

Investment For NRIs



Rajat has been working as a cost accountant in Bahrain for the last three years and has accumulated savings from his earnings overseas. He now wants to choose the investments that maximize his returns and create the right portfolio mix.



Choice of Investment

Rajat can invest in various types of insurance such as investment and savings plans, retirement plans and child education plans. Rajat can also look at property services in India as many banks now provide access to overseas customers to complete the investment formalities. For investment in the stock markets, NRIs have the options of investing in the equity markets and mutual funds very conveniently through online facilities. NRIs investing in the Indian stock market need to keep certain regulatory guidelines in mind. Secondary market equity transactions can be carried out only under the Portfolio Investment Scheme (PIS), while investments in IPOs, derivatives and mutual funds do not fall under the purview of PIS.



Portfolio Investment Scheme

As an NRI, Rajat can purchase shares and convertible debentures

of Indian companies in the secondary market under PIS. He can approach a designated branch of any bank authorized by Reserve Bank of India (RBI) to open an NRE/NRO account under the scheme.



Repatriation

Income such as interest and dividend earned by Rajat from PIS, whether acquired on repatriation basis or on non-repatriation basis, can be remitted abroad provided the applicable taxes have been paid. However, capital gains can be repatriated only if the investment is on a repatriable basis. All derivatives trading is permissible only on a non-repatriable basis.



Online Access to Investment

Rajat can subscribe to an online trading platform that enables him to complete his stock market transactions electronically. He can benefit from the 3-in-1 facility – a demat account, a trading account and a bank account rolled into one,

SMS CONTEST

Question

The guidelines of the Portfolio Investment Scheme apply to NRI investments in _____.

Answer

- A. equity shares
- B. mutual funds
- C. derivatives

To answer, SMS DISHA A, B or C to 53030 and win a 2N 3D holiday.* Contest open for the day of publication.

*Terms and conditions apply. Visit www.dishac.org for details and winners.

offering an efficient and hassle-free investing experience. A 3-in-1 online platform allows an NRI to invest in equities, derivatives, mutual funds, IPOs and other financial products. NRIs can invest their repatriable as well as non-repatriable income.

NRIs should acquaint themselves with the latest regulations/notifications/circulars as issued by the Reserve Bank of India and with other laws of India before forming any opinion or making any investment.

Centre for Investment Education and Learning

We welcome your questions, suggestions and feedback on this column. Please use the 'Email Us' link at www.icicibank.com or send as an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

DID YOU KNOW?

If an NRI already has a demat account as a resident Indian, he can retain the account containing securities purchased prior to his status changing to NRI. However, for all new purchases he will need to open a new demat account as an NRI. If he wishes to carry out PIS transactions, he must link the new demat account to his savings account under PIS.

FAQs

Is there any limit for purchases by NRIs under PIS? Is a PAN card mandatory for an NRI to trade in Indian stock markets?

Most companies are permitted to have an NRI holding of a maximum of 10% while an individual NRI is limited to 5%. Yes, it is mandatory for an NRI to have a PAN card to trade in the Indian stock markets.

Does an NRI need to report all his acquisition or sale of shares to RBI on daily basis?

No, the bank offering the PIS facility reports all NRI sales and purchases under the facility to RBI daily.

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