NRI Banking in India has become easier with technology by Sneha Jain

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Online money transfer technology and a liberal monetary policy have enabled NRIS to invest in India. In a globalized, networked world, where business and commerce has moved from the traditional 8 hour work day, geographies and boundaries have dissolved in the face of technologies. Post liberalization, India has moved on to a less stringent exchange regime and this has made it easier for the NRIs (Non Resident Indians) to remit funds back home. Remittances from NRIâ€™s to India in 2010-2011 were to the tune of 55 billion US dollars.

Every year, Indians living abroad use 3 main types of NRI accounts to transfer funds. All the major Indian banks , both public sector and private offer these accounts to their customers. Online money transfer from these accounts has drastically reduced the time taken for funds to be transferred to India.

With the spread of the internet and the increased use of information technology, more and more NRIs are using online money transfer to send money to their near and dear in India. Previously, NRIs used wire transfer services like Western Union to send money back to India.

for NRI banking is an important of any banks portfolio. It is believed that remittances from abroad constitute 3 % of Indiaâ€™s GDP. Data also shows that India received the highest amount of funds through remittances from abroad.

Non Resident External accounts: NRE

â€¢ Funds In these accounts are held in Rupees

â€¢ NRIs can open these accounts

â€¢ Funds from abroad can be deposited in this account

â€¢ This type of account can be held jointly

â€¢ Funds in this account can be remitted to any country without requiring prior permission from the RBI.

â€¢ Nominations can be made for this type of accounts

â€¢ The interest earned on income is not subject to income tax in India.

Non Resident Ordinary accounts: NRO

â€¢ This account can be opened by an NRI or even a resident before becoming an NRI

â€¢ NRO accounts can only contain funds received in India

â€¢ The funds cannot be remitted abroad of to another NRE account

â€¢ NRO accounts can be held jointly by a resident and an NRI

â€¢ Interest earned on deposits in an NRO account are taxable as per prevailing rates in India

Non-Resident Foreign Currency Account: FCNR

This account allows NRIs/PIOs to invest in deposits in India, in foreign currency. The idea is to protect the NRIs from fluctuations in the exchange rate. Currently FCNR deposits can be maintained in 6 currencies.

â€¢ US Dollars $

â€¢ Euros â‚¬

â€¢ British Pounds Â£

â€¢ Australian Dollars $

â€¢ Canadian Dollars $

â€¢ Japanese Yen Â¥

FCNR accounts are an attractive way for NRIs to get a good rate of interest on their deposits.

â€¢ They can only be opened by NRIs

â€¢ The term is between 1-5 years

â€¢ These accounts can be held jointly

â€¢ Nomination facility is available

â€¢ Loans can be availed against these deposits, however these loans are restricted in their use and amounts, by the law.

â€¢ The interest earned on the deposits is not taxable in India.

â€¢ The principal deposit is not taxed as Wealth Tax in India

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Sneha Jain - About Author:
The a banks in India have become aggressive and adopted new technologies for a NRI bankingprocedures in terms of transferring funds to India.

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