

Distances can never keep
friends apart.

NRI  **BANKING
SERVICES**



NRI Sampark

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 6, October – December 2014

January 1, 2015

Dear NRI friends,



Happy
New Year!

At the outset, I take this opportunity to wish you and your family a happy and prosperous New Year 2015. IDBI Bank values and takes pride in extending its banking services to you and looks forward to serving you in the New Year 2015 and beyond with traditional Indian warmth

With a view to keep you all informed and updated about the developments in October - December quarter across a gamut of topics ranging from banking, economic outlook and NRI products & regulations, I am pleased to present the 6th edition of the Bank's quarterly newsletter "NRI Sampark". Trust you shall find the same useful.

Suggestions, as always are welcome and may be shared on e-mail Id nri@idbi.co.in

Warm regards,
R P Maheshwari
General Manager – NRI Services
IDBI Bank



IDBI Bank in News

1. IDBI Bank launched Credit Card for its existing customers on December 23, 2014. The Credit Card is a chip based card issued on VISA payment platform and would be initially available in 2 variants viz IDBI Bank Platinum Credit Card (Aspire) and IDBI Bank Signature Credit Card (Royale)
2. IDBI Bank has been conferred Star Performance Award 2014 in demat account opening under PSU-Bank category by NSDL at its 29th DP Conference.
3. IDBI Bank becomes the 1st Public Sector Bank to launch Electronic – Insurance Account (eIA) in association with NSDL Database Management Limited (NDML) through which insurance policies of policy holder can be held in electronic form with an insurance repository
4. IDBI Bank entered into a Memorandum of Understanding (MOU) with Global IME Bank Ltd (GIBL) to launch Indo-Nepal Remittance Arrangement. This arrangement enables Indian citizen and Nepali citizen to transfer funds from India to their beneficiary in Nepal.
5. Taking forward its endeavor to deploy cutting edge technology to offer a wide array of advanced financial services and products to its customers, IDBI Bank launched Tab Banking for account opening process on pilot basis.
6. IDBI Bank launched a e-lounge branch on December 5, 2014 at Raipur. This would allow its customers to meet their banking requirements (viz automated cash deposit, automated cheque deposit, automated pass book printing, e-Transact terminal for various Card and Net Banking holder to view balance, fund transfer, bill payment, recharge etc) through simple and intuitive interface on the self-service terminals..



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates (Effective December 1, 2014)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 30 days	4.50
31 days to 45 months	6.00
46 months to 60 days	6.50
61days to 90 days	7.25
91 days to 6 months	8.00
6 months 1 day	8.80
6 months 2 days to < 1year	8.85
1 year to 5years	8.80
> 5years – 10 years	8.75

Recurring NRO Deposits (Effective December 1, 2014)

Tenure	Interest rate (% p.a.)
1 year – 5 years	8.80
> 5 yrs – 10 yrs	8.75

Non Resident External - NRE Deposit rates (Effective December 1, 2014)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to < 2years	8.80
2 years to < 3 years	8.80
3 years to <5 yrs	8.80
5 yrs	8.80
> 5 yrs - 7 yrs	8.75
> 7 yrs - 10 yrs	8.75

Recurring NRE Deposits

Tenure	Interest rate (% p.a.)
1 year – 5 years	8.80

Important Points:

The rates mentioned are subject to change from time to time. Please verify the rates on our website www.idbi.com

No interest is payable on NRE / FCNR (B) deposit closed prematurely in less than a year

DTAA benefit available for TDS on NRO Deposits

Foreign Currency Non Resident (Bank) - FCNR (B) deposit rates (% p.a.) (Effective January 1, 2015)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.45	2.65	2.18	4.53	3.48	2.16	2.77	2.56	1.37
2 Years - less than 3 Years	2.89	2.93	2.18	4.42	3.46	2.16	3.11	3.00	1.87
3yrs - less than 4yrs	4.30	4.15	3.22	5.42	4.59	3.18	4.46	4.38	2.92
4yrs - less than 5yrs	4.57	4.33	3.29	5.60	4.70	3.20	4.73	4.65	2.98
5yrs only	4.77	4.45	3.36	5.69	4.81	3.24	4.92	4.85	3.09



Interest Rates on loans for NRIs

The Bank offers Home Loans, Loan against property and Auto Loans to Salaried NRIs. Bank also offers Education Loan to students enrolling for various courses. The interest rates for various loans across loan amounts and tenure are as under:

Products	Loan Amount	Rate of Interest	Tenure	NRI Category
Home Loan(Floating)	For all loan amounts	10.25% (BR+0%)	15 years	Salaried
Home Loan-Interest Saver(Floating)	For all loan amounts	10.40% (BR+0.15%)	15 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	Below Rs 30 Lakh	10.75% (BR+0.50%)	15 years	Salaried
	Rs 30 Lakh & above	11.00% (BR+0.75%)		
Home Loan Balance Transfer Facility + Top-up	For all loan amounts	Applicable Home Loan Rates	Applicable Home Loan Tenure	Salaried
Loan against Property	For all loan amount	12.25%-12.50% (BR+2.00% to 2.25%)	10 - 15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	10.60% (BR+0.35%)	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 10 Lakh For studies abroad Rs. 20 Lakh	Non-Vocational Courses 11.25% to 12.25% (BR+1.00 % to BR+2.00%)	10 to 15 years	Student should be Indian National
		Vocational Courses 11.25% (BR+1.00 %)		
		Studies in Premier Education Institutes (including ISB) 10.25% (BR+0.00%)		
		Studies with Admission under Management Quota 13.75 % (BR+3.50%)		

BR = Base Rate

Note : The interest rates are subject to change from time to time. Please verify the rates on our website www.idbi.com

Product Focus – Comparison of various NRI Accounts

	<u>NRE Account</u>	<u>FCNR (B)</u>	<u>NRO Account</u>	<u>RFC Account</u>
Purpose of Account	To maintain overseas savings remitted to India in INR	To maintain overseas savings in foreign currency	To maintain Indian earnings like rent, Indian salary, dividend and also to meet local expense.	To maintain savings in foreign currency by NRIs returning to India
Eligibility	NRI, PIO	NRI, PIO	NRI, PIO	Ex-NRI / Resident Indian
Type of Accounts	SB, CA, FD, RD	FD	SB, CA, FD, RD	SB, CA, FD
Currency	Indian Rupees (INR)	USD, GBP, EUR, JPY, AUD, SGD, CAD, HKD, CHF	Indian Rupees (INR)	USD, GBP, EUR and JPY
Minimum Balance Required	SB- Flexible balance requirement FD – Rs 10,000	USD 1000 or equivalent	SB- Flexible balance requirement FD – Rs 10,000	USD 1000 or equivalent
Period	FD: 1 to 10 years RD: 1 Year to 5 Years	1 to 5 years	FD: 15 days to 10 years RD: 1 Year to 10 Years	Up to 3 Years
Joint Holding	With NRIs (Including Minors) & Resident Indians		With NRIs / Resident Indians	Permitted with another returning Indian / resident Indian
Repatriation	Principal and interest both fully repatriable		Up to USD 1 million per Financial Year. Interest freely repatriable after TDS	Fully Repatriable
Risk on Exchange Rate Fluctuation	Will be effected by Exchange Rate fluctuation	Maintained in foreign currency, hence carries no exchange rate risk	Will be effected by Exchange Rate fluctuation	Maintained in foreign currency, hence carries no exchange rate risk

TDS on interest on NRO Deposit

NRIs residing in certain countries can avail the benefit of reduced rate of TDS on NRO deposits (SB and TD) under **Double Tax Avoidance Agreement (DTAA)**, subject to submitting of **Tax Residency Certificate (TRC)** issued by Government of country or the specified territory of which the assessee claims to be resident for the purpose of tax, **Form 10 F** and a **Self-Declaration form**. NRIs having NRO Savings Bank Account or NRO Fixed Deposit are requested to kindly contact the branch and submit the above documents in the month of April 2015 to avail the benefit of DTAA for FY 2015-16.

Economic Outlook



- ❖ **Monetary Policy Review 2014-15:** RBI in its fifth bi-monthly Monetary Policy Review 2014-15 announced on December 02, 2014, decided to:
 - Keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.00%. Consequently, the reverse repo rate under the LAF remains unchanged at 7.00%, and the marginal standing facility (MSF) rate and Bank Rate at 9.00%.
 - Keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.00% of net demand and time liabilities (NDTL)
 - Keep the Statutory Liquidity Ratio (SLR) at 22% of NDTL.

- ❖ India's **GDP growth** declined marginally to 5.3% (y-o-y) in Q2 FY15 from 5.7% (y-o-y) in Q1 FY15 on the back of slowdown in agriculture and industry sectors. However, in H1 FY15, the GDP growth was pegged at 5.5% (y-o-y) – higher than to 4.9% (y-o-y) in H1 FY14, signaling an improvement in the economic scenario.

- ❖ India's **CAD** widened by 96% (y-o-y) to US\$10.1 billion (2.1% of GDP) in Q2 FY14 from US\$7.8 billion (1.7% of GDP) on the back of higher trade deficit. However, CAD declined sharply to US\$17.9 billion (1.9% of GDP) in H1 FY15 from US\$26.9 billion (3.1% of GDP) in H1 FY14. India's overall **Balance of Payment** (BoP) position was in surplus for the fourth consecutive quarter in Q2 FY15 to the tune of US\$6.9 billion (US\$11.2 billion in Q1 FY15). For H1 FY15, BoP was surplus to the extent of US\$18.1 billion as compared to a deficit of US\$10.7 billion in H1 FY14.

Disclaimer: - The contents of the above article are based on information received from various sources and while compiling every effort has been made to ensure that the information is accurate and authentic. IDBI Bank does not accept any responsibility for interpretation of various rules or any errors/omissions in the newsletter.

Economic Outlook



- ❖ India's monthly **Trade Deficit** widened by 76.2% (y-o-y) to touch 18-month high of US\$16.9 billion in Nov '14 from US\$9.6 billion in Nov '13. In Apr-Nov '14 period, the trade deficit was at US\$100.6 billion – up by 3.8% from US\$96.9 billion in Apr-Nov '13 period.
- ❖ India's **External Debt** was valued at US\$450.1 billion (23.2% of GDP) as at end-Jun '14, reflecting an increase of US\$7.9 billion or 1.8% from end-Mar '14, primarily on account of rise in External Commercial Borrowings (ECB) and Non-Resident Deposits. **Forex reserves** as a percent of External Debt rose to 70.2% as at end-Jun '14 from 68.8% at end-Mar '14.
- ❖ India's **Fiscal Deficit** was at Rs.4.75 lakh crore (89.6% of the BE) in Apr-Oct '14 period, higher than 84.4% of the B E in Apr-Oct '13 period. The higher deficit was mainly because of lower receipts, both revenue receipts as well as non-debt capital receipts, even though the expenditure was restricted.

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Banking Updates



- ❖ The Government of India decided to separate the post of Chairman and MD & CEO. As per the press release dated December 31, 2014, henceforth, in the new appointments of PSBs other than SBI, the Chairman will be a part time Board Member who would preside over the Board Meetings and will not be an Executive Chairman. The procedure for selection of part time Chairman is expected to be announced soon.
- ❖ The RBI notified the guidelines for implementation of the Bharat Bill Payment System (BBPS) on November 28, 2014. BBPS is an integrated bill payment system which will allow customers to pay their various bills at one point. National Payments Corporation of India (NPCI) has been appointed as the nodal agency for setting the standards for BBPS processes and will function as the authorized Bharat Bill Payment Central Unit (BBPCU). Banks will operate as Bharat Bill Payment Operating Units (BBPOUs) and will work in adherence to the standards set by the BBPCU.
- ❖ The RBI notified the guidelines for licensing of small finance banks in the private sector and guidelines for licensing of payments banks on November 27, 2014.

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Frequently asked Questions & Answers (FAQs)



Q.1 Can a Non Resident Indian acquire agricultural property?

A. As per the Foreign Exchange Management Act 1999 (FEMA) a NRI / PIO / OCI cannot acquire agricultural land / plantation property / farm house in India.

Q.2 Can a Non Resident Indian invest in Public Provident Fund (PPF)?

A. NRIs are not permitted to invest in small savings or Public Provident Fund (PPF).

Reach us at

Email: nri@idbi.co.in

Website: www.idbi.com

Customer Care: (+91-22) 6693 7000

SWIFT: **IBKLINBB**

Remittance information: <http://www.idbi.com/remittance.asp>

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