

THE NRI'S ROADMAP TO INVESTING IN INDIA - UNDERSTANDING INDIA'S REGULATORY FRAMEWORK





India remains a key investment destination for Non-Resident Indians (NRIs), driven by strong economic prospects and emotional ties. India's rapidly expanding economy offers robust investment potential. From thriving real estate markets to the booming tech and startup ecosystem, NRIs see India as a land of opportunity and long-term growth.

NRIs must carefully navigate the regulatory and tax landscape, both in India and their country of residence, before investing.

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Permissibility of Investment: An NRI investor may pick and choose a variety of Indian instruments in their Indian investment basket depending on their financial goals, needs and risk and return criteria. NRI Investors should check if the investment in the asset class is freely permitted, or requires prior approval from the Reserve Bank of India (RBI), or falls under restricted/prohibited categories.

NRI can make investments as summarised in the table below:



S.N. 1 – Category: Bank Accounts

Investment Type & Key Regulatory Conditions:

» **NRE Account**

- » Deposits in Foreign Currency but maintained in INR
- » Can be jointly held with NRI only
- » Fully repatriable
- » No Indian income tax on interest

» **NRO Account**

- » Deposits in Foreign Currency and INR
- » Can be jointly held with an Indian Resident
- » Partially repatriable
- » Interest is liable to tax in India

» **FCNR Account**

- » This is a Term Deposit maintained in Foreign Currency
- » Can be jointly held with NRI only
- » Fully repatriable
- » No Indian income tax on interest



S.N. 2 – Category: Listed Instruments on the Indian Stock Exchange

Investment Type:

- » Equity Shares
- » Debentures
- » Preference Shares
- » Share Warrants and partly-paid shares of the above nature

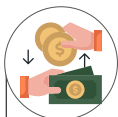
Key Regulatory Conditions:

» **Investments from NRE Account:**

- » Need to be under the PIS Scheme
- » Sectoral caps apply
- » Only delivery-based transactions are permitted

» **Investments from NRO Account:**

- » Treated on par with investments by Residents in India



S.N. 3 – Category: Equity Derivatives

Investment Type:

- » Share Warrants and partly paid shares of the above nature

Key Regulatory Conditions:

- » Permitted only out of the NRO Account on a non-repatriation basis



S.N. 5 – Category: Mutual Funds by Licensed Asset Management Companies in India

Investment Type:

- » Equity Oriented
- » Debt Oriented
- » Hybrid

Key Regulatory Conditions:

- » Permitted

Note: Not all asset management companies accept investments from certain countries like the US.



S.N. 4 – Category: Investments in Unlisted Equity Securities

Investment Type:

- » Unlisted Equity Instruments
- » Investment in Limited Liability Partnership (LLP)
- » Investment in Proprietary Concern or Partnership Firm

Key Regulatory Conditions:

- » Permitted under FDI
- » Sectoral caps apply
- » NRIs can invest in LLPs operating in sectors where 100% FDI is allowed
- » Investment in proprietary or partnership firms can be made only on a non-repatriation basis



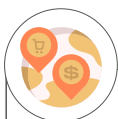
S.N. 6 – Category: Public Provident Fund (PPF)

Investment Type:

- » PPF Accounts

Key Regulatory Conditions:

- » NRIs cannot open a new PPF
- » Can maintain & contribute to accounts opened before becoming an NRI until maturity



S.N. 7 – Category: National Pension Scheme

Investment Type:

- » Subscription to the National Pension Scheme

Key Regulatory Conditions:

- » Only Tier I NPS permitted



S.N. 9 – Category: Units of Investment Vehicles or Funds

Investment Type:

- » Alternative Investment Funds (AIFs)
- » Real Estate Investment Trusts (REITs)
- » Infrastructure Investment Trusts (INVITs)

Key Regulatory Conditions:

- » Permitted



S.N. 8 – Category: Government Securities & Debt Instruments

Investment Type:

- » Listed Non-convertible Debentures
- » Redeemable Preference Shares
- » Government Securities
- » Treasury Bills

Key Regulatory Conditions:

- » Permitted

Note: NSCs can only be on a non-repatriation basis



S.N. 10 – Category: Real Estate

Investment Type:

- » Residential
- » Commercial
- » Agricultural

Key Regulatory Conditions:

- » Permitted except for Agricultural land
- » If an NRI has inherited agricultural land, it can only be sold to a resident of India, not to another NRI or OCI

Accurate Compliance is a Key

NRIs have a wide range of investment opportunities in India, spanning financial markets, real estate, banking, and business ventures. However, these investments are subject to specific regulations, restrictions, and compliance requirements established by the RBI and SEBI and tax compliance prior to remittance of funds from India. NRIs need to make informed investment decisions and ensure regulatory compliance.

Conclusion

While the opportunities to invest in India are promising, it's essential to understand that every investment carries risk. Also, tax laws, repatriation rules, and investment permitted categories are subject to changes and can vary based on the NRI's country of residence. While these are the guiding principles for investments, it is equally important to track the updates in the regulations and ensure accurate and timely compliance during the investment cycle.

Rupali Ashar Profile

Rupali Ashar is a trusted advisor specialising in Private Client Services, with a strong focus on High and Ultra-High Net Worth (HNI/UHNI) clients. She has experience in advising on cross-border investment structures, global succession planning, and strategic wealth management for Indian and Global families.

She has worked closely with family offices, offering tailored solutions that align with their unique financial goals and governance needs. Her expertise also spans global employment assignments, including Compensation Structuring and social security benefits. With a client-first philosophy, she combines deep technical knowledge with commercial insight to deliver impactful, long-term value.

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About Legacy Growth

Legacy Growth is a global multi-family office advisory firm (non-wealth) with offices in India, Canada, UAE and a partner network in the UK and across major global locations.

They specialise in helping high-net-worth families, family offices, and growth-stage businesses with tailored solutions spanning succession planning, family governance, investment structuring, and business growth strategy.

They also assist in setting up family offices, navigating M&A, managing cross-border compliance, and developing next-gen leadership.

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