the right loan.

- Rate of interest.
- Processing fee or other charge
- Ease of reaching the bank
- Customer friendliness & approachability
- Documentation

Most of the banks now a days offers an interest rate somewhere between 8.25-9.25% depending of the borrower's profession, size and price of the property, amount of loan etc. High end properties with a higher loan amount will generally tend to bear a higher interest rate.

Again, do some online search for the available offers from the banks. You will be flooded with options. Select whichever suits you the best.

Just remember that, the bank offering the lowest interest may not always be the perfect one. Ultimately, you need to get the loan sanctioned and disbursed on time as well. So, customer friendliness and easy accessibility of the bank is also very important factor.

Now……once you have finalized the bank and the loan…. Let's do a little bit of homework before approaching the bank….

Calculate your loan eligibility…. Approximately.

Rule is simple and almost the same across all the banks:

- Take your **fixed net take home salary**/ **Income**. Do not include variable pay like bonus or incentives.
- Take 60% of that as your EMI paying capacity. If you are earning $ 5000/ month, $ 3000 (60% of $ 5000) is your EMI paying capacity.

- Deduct all the existing EMI that you are already paying in your country of residence or back in India. In the above example, if you are already paying an EMI of $500 against your car loan, then your final EMI paying capacity is now $ 2500 ($3000-$500)

- Multiply your final EMI paying capacity with the prevailing exchange rate (Take a conservative approach). For example, in the above-mentioned case the final EMI paying capacity of $ 2500 will come to Rs 1,75,000/ month in rupee term. ($ 2500* 70 as USD-INR exchange rate)

- Divide the Rupee EMI by 950. The figure you get is your (approx.) loan eligibility in lakh. As in the above case, it will be 175 lakh (1,75,000 / 950) which is actually Rs 1.84 cr.

Looks complicated…?

Actually not. Try it with your own salary figure…. it's not that tough. This way you will know how much loan you can apply for, even before going to any bank. This tool will help you in planning your budget as well.

One last preparation before initiating the loan enquiry.

Take a look at the list of the documents required to apply for home loan. Most of the banks will ask you to get all these documents while applying for the loan. Why not start preparing the documents in advance. Anyway, they are going to ask for these.

List of documents for home loan:

- Latest salary certificate/ last 6 months pay-slips,
- Last 6 months salary account statement,
- Employment letter/ Labor contract or similar type of documents showing at least 3 year's employment continuation.
- Valid passport, Valid visa.
- PAN card/ Form 60

- Overseas address proof (Can be your salary a/c statement also)
- Loan account statement if you are serving any current loan anywhere.
- Recent colored photograph.

Remember, in most of the cases, you would require a co-applicant (Either resident or Non-resident) and a Power of Attorney holder (mandatorily Resident). However, some bank will skip this part if you are purchasing a ready for possession property.

Done……you are all set to apply for the home loan like a boss now….!!!

Step 4_Final step: Initiating the Loan application procedure:

Contact your choice of bank. Go to their website. Generate an enquiry. Drop your contact details.

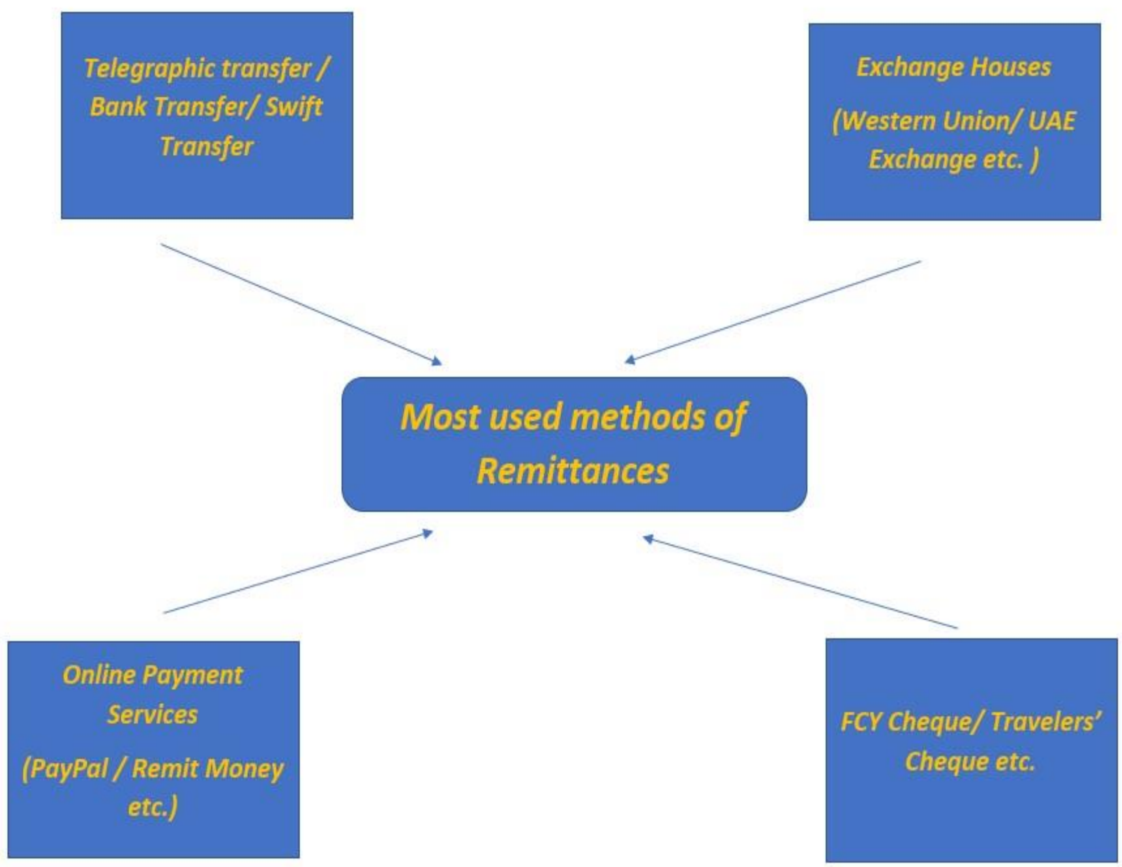
Now sit back, relax and wait for the call………

Different Methods of Remittances to India

As mentioned earlier, *India is the no 1 country in the world* when it comes to remittance receipts. Thanks to its Global citizens, in the year 2018 alone, India had received a hopping USD 80 billion, retaining its top position for years. Take a look at India's remittance receipts for last few years (USD billion):

2012	2013	2014	2015	2016	2017	2018
68.82	69.97	70.97	72.2	62.7	69	80

Though there are several methods of sending money to India. Let us have look at the most popular and used methods of sending money to India:



Let’s have a closer look into these popular remittance methods:

Telegraphic transfer /Wire Transfer / Bank Transfer/ SWIFT transfer:

Telegraphic transfer (also popularly known as SWIFT transfer or Bank transfer) is an online payment system performed through SWIFT (Society for Worldwide Interbank Financial Telecommunication) platform. It basically exchanges financial messages between the member banks which then internally settles the payments with the help of correspondence banks. No real money is exchanged. It’s just internal settlements of correspondent accounts held by the financial institutions with each other or with some intermediary banks.

Bottom-line; You get your money transferred to your destination account in ***almost*** any of the countries in the world, of course against a fee.

Let's understand the flow of money (actually SWIFT message) from the hand of SENDER to the hand of RECEIVER…...

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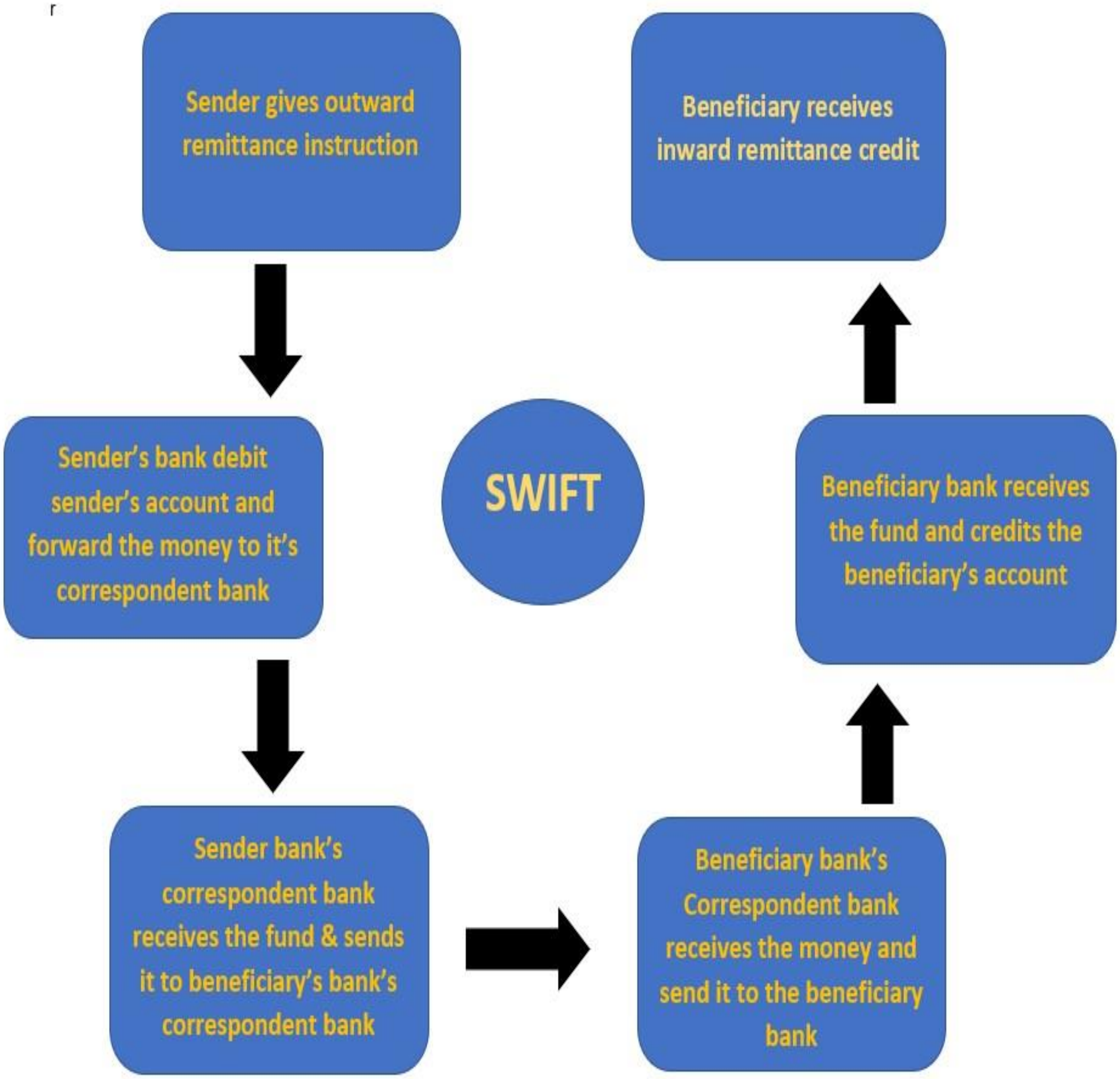

Sender gives outward remittance instruction
Sender's bank debit sender's account and forward the money to it's correspondent bank
Sender bank's correspondent bank receives the fund & sends it to beneficiary's bank's correspondent bank
SWIFT
Beneficiary bank's Correspondent bank receives the money and send it to the beneficiary bank
Beneficiary bank receives the fund and credits the beneficiary's account
Beneficiary receives inward remittance credit

Exchange Houses:

Exchange houses are another very popular player in the space of international money transfer, **especially in the GCC countries.** There are lots of them. They come in different size, different vintage in business, different core value proposition. But few things are quite similar among these players which also makes them the preferred money transfer partner over the banks among the expat community.

Take the example of UAE, the GCC country with large Global Indian population, 2nd highest to be exact after the US. Global Indians accounts for almost 28-30% of the total population and also accounts for about 40% of the total remittances sent out of the country. Here are the top three countries in 2018 that contributed to India's no 1 position in the world in remittance receipts:

Rank	*Source country*	*Amount (US$)*
1	**UAE**	**13.823 billion**
2	**United States**	**11.715 billion**
3	**Saudi Arabia**	**11.239 billion**

The point here is, in the country which sends home the largest amount of money, the market share of banks in the remittance business was decreased by Almost 6% in the year 2017 & so surprise that the exchange houses gained the same 6% kind of market share. This has been a clear indication of the trend that the expats are preferring the exchange houses more, over the banks, when it comes to sending money home. Let us take a quick look at the main reason behind this trend:

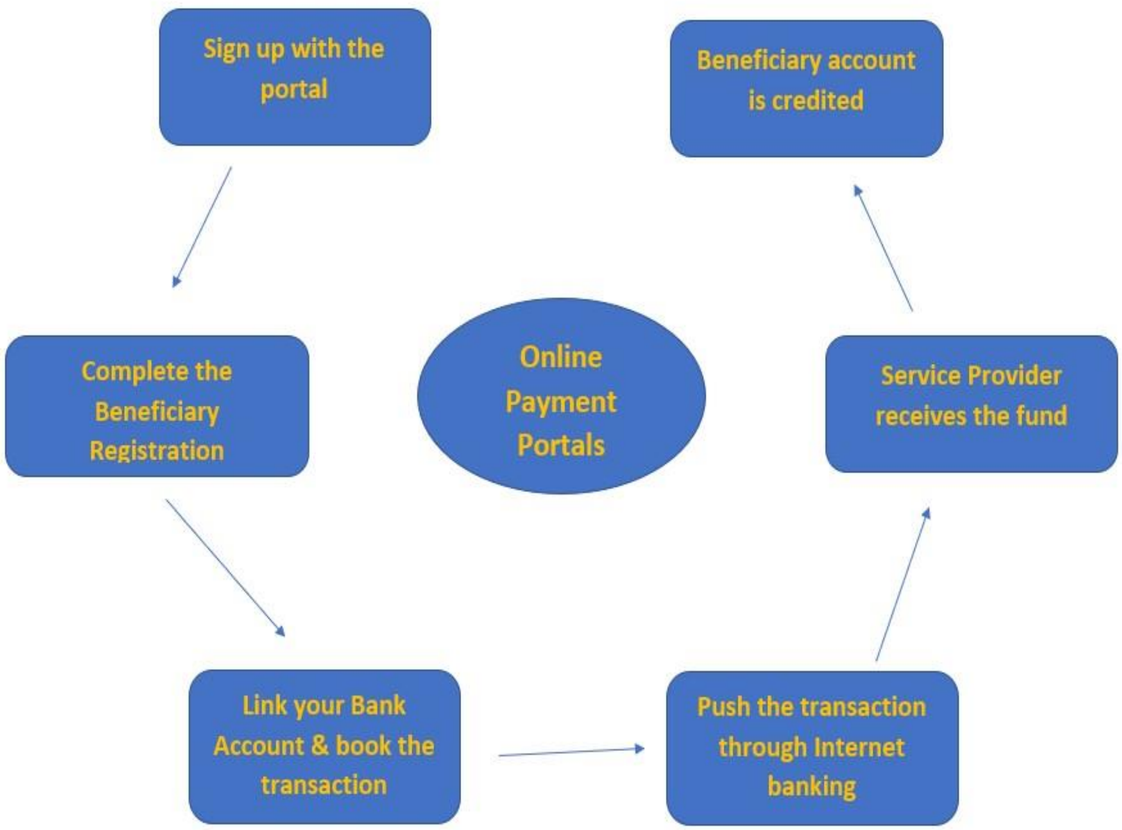
Exchange Rates:

The most prominent differentiating factor is undoubtedly, *the exchange rate*. Banks generally keeps a higher markup which makes their exchange rate lees lucrative in comparison with the exchange houses. Any given day you will find at least 10-15 paisa difference between the rates of the banks and exchange houses. However, banks are trying to counter the trend by offering an easy to operate mobile banking link to transfer your money directly to your Indian account *WITHOUT ANY TRANSACTION CHARGES*. ***But it still stands shorter.***

Bottom-line…?

IF you are transferring smaller amount, it ok to send it through the banks for mere operational ease. But, if you are planning to send a large sum of money, check with the exchange houses.

Online Payment Portals:



** The 4th step of pushing the transaction can be avoided in few of the portals.

Why to use online money transfer portals?

- Faster remittance
- Competitive exchange rates
- Low transaction cost
- Ease of operation

***FCY Cheques/ Travelers' cheque (Or even Foreign currency cash)*:**

Probably the oldest ways of moving your funds from one country to another. Visit your country of origin, go to your bank, stand in the que and deposit your FCY cheque/TC/ FCY cash in person to your non-resident account.

(If it is a smaller town branch with no specific person or an NRI desk, you are in big trouble……LOL…!!!)

This method is outdated, costly and almost obsolete now a days, used mostly for gifting and some rare situations. No point spending much time on this.

So…. All your queries about sending money to India is resolved….?

NRI Investments

Different Investment Options for NRIs

Here are the most popular and the best investment options for NRIs to allocate their money into the Indian market. Though all the listed options are quite frequently used by the NRIs, we can still try to list some of these investment options as per their popularity. Let’s check these out:

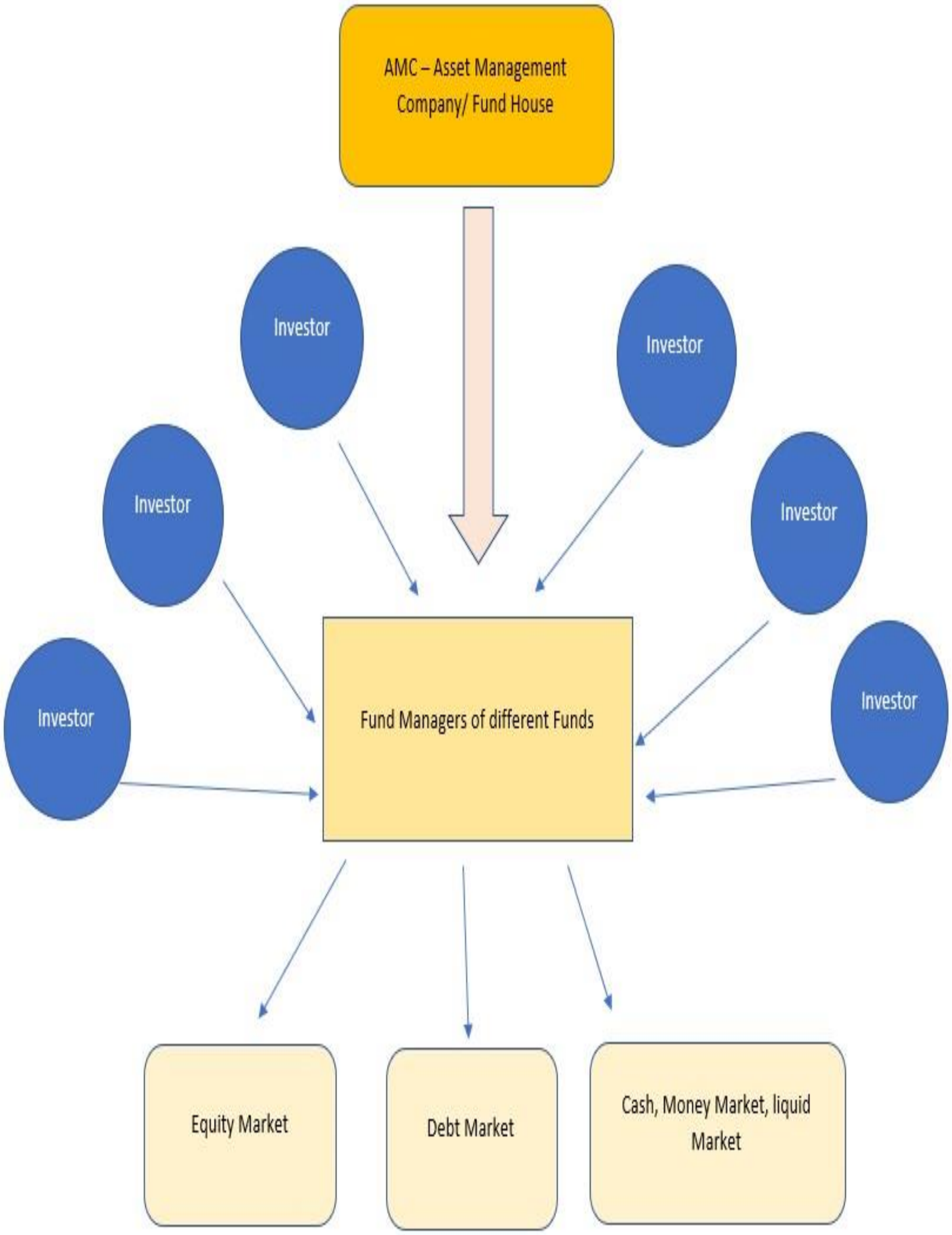
Bank deposits (NRE FD/NRO FD/FCNR-B) undoubtedly hold the *no 1 position,* when it comes to NRI investments in India. This has been the safest and the most popular way of parking their overseas earnings by the NRIs/PIOs/OCIs. Just to give a perspective, NRI Bank deposit in all the Indian banks amounts to ***USD 130 Billions, almost 1/3 of Country’s Forex Reserves which now stands at about USD 440 Billions. (Dce,2019)***

Mutual Funds and Equities are also very popular among the NRI community as an alternative investment option, in addition to the bank deposits. The mutual funds & equities offer an opportunity to earn lucrative returns in way of regular income or capital gains, over and above the bank deposit returns. Though its' volatile nature and capital risk sometimes adds to the NRIs' general aversion towards variable return investments, still this segment is catching up steadily over the last few years. The lower yields in bank deposits coupled with ease of investments and increased customer awareness is driving the growth of this segment as an asset class in the space of NRI investments in India.

Real Estate is also considered to be one of the favourite investment areas of the Global Indian community. After a brief slowdown for couple of years, real estate space seen to be gaining traction again in last few preceding years. As per the information publicly available, NRI investments in Indian real estate has doubled from $5 billion in 2014 to $10.2 billion in 2018. There could be several factors which can be attributed with the credit for this trend. For instance, the motivation for someone in the ***emerging affluent*** segment can purely be the need for his/her OWN HOME. Whereas, someone from the UHNI segment could be looking at it from a WEALTH PRESERVATION point of view. Despite the issues of illiquidity, Law & tax complexity, real estate continues to be one of the favourite asset classes for the NRI diaspora.

GOLD had been the favourite investment for all the Indians for centuries, and NRIs have also shown the same enthusiasm of his/her resident relatives and friends when it comes to the yellow metal. It's still considered to be one of the safest investment options available in the history of investments, leave aside its emotional & social value in a country like ours. You never have enough of this precious metal. No surprise, India's household gold reserve is estimated to be about 25000 MTs, with the 2nd highest consumption in the world of about 850 MTs a year.

Mutual Fund Investments for NRIs



Mutual Fund Investment for NRIs

	Mutual Fund investment for NRIs - Breaking it down
What is Mutual Fund	**It's a POOL OF MONEY**
Whose money	**Investors' money. Investors may be a corporate body or individuals.**
Who pools the money	**AMCs- Asset management companies. Typically called as FUND HOUSES. For example, UTI, Reliance Mutual Fund, HDFC Mutual Funds etc.**
What do they do with the money	**They invest the money on behalf of the investors. For every fund there is a FUND MANAGER who takes the investment decisions. Instruments (Like share, bond or money market) of investments depends on the types of the specific fund. For example, a diversified equity fund will invest mostly into shares of different companies.**

What are the different types of funds	**On basis of duration; Two major categories: *Open ended & Close ended.* Open ended funds allow the investor to redeem/ withdraw his/her investment at any given point of time. Whereas close ended funds allow redemption/ withdrawal only after a specific period of time, called LOCK-IN period.**
	On basis of Asset class; *Equity, Debt, Money Market and Hybrid*. Equity funds invests mostly into the shares of different companies, Debt funds invest into debt instruments like company debentures, govt bonds or other fixed income instruments. Money market funds invest into govt securities, commercial papers or similar liquid and short-term instruments. Hybrid funds invest in any two or more of the above mentioned asset classes together.
	Based on Investment objective; Growth funds, Balanced funds, Liquid funds, Income funds, Tax-saving funds-also called Equity Linked Savings Scheme or ELSS, Fixed maturity plan or FMP etc.
	Mutual funds can also be categorized on the basis of Sector they invest in, any specific theme that are being followed, any specific market they are targeting like Emerging market Funds etc.
What do the investor get	**Return on their investments, either in form of capital gain or income like monthly payout or yearly dividends etc.**
What is the return	**Mutual fund investments are subject to market risk. No specific percentage of return can be surely predicted or guaranteed.**

Is it risky	**Yes, it is. However, the investor is free to choose the amount of risk they want to take. They can and should select the funds on basis of their risk bearing capacity. For example, an equity fund may (or may not) produce a higher return than a liquid fund, but also bears the risk of a higher rate of capital loss.**
Does it give tax savings	**Certain types of funds like ELSS enjoy some tax benefits. Also, dividends received at the hand of the investors are tax free.**

Interested to invest in mutual funds? You must be wondering which all are the best mutual funds for NRIs to invest……

Let's take a look at the Top Mutual Fund investment for NRIs. All these data will be bit old till the time it is published. You can check any of the below mentioned sites for the latest one. (Source: Moneycontrol)

www.comeycontrol.com

www.valuesearch.com

www.etmoney.com

OR, simply do a google search with the keywords like ***"top mutual funds in India for NRIs"***. You will possibly get more information than you can handle.

One point to note here that the US & CANADA based NRIs will have limited nos of fund houses accepting investments from them. Most fund houses in India don't allow NRIs from US and Canada because of the cumbersome compliance requirements under FATCA or Foreign Account Tax Compliance Act.

Many NRI investors based in the USA and Canada are still asking around when will they be able to invest in Indian mutual funds again. In fact, one always comes across similar queries in every investment forum. Though some mutual fund houses have started accepting money from NRIs from these countries, a comprehensive list is not available to investors even now. Depending on whom you are talking to, the number of fund houses that accepts money from these investors varies from half a dozen to 20.

List of fund houses that accept investments from NRIs based in US and Canada

1. Birla Sun Life Mutual Fund
2. SBI Mutual Fund
3. UTI Mutual Fund
4. ICICI Prudential Mutual Fund
5. DHFL Pramerica Mutual Fund
6. L&T Mutual Fund
7. PPFAS Mutual Fund
8. Sundaram Mutual Fund

Source: Economic times, Sep 25, 2018,

Top Equity Mutual Funds

Historic Returns - Top Ranked Funds | Top Ranked Mutual Funds Tracker Tool

Scheme Name	Category Name	Crisil Rank	AuM (Cr)	YTD	1Y	3Y	5Y
Kotak India EQ Contra Fund - GrowthContra Fund	Contra Fund	5	882.66	5%	11%	15%	10%
Axis Long Term Equity Fund - GrowthELSS	ELSS	5	21,159.93	13%	16%	18%	12%
JM Tax Gain Fund - GrowthELSS	ELSS	5	34.56	9%	16%	16%	10%
Mirae Asset Tax Saver Fund - Regular Plan - GrowthELSS	ELSS	5	2,877.16	9%	15%	18%	-
IIFL Focused Equity Fund - GrowthFocused Fund	Focused Fund	5	476.45	16%	28%	16%	12%
Invesco India Growth Opportunities Fund - GrowthLarge &	Large & Mid Cap Fund	5	2,107.91	6%	11%	16%	11%
Mirae Asset Emerging Bluechip Fund - GrowthLarge & Mid	Large & Mid Cap Fund	5	9,229.46	8%	15%	17%	16%
Axis Bluechip Fund - GrowthLarge Cap Fund	Large Cap Fund	5	9,481.19	14%	19%	21%	11%
BNP Paribas Large Cap Fund - GrowthLarge Cap Fund	Large Cap Fund	5	812.67	12%	18%	16%	9%
Canara Robeco Bluechip Equity Fund - Regular Plan -	Large Cap Fund	5	269.32	10%	16%	16%	10%
Axis Midcap Fund - GrowthMid Cap Fund	Mid Cap Fund	5	3,859.37	9%	12%	18%	10%
Tata Mid Cap Growth Fund - Regular Plan - GrowthMid	Mid Cap Fund	5	767.69	0%	7%	11%	9%
Canara Robeco Equity Diversified - Regular Plan -	Multi Cap Fund	5	1,587.39	5%	13%	16%	9%
DSP Equity Fund - Regular Plan - GrowthMulti Cap Fund	Multi Cap Fund	5	3,176.37	10%	18%	15%	10%
JM Multicap Fund - GrowthMulti Cap Fund	Multi Cap Fund	5	141.82	14%	17%	16%	11%
DSP Natural Resources and New Energy Fund - Regular	Sectoral/Thematic	5	363.17	-2%	5%	9%	12%
Invesco India Infrastructure Fund -	Sectoral/Thematic	5	40.59	1%	7%	10%	6%
LIC MF Infrastructure Fund - GrowthSectoral/Thematic	Sectoral/Thematic	5	55.97	6%	14%	11%	5%
Sundaram Rural and Consumption Fund -	Sectoral/Thematic	5	2,047.06	1%	3%	10%	11%
Axis Small Cap Fund - GrowthSmall Cap Fund	Small Cap Fund	5	1,366.45	16%	20%	15%	12%

Top equity funds

Top Debt Funds

Historic Returns - Top Ranked Funds | Top Ranked Mutual Funds Tracker						
Scheme Name	Category Name	Crisil Rank	AuM (Cr)	YTD	3Y	5Y
Edelweiss Banking and PSU Debt Fund - Regular Plan - GrowthBanking and PSU Fund	Banking and PSU Fund	5	133.31	9%	8%	8%
LIC MF Banking & PSU Debt - GrowthBanking and PSU Fund	Banking and PSU Fund	5	1,405.56	7%	8%	7%
DSP Corporate Bond Fund - Regular Plan - GrowthCorporate Bond Fund	Corporate Bond Fund	5	847.93	7%	-	-
IDFC Corporate Bond Fund - Regular Plan - GrowthCorporate Bond Fund	Corporate Bond Fund	5	15,334.86	6%	7%	-
IDFC Credit Risk Fund - Regular Plan - GrowthCredit Risk Fund	Credit Risk Fund	5	1,494.19	7%	-	-
Kotak Credit Risk Fund - GrowthCredit Risk Fund	Credit Risk Fund	5	4,979.26	7%	7%	8%
IDFC Dynamic Bond Fund - Regular Plan - GrowthDynamic Bond Fund	Dynamic Bond Fund	5	2,083.76	9%	7%	8%
JM Dynamic Debt Fund - GrowthDynamic Bond Fund	Dynamic Bond Fund	5	206.65	4%	7%	8%
PGIM India Dynamic Bond Fund - GrowthDynamic Bond Fund	Dynamic Bond Fund	5	41.14	8%	7%	8%
SBI Dynamic Bond Fund - GrowthDynamic Bond Fund	Dynamic Bond Fund	5	1,152.46	10%	7%	9%
Aditya Birla Sun Life Floating Rate Fund - Regular Plan - GrowthFloater Fund	Floater Fund	5	9,191.06	6%	8%	8%
Edelweiss Government Securities Fund - Regular Plan - GrowthGilt Fund	Gilt Fund	5	75.54	9%	7%	8%
Nippon India Gilt Securities Fund- GrowthGilt Fund	Gilt Fund	5	1,057.82	10%	8%	9%
BOI AXA Liquid Fund - Retail - GrowthLiquid Fund	Liquid Fund	5	442.82	5%	7%	7%
IIFL Liquid Fund - Regular Plan - GrowthLiquid Fund	Liquid Fund	5	254.79	4%	6%	7%
Invesco India Liquid Fund - GrowthLiquid Fund	Liquid Fund	5	7,002.61	5%	7%	7%
Quantum Liquid Fund - GrowthLiquid Fund	Liquid Fund	5	341.17	4%	-	-
Canara Robeco Savings Fund - Regular Plan - GrowthLow Duration Fund	Low Duration Fund	5	1,261.56	6%	7%	8%
Invesco India Treasury Advantage Fund - GrowthLow Duration Fund	Low Duration Fund	5	1,616.10	6%	7%	8%
IDFC Bond Fund - Medium Term Plan - Regular Plan - GrowthMedium Duration Fund	Medium Duration Fund	5	2,956.66	7%	7%	8%
Nippon India Income Fund - GrowthMedium to Long Duration Fund	Medium to Long Duration Fund	5	284.87	9%	7%	8%
L&T Money Market Fund - GrowthMoney Market Fund	Money Market Fund	5	927.93	6%	8%	8%
Canara Robeco Short Duration Fund - Regular Plan - GrowthShort Duration Fund	Short Duration Fund	5	471.36	6%	7%	7%
Invesco India Short Term Fund - GrowthShort Duration Fund	Short Duration Fund	5	607.29	7%	6%	7%

Top Debt Funds

Top Hybrid Funds

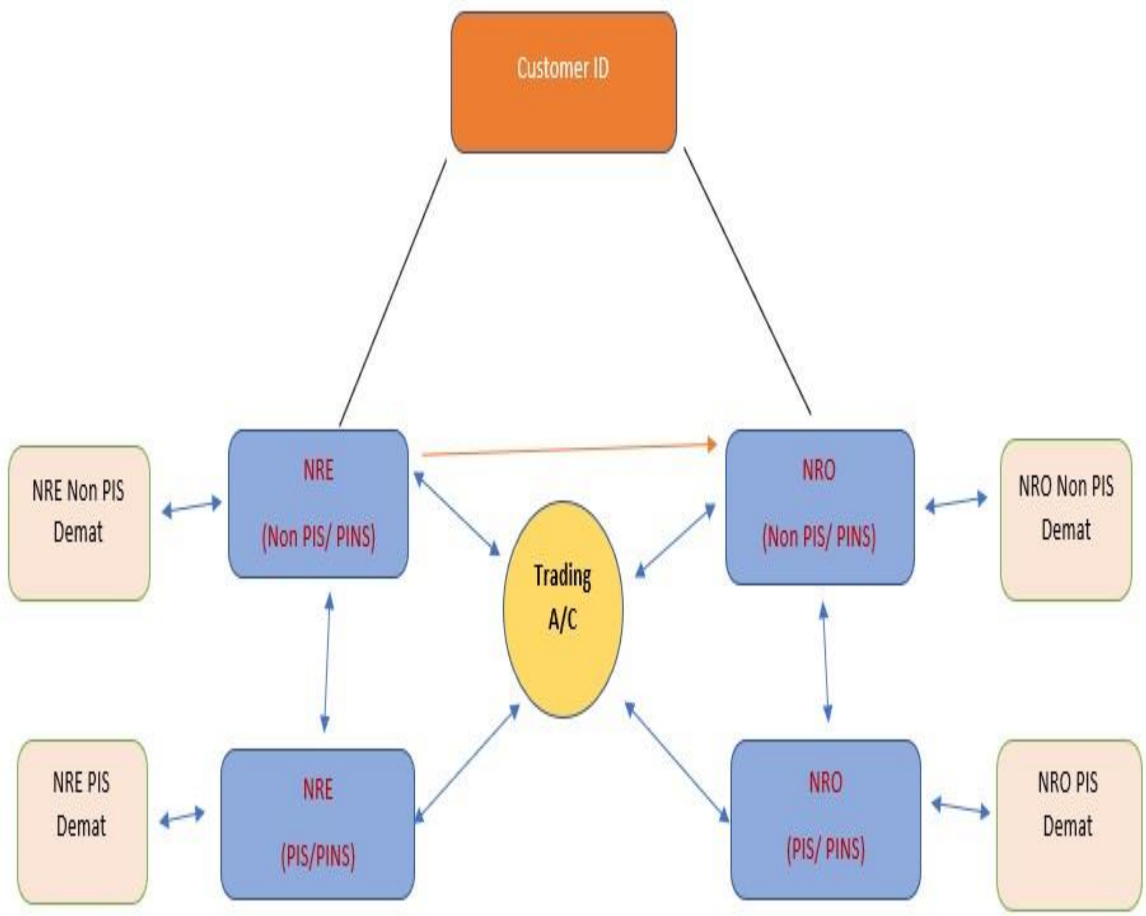
Historic Returns - Top Ranked Funds | Top Ranked Mutual Funds Tracker Tool						
Scheme Name	Category Name	Crisil Rank	AuM (Cr)	YTD	3Y	5Y
LIC MF Equity Hybrid Fund - Plan C - GrowthAggressive Hybrid Fund	Aggressive Hybrid Fund	5	393.59	10%	9%	5%
SBI Equity Hybrid Fund - Regular Plan - GrowthAggressive Hybrid Fund	Aggressive Hybrid Fund	5	31,248.40	9%	13%	10%
DSP Arbitrage fund - GrowthArbitrage Fund	Arbitrage Fund	5	930.82	5%	-	-
Canara Robeco Conservative Hybrid Fund - Regular Plan - GrowthConservative Hybrid Fund	Conservative Hybrid Fund	5	212.73	7%	8%	7%
LIC MF Debt Hybrid Fund - GrowthConservative Hybrid Fund	Conservative Hybrid Fund	5	66.65	6%	6%	6%

Top ETFs

Historic Returns - Top Ranked Funds | Top Ranked Mutual Funds Tracker Tool							
Scheme Name	Plan	Category Name	Crisil	AuM (Cr)	YTD	3Y	5Y
Nippon India ETF Nifty BeESIndex Funds/ETFs	Regular	Index Funds/ETFs	5	2,072.02	7%	16%	9%
SBI - ETF Nifty 50Index Funds/ETFs	Regular	Index Funds/ETFs	5	65,000.76	7%	16%	-

Source: Moneycontrol

Equity investments in India for NRIs



Complete structure & flow of 4in1 trading facility offered to NRIs

There are Two basic categories of transaction *on basis of repairability.*

First, when you want to invest your repatriable funds which is basically your overseas earning and NRE balance, you need to route the investments through the NRE channel (left hand side set up).

Second, when you want to invest your non-repatriable money, which is basically your Indian earning and NRO balance, you need to route the investments through the NRO channel (right hand side set up).

Transactions can also be categorized *on basis of the market you are participating* into, i.e., primary market (IPOs) and secondary market (already listed stocks).

First, when you are buying mutual funds or IPOs, you need to buy it from the NON PIS/PINS (regular NRE/NRO account).

Second, when you are buying any stock which is already listed and trading, you need to route the investment through PIS/PINS account (either NRE or NRO, depending on which fund you want to use). One point to be noted here; though RBI has discontinued the PIS reporting for non-repatriable (NRO money) investments in secondary market (already listed stocks), still most of the bank are continuing with the same voluntarily for their own operational ease and better customer experience.

Wondering what is this PIS/PINS thing all about….??

Well, check this out……

Portfolio Investment Scheme (PIS) is a scheme of reserve bank of India under which –Non-Resident Indian (NRIs) can purchase/sell shares/convertible debentures of Indian companies on Stock Exchanges under Portfolio Investment Scheme. For this purpose, the NRI/PIO has to apply to a designated branch of a bank, which deals in Portfolio Investment. All sale/purchase transactions are to be routed through the designated branch.

source – NSE

It's actually a bank account, either repatriable (NRE) or Non-Repatriable (NRO), through which you need to route all your share purchase/ sell transactions (other than IPOs). At the end of every trading day all the banks report those transaction to RBI. That's how RBI keeps a track of NRI holdings in any particular stock. Sounds new? Well…. RBI do keep a track of the NRI (FII as well) holdings in each of the stocks. There are prescribed ceilings of NRI holdings in a given stock that has to be maintained mandatorily. Take a look at the link below to know more:

https://www.rbi.org.in/fiilist/index.html

If you want to invest in IPOs or Mutual Funds keeping the repatriability of your money intact, you need to route your transactions through NRE Non PIS account. If you want to invest in the secondary market on repatriable basis then you need to route the transactions through NRE PIS (or PINS as some banks refer).

If you are planning to invest in IPOs or Mutual Funds using your Indian or non-repatriable funds, you need to route the transactions through NRO Non PIS account. While investing in secondary market using your non repatriable funds you need to route the transactions through NRO PIS account.

One point to be noted here that RBI has already discontinued the PIS reporting for the non-repatriable investments. However, most of the banks are still continuing with the same to continue with their existing flow and ease of settlements.

If you are still not clear about how to do your Mutual Fund, IPO and Stock investments using your NRE or NRO funds, take a closer look at the ***SCENARIO ANALYSIS*** below:

Scenario Analysis

Scenario 1	Buy	Sell
Investing in Mutual Fund / IPO with Repatriable (NRE) Funds	Login to your trading account > Choose the Fund or IPO > Selec NRE as source > Buy (Your purchased mutual fund unit or shares are transferred to the "NRE Non-PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRE Non-PIS account)

Scenario 2	Buy	Sell
Investing in Mutual Fund / IPO with Non-Repatriable (NRO) Funds	Login to your trading account > Choose the Fund or IPO > Select NRO as source > Buy (Your purchased mutual fund unit or shares are transferred to the "NRO Non-PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRO Non-PIS account)

Scenario 3	Buy	Sell
Investing in Secondary market (Already listed shares) with Repatriable (NRE) Funds	Step 1 : Login to your Internet/mobile banking > Transfer the fund to your NRE PIS account first Step 2: Login to your trading account > Choose the share > Selec NRE-PIS as source > Buy (Your purchased shares are transferred to the " NRE -PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRE-PIS account, You need to login to your internet/mobile banking to manually move the fund back to your regular NRE account)

Scenario 4	Buy	Sell
Investing in Secondary market (Already listed shares) with Non-Repatriable (NRO) Funds	Step 1 : Login to your Internet/mobile banking > Transfer the fund to your NRO PIS account first Step 2: Login to your trading account > Choose the share > Selec NRO-PIS as source > Buy (Your purchased shares are transferred to the " NRO -PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRO-PIS account, You need to login to your internet/mobile banking to manually move the fund back to your NRO Non-PIS account)

Gold Investment for NRIs

Whatever glitters may not be GOLD…. but when it comes to GOLD……our Indian eyes glitter…………………………………….Just kidding…‼

Gold Investment for NRIs

GOLD had been the favourite investment for all the Indians for centuries, and NRIs have also shown the same enthusiasm of his/her resident relatives and friends when it comes to the yellow metal. It's still considered to be one of the safest investment options available in the history of investments, leave aside its emotional & social value in a country like ours. You never have enough of this precious metal. No surprise, India's household gold reserve is estimated to be about 25000 MTs, with the 2nd highest consumption in the world of about 850 MTs a year.

One noteworthy observation by savvy investors is that, it looks like there is an ***inverse relationship between the stock market and gold prices.*** There have been circumstances where the stock markets rise and gold prices fall. Gold prices may also rise in sympathy with the fall in stock prices. The reason lies in the perception of the market by investors. Investors who foresee a bearish market, usually take positions in gold futures to safeguard their investments.

***Let us take a look at the different ways for NRIs to invest in** GOLD*……

Physical Gold:

Jewelry

You can go traditional way of buying Gold ornaments. While keeping in mind that this is the only investment which you can literally wear on your neck, it comes with some issues as well….

Storing & Safe keeping of large amount of jewelry can be a costly affair

There is always some ***making charge*** which is irrecoverable if you want to sell it.

Gold bars & coins

You can buy gold bars & coins from jewelers, banks, non-banking finance companies, and now even e-commerce websites. All the banks nowadays sell world gold council certified gold bars & coins from most of their branch networks. These bars & coins generally comes with a pre embossed certificate of 99.99 % kind of purity. You can simply walk into your bank branch and ask for the gold bars & coins. *Just remember that the price in the banks will always be bit higher than the market price.* It's your choice.

Gold savings schemes

These schemes have gained much popularity over the last few years. You will find these schemes available with almost all the big jewelers. If you have purchased some gold form any of the renowned jewelers of your locality, you must have been approached by them to start a gold savings scheme with them…. remember?? Well…. if you are not aware…under these schemes you deposit a certain some of amount every month for a certain amount of time and at the end of the tenure you can by your choice of gold bar, coin or jewelry from them. They will give you some discounts or loyalty incentives for sticking with the as well.

Non-Physical or Paper Gold

Gold ETFs

Gold Exchange Traded Funds (ETFs) are simple investment products that combine the flexibility of stock investment and the simplicity of gold investments. ETFs trade on the cash market of the National Stock Exchange, like any other company stock, and can be bought and sold continuously at market prices.

Gold ETFs are passive investment instruments that are based on gold prices and invest in gold bullion. Because of its direct gold pricing, here is a complete transparency on the holdings of an ETF.

KEY TAKEAWAYS

- Gold ETFs provide investors with a low-cost, diversified alternative that invests in gold-backed assets rather than the physical commodity.
- Gold futures are contracts between buyers and sellers that trade on exchanges, where the buyer agrees to purchase a quantity of the metal at a predetermined price at a set future date.
- Gold ETFs may have management fees and significant tax implications for long-term investors.
- Gold futures have no management fees and taxes are split between short-term and long-term capital gains.

Source: Investopedia

List of few Gold ETFs listed on NSE				
Issuer	Name	Symbol	Underlying	Launch Date
Axis Mutual Fund	Axis Gold ETF	AXISGOLD	Gold	Nov 2010
Birla Sun Life Mutual Fund	Birla Sun Life Gold ETF	BSLGOLDETF	Gold	May 2011
Canara Robeco MF	Canara Robeco Gold ETF	CANGOLD	Gold	Mar 2012
HDFC Mutual Fund	HDFC Gold Exchange Traded Fund	HDFCMFGETF	Gold	Aug 2010
ICICI Prudential Mutual Fund	ICICI Prudential Gold Exchange Traded Fund	IPGETF	Gold	Aug 2010
IDBI AMC	IDBI Gold ETF	IDBIGOLD	Gold	Nov 2011
Kotak Mutal Fund	Kotak Gold Exchange Traded Fund	KOTAKGOLD	Gold	Jul 2007
Quantum Mutual Fund	Quantum Gold Fund (an ETF)	QGOLDHALF	Gold	Feb 2008
Reliance Mutual Fund	Reliance Gold Exchange Traded Fund	RELGOLD	Gold	Nov 2007

Sovereign Gold Bonds

What is Sovereign Gold Bond (SGB)? Who is the issuer?

SGBs are government securities denominated in grams of gold. They are substitutes for holding physical gold. Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity. The Bond is issued by Reserve Bank on behalf of Government of India.

Why should I buy SGB rather than physical gold? What are the benefits?

The quantity of gold for which the investor pays is protected, since he receives the ongoing market price at the time of redemption/ premature redemption. The SGB offers a superior alternative to holding gold in physical form. The risks and costs of storage are eliminated. Investors are assured of the market value of gold at the time of maturity and periodical interest. SGB is free from issues like making charges and purity in the case of gold in jewelry form. The bonds are held in the books of the RBI or in demat form eliminating risk of loss of scrip etc.

Source: RBI

Real Estate Investments for NRIs

Real Estate is also considered to be one of the favourite investment areas of the Global Indian community. After a brief slowdown for couple of years, real estate space seen to be gaining traction again in last few preceding years. As per the information publicly available, NRI investments in Indian real estate has doubled from $5 billion in 2014 to $10.2 billion in 2018. There could be several factors which can be attributed with the credit for this trend. For instance, the motivation for someone in the ***emerging affluent*** segment can purely be the need for his/her OWN HOME. Whereas, someone from the UHNI segment could be looking at it from a WEALTH PRESERVATION point of view. Despite the issues of illiquidity, Law & tax complexity, real estate continues to be one of the favourite asset classes for the NRI diaspora.

Few things we should know about NRI investment into Indian Real Estate:

NRIs/PIOs/OCIs are not allowed to buy agricultural land, plantation land or farm houses,

NRIs/PIOs/OCIs may buy any nos of immovable residential/ commercial properties in India. However, repatriation of the sales proceeds of immovable residential properties are restricted to TWO (2).

The funds for purchase of the property needs to be routed through regular banking channels. Travelers' cheque or foreign currency cash can not be used for full or any part of the payments.

Top cities in India for real estate investment;

(Please note that the list is just indicative)

Top cities in India for real estate investment;

1. *Hyderabad*

2. *Bangalore*

3. *Pune*

4. *Noida-Greater Noida*

5. *Delhi- NCR & Gurgaon*

6. *MMR (Mumbai metropolitan region)*

7. *Ahmedabad*

8. *Chennai*

9. *Kolkata*

10. *Ghaziabad*

Here are some ideas about price/sqft of residential property in few of the cities mentioned above:

City	New Launch Units	Sold Units	Unsold Inventories	Average price (Rs/sqft)
Delhi-NCR	5790	9830	1,77,900	4565
MMR	140,404	17,180	2,20,870	10,610
Bengaluru	9370	10,500	63,540	4960
Pune	8320	8550	92,560	5494
Hyderabad	2050	3280	23,890	4187
Chennai	2530	2620	31,380	4935
Kolkata	3130	3120	45,570	4375

Source: Anarock Research

One good news, according to some market research Affordable housing segment has grown to 41% from 34%.

With the declining trends in the retail lending rates of the banks due to the reduction in policy rates and subsequent fall in the Marginal Cost of Lending Rates (MCLR) your EMI burden will be significantly lower than it used to be a year back.

Observing the huge unsold inventories in all the major cities and the recent downturn in the economy, the builders are also coming up with different innovative marketing plans like '90-10', '10-8-10', or 'EMI deferment' etc. Combining all the factors and the correction in the price over the past 5-7 years, it may be a good time to start thinking about your dream home or a second property.

Now, if you are finding it interesting to invest into Indian real estate, do some ground work before you actually hit the market. Follow the steps described in the Home Loan section under Banking.

Other Investment Options for NRIs

In addition to the most popular instruments for investments like Mutual funds, Equities, Real Estate or Gold, there are few other investment options available for NRIs/PIOs/ OCIs. Let us have a brief look into those options as well:

National Pension Scheme (NPS)

If you are looking for a tax-efficient investment option, you can consider investing in NPS (National Pension Scheme). This is a cost-effective, easily accessible, and tax-efficient way to invest your money. NRIs can open an NPS account online if they have a PAN card and a bank account. Backed by the Indian government, the NPS is seen as a way to help build savings for retirement while enjoying tax benefits. The returns offered by NPS are much higher compared to traditional tax-saving investments such as the Public Provident Fund. On average, NPS tend to offer 8-10 per cent annualized returns.

This pension scheme allows Indian citizens to save for retirement. You need to be between the ages of 18 and 60 to become a member of the NPS. There are two accounts each with its own rules and regulations.

Tier 1 Account – All payments and funds in this account are locked until retirement. If you retire before the age of 60 you may take 20% of the investment as cash. You are obliged to invest the rest into an annuity (an investment that pays you a fixed yearly amount). Retiring after 60 will allow you to take 40% as cash and the rest must be invested into an annuity.

Tier 2 Account – Only tier 1 account holders are allowed to open tier 2 accounts. Tier 2 accounts are unrestricted so you can deposit and withdraw money as you wish. You can also decide how the portfolio of your tier 2 account is structured. There are many types of investments that you can choose from to help you to create a diversified investment strategy.

An NPS is not exempt from tax. The capital gains aren't taxed, but all payouts are taxed according to your tax slab (the tax bracket under which your Indian income is classified).

List of NPS Fund Managers

Currently, there are 8 Fund Managers who are managing our NPS corpus and they are as below:

1. Birla Sun Life Pension Scheme
2. HDFC Pension Fund
3. ICICI Prudential Pension Fund

4. Kotak Pension Fund
5. LIC Pension Fund
6. Reliance Capital Pension Fund
7. SBI Pension Fund
8. UTI Retirement Solutions

Certificate of Deposits

As per the RBI, a certificate of deposit is a negotiable money market instrument. A negotiable instrument guarantees for the repayment of the principal amount along with the pre-specified earnings. One more benefit of such an instrument is that you can demand the payment or can get at the set time. Moreover, you also know the issuer of such instrument. The RBI is the apex body and issues guidelines for the issue of the certificate of deposit in India.

Certificate of Deposits (CDs) is usually used as a short-termed investment. It almost works like a fixed deposit, but the holder of a CD may sell it. You need a dematerialized account to buy and sell CDs. A CD has a maturity date by which it promises to repay a certain amount. Please note, amounts invested into CDs are typically very hard to return to dollars.

The RBI permits individuals, corporations, companies, banks, trusts, funds, associations to purchase a certificate of deposit. There are some limitations to NRIs (Non-Resident Indians). ***NRIs can subscribe to Indian certificate of deposits. However, they have permission to***

subscribe only on a non-repatriable basis. It means that the NRI holder of the CDs cannot endorse it to another NRI in the secondary market. As a single subscriber, you can invest in CDs for INR 1 lac and in multiples of INR 1 lac only.

Bonds and Non-Convertible Debentures (NCDs)

Bonds and NCDs have risk involved, but it can also serve as a good investment option.

There are three main bond categories:

1. PSU Bonds– Public Sector Undertakings Bonds (PSU) are contracts with a maturity date. You in effect loan money to a company and they promise to repay it with interest on a specific date (called the maturity date). The interest rate on a PSU will

be determined by the creditworthiness of the company who issues it. These investments are taxed at 20% if you sell it after owning it for more than 3 years.

2. Non-Convertible Debentures (NCD)– This debt is secured by the company's assets. The interest rate will, therefore, be a bit lower as secured debt has less risk involved. But, the interest rate on NCDs will still be very competitive when compared to returns on investments like equities.
3. Perpetual Bonds– These bonds don't have a maturity date so there is no date by which it pays out. The issuing company, however, promises to pay the holder a set amount of returns per year. The holders of perpetual bonds trade it on the open market. Market conditions and your willingness to sell will determine if you make a profit with the selling of this investment.

Here are some of the available government and private bonds running in the market.

The income by way of interest on these Bonds is fully exempt from Income Tax and shall not form part of Total Income as per provisions under section 10 (15) (iv) (h) of I.T. Act, 1961. These bonds are generally issued by Government Backed entities and thus have very low default risk.

Other General Features are:

- These bonds can be applied in Physical or Dematerialized mode
- These bonds generally come with long tenures of 10, 15 and/or 20 years, however, these bonds can be traded on the listed exchange if applied in demat mode
- There is no Cap on investment made in these bonds

- Retail Individual Investors get higher interest rates, so for an Individual, HUF to be eligible for higher rates the maximum investment amount is Rs.10 Lakhs
- The interest offered is benchmarked to the Government security of similar maturity, subject to conditions laid down by CBDT.
- These bonds however, do not provide any additional tax benefits

Capital Gain Bonds (54EC Bonds):

According to section 54EC, any person (individuals, HUFs, partnership firms, companies etc.) can avail exemption in respect of long-term capital gains (arising from the sale of long-term capital asset other than equity shares and securities), if the capital gain is invested in Capital Gain bonds. The exemption will be the amount of capital gain or the amount of investment made, whichever is less. Interest rate offered on these bonds is 6% per annum. The exemption is subject to:

- The investment is made within a period of 6 months from the date of transfer of the asset
- Lock-in-period of 3 years
- Bonds sold, transferred or converted into money or any loan or advance taken on security of such bond within a period of 3 years from the date of acquisition, the capital gains earlier exempt are taxable in the year of sale or transfer of the bonds
- Maximum investment limit of up to Rs. 50 Lakhs in a Financial Year per individual.
- If the amount invested in bonds is less than the capital gains realized, only proportionate capital gains would be exempt from tax.

(Source: Moneycontrol and other financial blogs)

Financial Planning

Stuck Somewhere Between...

"I Need to Save " **and**

"We Only Live Once"

Ever been in this dilemma? Well, you need financial planning then....

No worries but.... We all had been through this in some point of our life, till we decided to plan...financially.

Financial planning now a days is a widely discussed topic among all the age groups, income groups across the geo and demographic concentrations. There are so may copybook definition of financial planning. Like Investopedia say;

A financial plan is a comprehensive statement of an individual's long-term objectives for security and well-being and a detailed savings and investing strategy for achieving those objectives. A financial plan may be created independently......

In either case, it begins with a thorough evaluation of the individual's current financial state and future expectations.

Some others say;

Financial Planning is an ongoing process to help you make sensible decisions about money that can help you achieve your goals in life; it's not just about buying products like a pension or….

According to some;

In general usage, a financial plan is a comprehensive evaluation of an individual's current pay and future financial state by using current known variables to predict future income, asset values and withdrawal plans. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving in the future. This plan allocates future income to various types of expenses such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan is sometimes referred to as an investment plan, but in personal finance a financial plan can focus on other specific areas such as risk management, estates, college, or retirement.

Sounds too big or complicated? Let's break it down…….

Financial planning is simply the way to be financially prepared for your future life events.

Sounds fare? Ok…. now let's think about some possible future life events….

May be like the ones mentioned below:

- A dream vacation
- Marriage
- Buying your first property
- Child's education
- Your retirement,

Or maybe (God forbid) unforeseen emergencies even.

Now, if you see, these events can easily be categorized in ***two basic groups based on time horizon***. How about these?

Near-term life events:

- A dream vacation
- Marriage
- Buying your first property
- Emergencies

Longer-term life events:

- Child's education
- Retirement (from work-life, not from life)

Have you ever heard this …?

"A dream without a plan is just a wish "

Someone told.........

So, we need some kind of plan to be FINANCIALLY PREPARED for these upcoming life events…. agree…?

Let's get going then……

Steps of Financial Planning

Step 1: Set a goal

Hang on……don't freak out……. **setting a goal is nothing but putting a timeline to your dream*…. yes…. that's it*.** How to achieve the goals is a different question all together. No worries, we will find the answer for that question too…. But, for now let's convert all the dreams into goals first.

Since we have already identified some of our possible life events, let us try and put some possible timelines to those events and see how that looks like;

Near future DREAMs	Short-term GOALs
I want my dream vacation	Going for a solo Himalayan trekking next summer
I want to get married	Marrying my special one in three years from now
What I'm going to do in case of emergencies ?	Let me get my health & term insurance right away, and also build an emergency fund by next 12 months

Distant future DREAMs	Long-term GOALs
I want to provide my child with best education	Let me financially prepare for my child's higher education which will be 12 years from now.
I want to retire early and rich	Let me start investing for my retirement from regular work-life 20 years from now

Do you see the difference?

Mere wishes have now become definite goals which calls for some actions…

Step 2: Assign a budget to each goal

Now that we have created specific financial goals for us, it's time to estimate that how much it is going to cost us to fulfill these goals for ourselves and our families and closed ones. The concept here is the **"Present Cost VS. Future Cost ",** that's basically the inflation related to that event. Yes, **inflation rates are different in different**

cases and if we just take a generalist approach while taking an inflation rate, our calculation for future cost of a life event may go wrong putting the success of the whole planning at risk. So, for retirement planning we may take the general inflation rate into consideration while we need to apply the educational inflation rate while planning for child's education or lifestyle inflation when planning for their marriage. Whether or not we will be invited to their marriage that's a different consideration altogether………. bad sense of humor but you got the point of inflation…right??

Now, if you do a little bit of online R&D you will have a fare idea about these inflation rates and how to calculate the **FUTURE COST OF THE LIFE EVENT** you are planning for. Once you know the future cost and the rough timing of the event it is very easy to calculate how much you need to save every month to be financially prepared for that life event. There are so many tools available in the market…simply pick up a SIP CALCULATOR, input the amount you want after a certain period of time and the expected rate of return, **it will give you the amount you need to start saving now.**

Let us take an example of a financial planning for a child's future to understand the concept in little more detail:

Future cost estimation : Education & Marriage

Kid's Age	2	Life Event	Cost @ present price	Cost @ future price	Investment Required/pm
Inflation Education	9.0%	Education	INR 3,350,000	INR 15,550,442	INR 23,083
Inflation Wedding	7.0%	Marriage	INR 1,000,000	INR 5,072,367	INR 3,395
Rate of Return	12.0%	Total	INR 4,350,000	INR 20,622,809	INR 26,478

Goal	*Age*	*Current Value*	*Future Value*	*Years*	*Monthly*
10th Std	15	INR 150,000	INR 459,871	13	INR 1,297
12th Std	17	INR 200,000	INR 728,496	15	INR 1,545
Graduation	18	INR 1,500,000	INR 5,955,459	16	INR 11,015
Post Graduation	22	INR 1,500,000	INR 8,406,616	20	INR 9,226
Wedding	26	INR 1,000,000	INR 5,072,367	24	INR 3,395
		INR 4,350,000	INR 20,622,809		INR 26,478

Credit : tflguide.com

It's ok to be confused sometimes…. let me explain it to you………

In this example, we are planning for a 2 yrs. Old kid and we are so good as parents that we are not only planning for his/her (equally costly) education but also for the marriage. We have taken a reasonable **EDUCATIONAL INFLATION** rate of 9% and **WEDDING INFLATION** rate of 7%. We are also **expecting** a 12% kind of annual return since we are going to invest into mutual funds and we have pretty long-time horizon available with us. Now, please note this rate is just an estimation of return, only for the purpose of understanding the concept and please don't come back to me complaining if you get something less than that……………………………………………………….just kidding…!!

It shows, the kid is going to need about INR 4.6 lakh after 13 yrs. from now, another 7.28 lakh after 15 yrs. from now, around 60 lakhs for his/her graduation after 16 yrs. and another 84 lakhs for his/her Post-Graduation after 19 yrs. These future costs are calculated on the estimated present cost of the education which is 1.5 Lakh for 10th, 2 lakhs for 12th, 15 Lakhs for Graduation & another 15 lakhs for Post-Graduation.

The calculation also shows that how much **you need to start saving now** to meet these future expenses time to time, about INR 26K/pm. Looks way too much?? Don't worry, just start with whatever amount you are comfortable with and gradually increase it over the time. The good news here is your income is also going to increase over the time and so is your saving capacity. Bit relaxed…?? Good…. just don't delay it. Start with your comfortable amount as early as possible for you. How….?? Simply pick and choose few of the good funds and start SIPs. 3 to 5 SIPs are good to start with……Please feel free to ask for advice if you want to know more or need help starting these SIPs. Just start. Oh yes, you can follow the same rule for the marriage planning also.

Step 3: Protect your investment

Step 2 & 3 can be interchanged sequentially…… up to you.

The idea is not to touch the regular savings and investments in case of unfortunate events like medical exigencies or even your absence. Simplest way to do it is to PURCHASE HEALTH & TERM INSURANCE POLICIES, immediately. If you have not done it already then, the best time to buy an insurance policy is as soon as you come to know about the need of it.

One very important point, ***NEVER EVER MIX YOUR INSURANCE WITH YOUR INVESTMENT***. Buy ONLY HEALTH & TERM insurance for protection. Don't end up buying in some endowment or money-back policies thinking it is an investment. It is the most common way we mess up our investments and financial planning. I'm not against any specific kind of product lines but **INSURANCE IS INSURANCE & INVESTMENT IS INVESTMENT**. Here are few guidelines,

- Buy health insurance separately for yourself and your family in even if you are covered under any group scheme from your organization.
- Take additional riders for disability and critical illness.
- Take adequate amount of term insurance so that your dreams are alive even in your absence.

Consider **economic value of pending work-life** approach to arrive at required insurance amount.

- Always declare your all sensitive information while taking the insurance like your smoking and drinking habits, past illness or may be even any professional hazard. **Always insist on buying the insurance as NRI, if you are one. Don't forget to ask for and fill in NRI questionnaire.**
- Keep a track of the renewal dates.
- Buy the insurance as expenditures and not investments.

LASTLY, PAY FOR THE INSURANCE & PRAY THAT YOU NEVER GET TO CLAIM….

Step 4: Choose the instruments, carefully

This one is a crucial part for the overall success of your financial planning. After having defined specific financial goals corresponding to some of our future live events, having estimated the future costs for the fulfillment of those goals, also having protected ourselves and our families against unforeseen events……it is time for the real actions. Actions that needs to be taken at the earliest to start our journey towards the fulfillment of our dreams, be it a comfortable and early retirement, child's future planning or may be preparing for an exciting vacation ahead.

The success of these journey largely depends on the wise and right choice of the instrument of investments, monitoring and improvisation and most importantly CONSISTENCY. A big no of people ends up compromising on their dreams only because of lack of discipline and consistency in their investments. So, the last thing we should think of is to break the regularity in our investments.

There are several investment options available in the Indian market. We are going to stick to very specific and selected means. Too much diversification in the asset classes may add to confusion more than helping in our journey. As we have already segregated our future life events into two major categories viz NEAR-TERM & LONGER-TERM life events, we shall similarly choose SHORT-TERM & LONG-TERM investment plans to prepare for those time bound life events. Though the risk bearing capacity plays a big role in the selection of investment instruments, still it is always advisable to choose low yielding but fixed return investment products for your NEAR-TERM goals and high yielding but variable return products for your LONGER-TERM goals. Typically, anything below 2 yrs. can be considered as Short-term, 2-5 yrs. as Medium-term and beyond 5 yrs. as Long-term. It's just a general guideline though and dynamic in nature. It also depends on your risk appetite and understanding of the financial instruments and overall financial market.

Let us understand the concept of linking specific time bound life events with specific types of investment instrument with the help of this illustration:

Life Event	Time left	Goal Type	Investment Type	Instrument to be used
Vacation	1 Yr	Near-Term	Short-Term	Bank deposits, Recurring deposits
Marriege	3 Yrs	Medium-Term	Medium-Term	Bank deposits, Recurring deposits + Other Company Deposit, Liquid Funds, Debt Mutual funds. Balanced mutual funds in case the risk-return appetite and understanding is very high
Retirement	20 Yrs	Longer-Term	Long-Term	Equity Mutual Funds, Direct Equity and/or Equity related investments

Step 5 – The Final step: Start your investments, now...‼

Now, we are done with the planning part and it is the time for execution……

- Log into your bank account and start recurring deposits of book a fixed deposit if you are investing for a Short-Term goal.

- Log into your investment account and START A SIP TODAY in some debt or balanced mutual fund or do a lump sum investment in some liquid funds if your goal is a Medium-Term one.

- Log into your investment account and START A SIP TODAY in some well diversified equity mutual fund or do a lump sum investment in some good large cap mutual fund in case of Long-Term goals.

Want to know which are the good mutual funds to start with…….??

Take a look at the lists below; Best performing Mutual Funds:

Historic Returns - Top Ranked Funds | Top Ranked Mutual Funds Tracker Tool

Scheme Name	Category Name	Crisil Rank	AuM (Cr)	YTD	1Y	3Y	5Y
Kotak India EQ Contra Fund - GrowthContra Fund	Contra Fund	5	882.66	5%	11%	15%	10%
Axis Long Term Equity Fund - GrowthELSS	ELSS	5	21,159.93	13%	16%	18%	12%
JM Tax Gain Fund - GrowthELSS	ELSS	5	34.56	9%	16%	16%	10%
Mirae Asset Tax Saver Fund - Regular Plan - GrowthELSS	ELSS	5	2,877.16	9%	15%	18%	-
IIFL Focused Equity Fund - GrowthFocused Fund	Focused Fund	5	476.45	16%	28%	16%	12%
Invesco India Growth Opportunities Fund - GrowthLarge &	Large & Mid Cap Fund	5	2,107.91	6%	11%	16%	11%
Mirae Asset Emerging Bluechip Fund - GrowthLarge & Mid	Large & Mid Cap Fund	5	9,229.46	8%	15%	17%	16%
Axis Bluechip Fund - GrowthLarge Cap Fund	Large Cap Fund	5	9,481.19	14%	19%	21%	11%
BNP Paribas Large Cap Fund - GrowthLarge Cap Fund	Large Cap Fund	5	812.67	12%	18%	16%	9%
Canara Robeco Bluechip Equity Fund - Regular Plan -	Large Cap Fund	5	269.32	10%	16%	16%	10%
Axis Midcap Fund - GrowthMid Cap Fund	Mid Cap Fund	5	3,859.37	9%	12%	18%	10%
Tata Mid Cap Growth Fund - Regular Plan - GrowthMid	Mid Cap Fund	5	767.69	0%	7%	11%	9%
Canara Robeco Equity Diversified - Regular Plan -	Multi Cap Fund	5	1,587.39	5%	13%	16%	9%
DSP Equity Fund - Regular Plan - GrowthMulti Cap Fund	Multi Cap Fund	5	3,176.37	10%	18%	15%	10%
JM Multicap Fund - GrowthMulti Cap Fund	Multi Cap Fund	5	141.82	14%	17%	16%	11%
DSP Natural Resources and New Energy Fund - Regular	Sectoral/Thematic	5	363.17	-2%	5%	9%	12%
Invesco India Infrastructure Fund -	Sectoral/Thematic	5	40.59	1%	7%	10%	6%
LIC MF Infrastructure Fund - GrowthSectoral/Thematic	Sectoral/Thematic	5	55.97	6%	14%	11%	5%
Sundaram Rural and Consumption Fund -	Sectoral/Thematic	5	2,047.06	1%	3%	10%	11%
Axis Small Cap Fund - GrowthSmall Cap Fund	Small Cap Fund	5	1,366.45	16%	20%	15%	12%

As I have mentioned earlier, all these data will be bit old till the time it is published. You can check any of the below mentioned sites for the latest one. (Source: Moneycontrol)

www.comeycontrol.com

www.valuesearch.com

www.etmoney.com

OR, simply do a google search with the keywords like ***"top mutual funds in India for NRIs"***. You will possibly get more information than you can handle.

JARGON BUSTER

Banking, Investment & the financial market as a whole are full of Jargons, which makes the life harder for anybody who is not much savvy with those. Let us try and simplify few of the commonly used ones:

NRI	Non-Resident Indian
PIO	Person of Indian Origin
OCI	Overseas Citizen of India
RNOR	Resident but Not Ordinarily Resident
NRE	Non-Resident External
NRO	Non-Resident Ordinary
FCNR (B)	Foreign Currency Non-Resident (Bank)

CASA	Current Account-Saving Account
RFC	Resident Foreign Currency
OD	Overdraft
SI	Standing Instruction
BT	Balance Transfer
CIBIL	Credit Information Bureau (India) Ltd
TDS	Tax Deducted at Source (Withheld Tax)
NACH	National Automated Clearing House
MCLR	Marginal Cost of Lending Rate
PIS/ PINS	Portfolio Investment Scheme
FCY	Foreign Currency
Forex	Foreign Exchange
SWIFT	Society for worldwide interbank financial telecommunication
TT	Telegraphic transfer
TC	travelers' Cheque
LRS	Liberalized remittance scheme
FERA	Foreign Exchange Regulation Act
FEMA	Foreign Exchange Management
SCBs	Scheduled Commercial Banks
PSBs	Public Sector Banks
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
MEA	Ministry of External Affairs, Govt of India
AMFI	Association of Mutual Funds of India
NSE	National Stock Exchange
BSE	Bombay Stock Exchange
NCPI	National Payments Corporation of India
UPI	Unified Payments Interface
NEFT	National Electronic Funds Transfer
RTGS	Real-Time Gross Settlement

IMPS	Immediate Payment Service
MF	Mutual Fund
NAV	Net Asset Value
SIP	Systematic Invest Plan
CAGR	Compounded Annual Growth Rate
ETF	Exchange Traded Fund
IPO	Initial Public Offering
F&O	Future & Options
AMC	Asset Management Company (Mutual Fund House)
AMC^	Annual Maintenance Charge
HNI	High Net worth Individual
UHNI	Ultra-High Net Worth Individual
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor
FPI	Foreign Portfolio Investor
DII	Domestic Institutional Investor
DTAA	Double Taxation Avoidance Agreement
FATCA	Foreign Account Tax Compliance Act
CRS	Common Reporting Standard
IRS	International Reporting Standard
KYC	Know Your Customer
AML	Anti-Money Laundering

This list is never ending and ever evolving with some geniuses coming up with new terminologies every day……never mind….!!

If you have managed to read till here, you are well equipped to handle your day to day banking and investments…...trust me, you know more than 80% of your peers.

Infographics

Area	NRE	NRO
Repatriability	Both Principal & Interest are FULLY & FREELY REPATRIABLE	Generally not repatriable, Repatriable subjected to fulfillment of regulatory guidelines
Tax Treatment	Interests are exempted from taxation in India	deduction, banks generally deducts TDS from the interests paid on NRO account at the highest slab
Permissable Credit	Permissible credits in NRE account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance). *** Only those credits which are repartiable in nature	In addition to all the permissible credits in NRE, the NRO accounts can also receive legitimate dues of the NRI in India,e.g, Rents, Dividends and other current income. Rupee loan/ gifts received by NRIs from residents withing the suggested limits of Liberalised Remittance Scheme (LRS) can also come into NRO account.
Permissible Debit	For any payment and investments in India and abroad	Generally, only local payments and investments in India
Internet Banking	Available	Available
Mobile Banking	Available	Available
Chque Book	Available	Available
Debit Card	International Debit card	Domestic Debit Card
Resident Joint Holder	Permitted in Former or Survivor mode	Permitted
NRI Joint Holder	Permitted	Permitted
Currency	INR	INR

	NREFD	NROFD	FCNR (B)	RFC
Repatriability	Both Principal & Interest are FULLY & FREELY	Generally not repatriable. Repatriable subjected to	Both Principal & Interest are FULLY & FREELY	Both Principal & Interest are FULLY & FREELY
Tax Treatment	Interests are exempted from taxation in India	Interests are subjected to tax deduction, banks generally deducts TDS from	Interests are exempted from taxation in India	Interests are exempted from taxation in India only if the person holds RNOR status.
Permissible Source Of Fund	Permissible source of funds for NRE deposit account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance).	In addition to all the permissi	Permissible source of funds for FCNR (B) deposit account are inward remittance from outside India, interest accruing on the NRE/ FCNR (B) account, interest on investment if made out of repatriable funds , transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made	Permissible source of funds for RFC deposit account are inward remittance from outside India, interest accruing on the NRE/ FCNR (B) account, interest on investment if made out of repatriable funds , transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made
Permissible Debit	For any payment and investments in India and abroad	Generally, only local payment	For any payment and investments in India and abroad	For any payment and investments in India. Also become repatriable when
Currency	INR	INR	FCY- All major fully convertible currency like USD,GBP, EUR, AUD,CAD,	FCY- All major fully convertible currency like USD,GBP, EUR, AUD,CAD.
Resident Joint	Not permitted	Permitted	Not permitted	Not permitted
Tenure	Minimum 1 year, Maximum 5 years	Minimum 7 Days, Maximum 10 Years	Minimum 1 year, Maximum 5 years	Minimum 1 year, Maximum 5 years

Scenario 1	Buy	Sell
Investing in Mutual Fund / IPO with Repatriable (NRE) Funds	Login to your trading account > Choose the Fund or IPO > Selec NRE as source > Buy (Your purchased mutual fund unit or shares are transferred to the "NRE Non-PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRE Non-PIS account)

Scenario 2	Buy	Sell
Investing in Mutual Fund / IPO with Non-Repatriable (NRO) Funds	Login to your trading account > Choose the Fund or IPO > Select NRO as source > Buy (Your purchased mutual fund unit or shares are transferred to the "NRO Non-PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRO Non-PIS account)

Scenario 3	Buy	Sell
Investing in Secondary market (Already listed shares) with Repatriable (NRE) Funds	Step 1 : Login to your Internet/mobile banking > Transfer the fund to your NRE PIS account first Step 2: Login to your trading account > Choose the share > Selec NRE-PIS as source > Buy (Your purchased shares are transferred to the " NRE -PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRE-PIS account, You need to login to your internet/mobile banking to manually move the fund back to your regular NRE account)

Scenario 4	Buy	Sell
Investing in Secondary market (Already listed shares) with Non-Repatriable (NRO) Funds	Step 1 : Login to your Internet/mobile banking > Transfer the fund to your NRO PIS account first Step 2: Login to your trading account > Choose the share > Selec NRO-PIS as source > Buy (Your purchased shares are transferred to the " NRO -PIS Demat")	Login to your trading account > Select the fund or the shares > Sell (The sale proceeds are transferred back to your NRO-PIS account, You need to login to your internet/mobile banking to manually move the fund back to your NRO Non-PIS account)

Near future DREAMs	Short-term GOALs
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Future cost estimation : Education & Marriage

Kid's Age	2	Life Event	Cost @ present price	Cost @ future price	Investment Required/pm
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Goal	*Age*	*Current Value*	*Future Value*	*Years*	*Monthly*
10th Std	15	INR 150,000	INR 459,871	13	INR 1,297
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		INR 4,350,000	INR 20,622,809		INR 26,478

Credit : tflguide.com

NRIFinancebuddy

Buddy like Advice

PANIC is The WORST thing to do during CRISIS

COVID-19

OIL-PRICE WAR

GLOBAL SLOW-DOWN

MARKET CRASH

ALL OF THESE WILL PASS…. Just like the previous ones…

Stay calm

Hold on to your cash

Your time is coming……

Stay in touch….

https://nrifinancebuddy.com/

Closing Words…...

Banking & Investment in today's life is as important as our job or study or any other pursuits for that matter. Banks, financial institutions and financial advisors are definitely there to help us managing our money efficiently, but it always helps to have the basics in place, in aspects of life, finance being no exception.

The one and only purpose of this book is to spread awareness among the global Indian community and connect closer. If you find the information provided in this book are going to help you in handling your day to day banking and investment affairs more efficiently and with ease, I shall consider my endeavor a successful one.

I have something more to offer you….

If you need any specific information, suggestion or if you are facing any problem related to your NRI Banking and/or Investments……I will be glad to help you out. Visit my blog and drop your query there. I will write you back within the shortest possible time.

Till then……. Take care……!!

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Buddy like Advice

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