

Can you convert your savings account to an NRE account?



Your current resident Indian savings bank account cannot be changed to a Non Resident External (NRE) account. This is because NRE accounts are simply intended to assist you in saving your income from abroad.

According to the SBI NRI FAQ page, “You can re-designate your existing account into NRO account. In order to convert your account, please download a standard request letter by clicking on 'For converting resident Indian savings bank account into NRO savings bank account on change of residential status from 'Download Forms' and post / courier it to your home branch along with supporting documents mentioned in the letter.

Please note that such request coming through email cannot be acted upon, due to security reasons.”

You must immediately close your resident savings account or redesignate it as an NRI account if your residential status has now changed to NRI.

How to convert a resident account into an NRI Account?

Many non-resident Indians (NRIs) handle their savings or income received in India using Non-Resident Ordinary (NRO) Accounts. You can receive



money with this account in both Indian and international currency. However, as NRO Accounts are stored in Indian currency and cannot be freely repatriated into any foreign currency, only Indian currency can be withdrawn.

Penalties for not converting savings account to NRO account

According to the DBS Bank website, “Continuing to hold your resident savings account after gaining NRI status is considered illegal under the Foreign Exchange Management Act (FEMA) guidelines and doing so may attract hefty penalties. Under the Act, any individual who fails to adhere to the guidelines is liable to pay a penalty of up to 3 times the amount involved in the existing resident savings account or Rs 2 lakh when the sum is not quantifiable. Additionally, a penalty of Rs 5,000 is to be charged every day from the first day of intervention until the penalty is paid.”

Documents required for conversion of savings account to NRO account

- These are the documents required for conversion of savings account to NRE account, according to the HDFC Bank website.
- Resident to NRO Conversion form. (Form to be signed by all holders)
- Self-attested PAN Card or Form 60 (in the absence of PAN)
- Self-attested copies of passport and Visa to prove his/her NRI status.
- Overseas address is mandatory to be obtained from customer and mentioned on the account conversion form.
- Self-attested Address proof (Any one Indian or Overseas proof) should be as per the list of acceptable proofs.

Important point

In case a customer (whose status has now changed to NRI) is a joint/second holder in Resident Account then in such cases, the customer needs to additionally submit a declaration along with the above mentioned conversion forms and KYC documents.