

Frequently Asked Questions



Who is an NRI?

An NRI is an Indian citizen who stays outside India:

- (a) for purposes of carrying out employment or any business or vocation;
- (b) under circumstances indicating an intention to stay outside India for an uncertain duration;
- (c) any Indian citizen deputed outside India for a temporary period in connection with employment.

What type of bank accounts can be opened by NRIs / PIOs?

Following types of bank accounts can be opened:

- Non-resident External (NRE)- Savings and Deposits
- Non-resident Ordinary (NRO)- Savings and Deposits
- Foreign Currency Non-resident (FCNR)- Deposits

How can I open an NRE Savings Account?

You can either click on the link for Account Opening application, go to https://www.sbmbank.co.in/pdf/resources/SBM_Application_Form.pdf and submit the form with relevant documents to our nearest branch or contact your servicing Relationship Manager.

What are the documents that I have to submit to open an NRE Savings Account?

Documents required for opening of NRI Accounts

One will need ID Proof, Address Proof, NRI status proof & photograph to identify the customer.

Following documents need to be procured.

ID Proof : Passport

Address Proof : Driving License/Current Utility Bill (Electric/Gas/Water Bill (not more than 3 months old) as overseas address proof

Indian Address proof is mandatory for opening NRO Accounts apart from overseas address proof to prove his NR Status

NRI Status : Visa for Indian Passport holders
PIO / OCI Card for foreign passport holders
CDC (Continuous Discharge Certificate) for a Mariner with a stamping less than 6 months old along with contract letter from a foreign shipping company. Please note that people not working under a foreign flag and who are sailing within the Indian territory are not entitled to open NRI accounts (Viz. people working in Indian Cruises)

Other documents : PAN Card is mandatory for any investment made in India. Therefore, it must be made mandatory for NRE & NRO accounts.
Aadhar is not mandatory for opening any Non-Resident account. However, an NRI making payments like property tax or have rental income into his NRO account needs to have an Aadhar Card.

For PIS Accounts : Regular KYC as above.
Broker-wise statement of all secondary market investments by the applicant customer with the latest balances.
Copy of his PIS approval letter from another Bank if he proposes to shift the account. Bank shall guide the customer on the shifting of account.

Photograph : 2 copies of colour photographs

All above docs to be self-attested and verified by bank official with Bank seal

Are my NRE Savings Account funds repatriable?

Yes, both the principal and interest are repatriable.

Is interest earned on NRE Savings Account taxable in India?

No. Interest earned on NRE Savings Account is not taxable in India

Can I open my account with any currency?

Yes, you can open your account with any convertible currency. We will convert your currency into rupee and open the NRE Savings Account. Your NRE Savings Account will be maintained in only rupee.

Can I open a Joint Account?

Yes, NRO Account can be opened with any persons. NRE Account can be opened jointly only with close relatives. (Refer Companies Act 2013 to check who is considered as close relative)

Type of Account	Joint Account with Resident Indians	Joint Account with Non-Resident Indians
NRO	Yes (Former or Survivor)	Yes
NRE	Yes (Former or Survivor)	Yes
FCNR	Yes (Former or Survivor)	Yes

What is an NRO Savings Account?

A Non-Resident Ordinary (NRO) Savings Account can be opened by an Individual NRI (other than a person resident in Nepal and Bhutan) and is maintained to manage your income earned in India such as rent, dividends, pension, etc.

Who is a PIO?

A citizen of a foreign country (other than a citizen of Bangladesh or Pakistan) is a PIO if
(a) he/she at any time held an Indian passport; OR
(b) he/she or either of his/ her parents or any of his/her grandparents were a citizen of India; OR
(c) spouse (not being a citizen of Bangladesh or Pakistan) of an Indian citizen or (a) or (b) above.

Can two separate trading accounts namely (NRE & NRO) can be opened by NRI?

Yes. Clients can have two separate trading accounts based on NRE & NRO.

Can NRI trade in Currency derivative segment of the Exchange?

No. NRI's cannot trade in Currency derivatives segment.

Can trading account be opened for person's resident outside India who had been allotted shares under ESOP scheme?

Listed Indian companies can issue shares under the Employees Stock Option Scheme (ESOPs), to its employees or employees of its joint venture or wholly owned subsidiary abroad who are resident outside India, other than to the citizens of Pakistan. Trading account can be opened for person's resident outside India only for the sole objective of selling of shares acquired under ESOP Scheme.

Can rights/bonus shares be issued to NRI?

FEMA provisions allow Indian companies to issue Rights/Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap as may be applicable

In case a person who is resident in India becomes a non-resident, will he/she be required to change the status of his/her holding from Resident to Non-Resident?

As per section 6(5) of FEMA, NRI can continue to hold the securities which he/she had purchased as a resident Indian, even after he/she has become a non-resident Indian, on a non-repatriable basis.

In case a non-resident Indian becomes a resident in India, will he/she be required to change the status of his/her holding from Non-Resident to Resident?

Yes. It is the responsibility of the NRI to inform the change of status to the designated authorized dealer branch, through which the investor had made the investments in Portfolio Investment Scheme and the DP with whom he/she has opened the Demat Account.

Subsequently, a new Demat Account in the resident status will have to be opened, securities should be transferred from the NRI Demat Account to resident account and then close the NRI Demat account.

In case a non-resident Indian becomes a resident in India or vice versa, will he/she be required to open a new trading account?

Yes, customer needs to open a new trading account.

Where can customer check the banned scrips?

List of caution/banned RBI scrip is available at https://www.rbi.org.in/scripts/BS_FiiUser.aspx

Whom do we contact for help on debit card related issues while we are abroad?

Please reach out to us at customer@sbmbank.co.in
Portfolio Investment Scheme (PIS)

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What is Portfolio Investment Scheme of RBI & how does it work?

Portfolio Investment Scheme (PIS) is a special scheme of the Reserve Bank of India which enables NRIs /PIOs /OCIs to purchase and sell shares and convertible debentures of Indian companies on a recognized stock exchange by routing such purchase/sale transactions through their designated NRE PIS Savings Account with a designated bank branch.

It's like a normal savings bank account which can be opened with any AD1 Category Bank in India who have been permitted by RBI to handle secondary market transactions for NRIs/PIOs/OCIs. As per FEMA.361/2016-RB dated 15th Feb2016, RBI have

permitted only repatriable investments (Schedule 3 of FEMA 20/RB) through this designated NRE-PIS account.

NRIs/PIOs/OCIs are however permitted to invest without limit, through their NRO Savings Account as per Schedule 4 of FEMA 20/RB. RBI has instructed all Banks to convert the erstwhile NRO PIS Accounts to regular NRO savings account vide Schedule 3 of FEMA 361 dated 15.02.2016.

Can NRI have multiple PIS Accounts in SBM Bank(India)?

No. NRIs cannot have multiple PIS Accounts.

Does an NRI require PIS permission to purchase shares in the primary market (IPOs) on repatriable/non repatriable basis?

No. NRIs/PIOs/OCIs can purchase shares in the

Does NRIs require special permission to sell shares which they purchased from primary markets on repatriation and non-repatriation basis?

No. Proceeds of primary market transactions will be credited to the customer's NRE SB/NRO Savings Account only.

Can PIS account have a joint holder? Do NRIs need a separate account to trade in the secondary market?

PIS account cannot be a joint account as per RBI guidelines. NRIs should have a separate Bank account exclusively for PIS transactions. Transactions relating to their personal banking and primary market transactions like IPO, etc. can be routed through a separate bank account.

Can a NRI do an intraday transaction?

No. NRIs cannot sell without taking delivery of shares/- convertible debentures purchased. Short sell is also not permitted under PIS.

Can an investor under PIS make an investment on repatriation and non-repatriation basis?

Yes. Investment can be made on repatriation and non-repatriation basis. Customer needs to open an NRE-PIS

account for repatriable investments.

Non-repatriable investments can be directly routed from the customer's NRO Savings Account.

It is always recommended to open a pair of PIS & SB accounts.

How many Banks can an NRI assign to do his PIS transactions?

An NRI can assign only one designated Bank for routing all his PIS transactions, which means an NRI is supposed to have only one PIS Account, across all banks in India.

What happens if an NRI customer purchases shares above the prescribed limits?

The customer has to off load such portion of the holdings, immediately upon receiving intimation from the Broking House/Bank, which is in excess of the prescribed limits. Such purchases cannot be processed in PIS account. Hence, it should be handled by the broker separately with the customer.

Can NRIs(including PIOs/OCIs) buy/sell capital instruments?

1. Purchase/ sale of capital instruments

1.1 A Non-resident Indian (NRI) or an Overseas Citizen of India (OCI) is allowed to purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the following conditions:

A. The purchase and sale is done through a designated authorised dealer branch;

B. The total holding by any individual NRI or OCI should not exceed five percent of the total paid-up equity capital on a fully diluted basis or should not exceed five percent of the paid-up value of each series of debentures or preference shares or warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together should not exceed ten percent of the total paid-up equity capital on a fully diluted basis or should not exceed ten percent of the paid-up value of each series of debentures or preference shares or warrants;

C. The aggregate ceiling of ten per cent can be raised to twenty-four per cent if a special resolution to that effect is passed by the General Body of the Indian company.

2. Modes of payment

2.1 The amount of consideration for purchase of capital instruments should be received as an inward remittance from abroad, through banking channels or out of funds held in a Non-Resident External (NRE) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

2.2 The NRE account will be designated as an NRE (PIS) Account and the designated account should be used exclusively for putting through transactions permitted under this scheme.

2.2.1 The specific credits permitted for the NRE (PIS) account are as follows:

- Inward remittances from abroad in foreign exchange through banking channels;
- Transfer from the NRI's/OCI's other NRE accounts or FCNR (B) accounts maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016;
- Sale proceeds (net of taxes) of capital instruments acquired on repatriation basis in accordance with instructions contained in this annex and sold on stock exchange; and
- Dividend or income earned on investment made on repatriation basis in accordance with instructions contained in this annex.

2.2.2 The specific debits permitted for the NRE (PIS) account are as follows:

- Outward remittances of dividend or income earned on investment made on repatriation basis in accordance with instructions contained in this annex;
- Amounts paid on account of purchase of capital instruments on repatriation basis on stock exchanges in accordance with instructions contained in this annex;
- Any charges on account of sale/purchase of capital instruments in accordance with instructions contained in this annex; and
- Remittances outside India or transfer to NRE/FCNR (B) accounts of the NRI/OCI or any other person eligible to maintain such accounts in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

Remittance of sale proceeds

The sale proceeds (net of taxes) of the capital instruments can be remitted outside India or may be credited to NRE (PIS) Account of the person concerned.

Can NRIs receive shares through inheritance?

Yes. NRIs can receive shares through inheritance. RBI permission is not required to obtain such shares. However, those shares will be held on non-repatriable basis.

How the shares, acquired by an NRI, during his Resident status will be handled?

The shares, which an NRI acquired during his residential status will be held on non-repatriable basis. Once the customer becomes an NRI, these shares can be credited to his NRO DematAccount and can be sold in the secondary market without PIS permission and sale proceeds can be credited to his NRO SB Account.

What are the banned and cautioned scrips for a NRI customer?

RBI monitors the investment positions of NRIs/FIIs in listed India Companies, reported by designated Banks on daily basis. When the total holdings of NRIs/FIIs under the scheme reaches the limit of 2% below the sectoral cap, RBI will issue a Notice (caution list) to all designated branches of the designated banks cautioning that any further purchase of shares of the particular company will require prior approval from RBI.

Once the shareholding cap of the NRI/FII reaches the overall ceiling/sectoral cap statutory limit, RBI places the company on the Ban list. Once a Company is placed in the Ban list, an NRI is not permitted to purchase any share of the company under Portfolio Investment Scheme. List of cautioned/Banned list is available on RBI site at https://www.rbi.org.in/scripts/BS_FiiUser.aspx. Concerned Operations team, handling PIS transactions, at the designated bank branch is expected to monitor such list on a daily basis and must take appropriate action immediately.

Can NRIs /OCIs investment in MFs/ETFs, etc?

NRIs are permitted to invest into Mutual Funds& ETFs through their NRO account as such investments are non-repatriable in nature.

NRIs are also allowed to invest in Exchange Traded Derivative Contracts approved by SEBI from time to time, out of Rupee funds held in India on non-repatriation basis, subject to the limits prescribed

by SEBI. Such investments will not be eligible for repatriation benefits. Hence, these transactions are also to be routed through the customer's NRO Savings Account.

What needs to be reported to RBI and what is the frequency?

All secondary market purchase/sales equity shares to be reported to RBI on T+1 day on a RBI prescribed file format. Only one reporting per day is permitted. If no transactions, then nil reporting to be done.

Can a back-dated contract note be processed?

Yes. Contract notes are processed through an application. Customer will be debited/credited on the day of processing. RBI reporting is also done on current processing day.

Can the bank charge some commission to the customer for processing the contract notes?

Yes. GST is also applicable on these charges. PIS application will be doing this.

Who will fund the PIS account?

Customer can do it online or it can be done by SBM Bank(India) who is holding POA.

Can the customer get the debit facility to PIS account?

No. It can be only done by SBM Bank(India).

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No. It can be only done by SBM Bank(India).

Can the customer open multiple trading accounts with multiple brokers?

Technically yes, but it is recommended to have only one.

When do contract notes get processed?

Usually brokers share the contract notes on T+1 day morning. On this day we have to process the contract notes and report it to the regulators. Pay-in will be done on T+1 by debiting the customer and crediting the broker. Pay-out is done on T+2 day by debiting the broker and crediting the customer.