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friends apart.

NRI  **BANKING
SERVICES**



NRI Sampark

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 12, April – June 2016

Dear NRI friends,

July 1, 2016

Season's greetings from IDBI Bank.

At the outset, I take this opportunity to share with you about the developments in April – June 2016 quarter across a gamut of topics ranging from banking, economic outlook and NRI Products & regulations. I am pleased to present the 12th edition of 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 announced its financial results for the year ended March 31, 2016. The highlights of the Financial Results of FY 2015-16 vis-à-vis FY 2014-15 is as under:
 - Total Business increased to Rs 4,81,615 Crore from Rs 4,68,213 Crore
 - Deposits increased to Rs 2,65,720 Crore from Rs 2,59,836 Crore
 - Advances increased to Rs 2,15,895 from Rs 2,08,377 Crore
 - Total assets grew to Rs 3,74,372 from Rs 3,56,144 Crore
 - The Bank's operating profit stood at 5370 crore during FY 2015-16. Despite improvement in its operational performance, Bank incurred a loss of Rs 3665 Crore. This has happened predominantly because of prudential provisioning for NPA and stressed assets following RBI's Asset Quality Review (AQR) which required banks to proactively revise asset classification / provision for certain accounts. The losses or fall in profit on account of provisioning has also been witness in case of other banks.
2. IDBI Bank Ltd. was awarded with Certificate of Excellence for outstanding performance in MSME funding during FY 2015-16 by Federation of Industries, Trade and Services (FITS) at New Delhi. The certificate of excellence and trophy was presented by **Shri Kalraj Mishra, Hon'ble Union Cabinet Minister**, Ministry for Micro, Small and Medium Enterprises, Government of India.
3. Citi Bank honored IDBI Bank with Performance Excellence Awards under two categories 'Straight Through Processing for US Dollar Payments- 2015' and 'Tax Payments – 2014'. Shri Kishor Kharat, MD & CEO, received the award on May 7, 2016 at Mumbai from Shri Rahul Shukla, MD & Head of Corporate and International Banking, Citi Bank for India.
4. IDBI Bank received two global awards for Trade Finance – Transaction Banking Group from Wells Fargo Bank which is one of the principal USD as well as EURO correspondent Bank for our Bank recognizing the operational efficiency and effectiveness in processing online payment as well as technology initiatives of IDBI Bank. These awards are **Wells Fargo Technology & Innovation online Self-Service Award & Wells Fargo Global Currency Award**.



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates (Effective June 13, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 30 days	4.50
31 days to 45 months	5.25
46 months to 60 days	6.25
61days to 90 days	6.50
91 days to 6 months	7.00
6 months 1 days to 270 days	7.25
271 days to < 1year	7.25
1 year to <5 years	7.50
5 years	7.40
> 5 years – 10 years	7.25

Recurring NRO Deposits (Effective June 13, 2016)

Tenure	Interest rate (% p.a.)
1 year < 5 years	7.50
5 years	7.40
> 5years – 10 years	7.25

Non Resident External - NRE Deposit rates (Effective June 13, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to < 2years	7.50
2 years to < 3 years	7.50
3 years to <5 yrs	7.50
5 yrs	7.40
> 5 yrs - 7 yrs	7.25
> 7 yrs - 10 yrs	7.25

Recurring NRE Deposits (Effective June 13, 2016)

Tenure	Interest rate (% p.a.)
1 year < 5 years	7.50
5 Years	7.40

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 July 1, 2016)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	1.70	1.20	0.10	2.75	1.61	0.00	2.06	1.62	0.00
2 Years - less than 3 Years	1.78	1.25	0.12	2.80	1.71	0.00	2.13	1.85	0.00
3yrs - less than 4yrs	1.83	1.26	0.15	2.81	2.75	0.00	2.22	1.94	0.00
4yrs - less than 5yrs	1.92	1.32	0.18	2.93	1.81	0.00	2.25	2.03	0.00
5yrs only	2.03	1.42	0.24	3.01	1.89	0.00	2.30	2.18	0.00



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 (per annum)	Max Tenure	NRI Category
Home Loan(Floating)	For all loan amounts	9.45% (MCLR+0.15%)	30 years	Salaried
Home Loan-Interest Saver(Floating)	For all loan amounts	9.60% (MCLR+0.30%)	30 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	For all loan amounts	10.10% (For 3 Years)	30 years	Salaried
		10.35% (For >3 year)		
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	10.95% -11.70% (MCLR +(1.65% to 2.40%))	10 - 15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	9.95%	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 20 Lakh For studies abroad Rs. 30 Lakh	Non-Vocational Courses 10.45% to 11.45% (MCLR+1.15 % to MCLR+2.15%)	10 to 15 years	Student should be Indian National
		Vocational Courses 10.45% (MCLR+1.15 %)		
		Studies in Premier Education Institutes (including ISB) 9.45% (MCLR+0.15%)		
		Studies with Admission under Management Quota 12.35 % (MCLR+3.05%)		

MCLR = Marginal Cost of Funds Based Lending Rates

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

Filing Return of Income in India

According to the provisions of the Income-tax Act, 1961 (the 'Act'), an NRI is liable to file ROI if his/her total taxable income in India in the relevant Financial Year ('F.Y.') exceeds the basic exemption limit which is Rs.2,50,000/- for F.Y. 2015-16 and F.Y.2016-17. F.Y. is the period beginning from 1st April to 31st March every year.

As per the Finance Bill, 2016 w.e.f 1st April, 2017, while computing total taxable income for the purpose of examining whether the same is exceeding the basic exemption limit, an NRI shall include Long-term capital gains (LTCG) exempt u/s 10(38) of the Act.

A NRI earning the following income shall be liable to file ROI irrespective of his/her taxable income being less than the basic exemption limit:-

- a. Income from Short-Term Capital Gains on equity shares or units of equity oriented mutual fund on which securities transaction tax is charged.
- b. Income from Long-Term Capital Gains, which are chargeable to tax.
- c. Other incomes chargeable to tax irrespective of the basic exemption limit.

It shall not be necessary for a NRI to furnish his/her ROI if,

- a. Total income during the financial year consisted only of investment income^{#1} or income by way of long-term capital gains^{#2} or both; and
- b. Tax deductible at source (TDS) has been deducted from such income.

The time limit for filing ROI for any FY ending 31st March has been reduced from 24 months to 12 months.

- a. By 31st July following the FY.
- b. Voluntarily, you can file delayed ROI within 8 months of 31st July i.e. For FY ending 31st March, 2016, you are required to file the ROI by 31st March, 2017.
- c. Filing beyond this is permitted by obtaining approval from Tax Department for condonation of delay.

Manner of filing ROI:

- a. ROI is required to be filed in the prescribed forms for different taxpayers.
- b. ROI is to be filed electronically through independent portal www.incometaxindiaefiling.gov.in established by Income Tax Department, Government of India.

Filing Return of Income in India

Why a NRI should file ROI in India voluntarily?

It is advisable to file ROI even if he is not mandatorily required due to following reasons:

- a. To claim refund of excess TDS with interest at 6% p.a.
- b. To be eligible to carry forward losses to be set-off against future income.
- c. NRI may file ROI in some years and may not file in some years. But if he receives a notice from the Income Tax Department to file ROI, he must respond by filing ROI for the relevant year.
- d. The updated tax information/records help a NRI to comply with procedural documentation for repatriation of income and assets held in India. It also helps to have records as and when he/she returns to India.

Consequences of filing ROI after due date:

- a. If ROI is not filed before the due date, the NRI shall not be allowed to carry forward losses to the subsequent years.
- b. The person is liable to pay interest at the rate of 1% per month or part of month on the outstanding tax payable till the ROI is filed.
- c. It may result in levy of penalty of Rs. 5000/- for each year.
- d. In case of willful delay of filing ROI, the assessee may be subject to prosecution.

Note:

#1 "Investment Income" means any income derived [other than dividends from Domestic Company] from a foreign exchange asset

#2 "Long-term capital gains" means income chargeable under the head "Capital gains" relating to capital asset, being a foreign exchange asset^{#3} which is not a short-term capital asset;

#3 "Foreign exchange asset" means any specified asset which the assessee has acquired or purchased with or subscribed to in, convertible foreign exchange;

Disclaimer: - The content of the above topic "Filing Return of Income in India" is compiled by our Tax Consultant for the benefit of NRIs. The information given in the note provides a bird's eye view on the important selected provisions related to NRI. The information provided in this note is liable to change either through amendment to the law/ regulations or through different interpretation by the authorities or for any other reason whatsoever. IDBI Bank and its Tax Consultant shall not be held responsible for any loss or damage which an investor may suffer due to an inadvertent error, if any contained therein.

Economic Outlook



- ❖ Index of Industrial Production (IIP), after posting positive, albeit muted growth, for two consecutive months, slipped back to negative territory in Apr '16. On an annualized basis, IIP contracted by 0.8% in Apr '16 as compared to a growth of 0.3% in Mar '16 and 3.0% in Apr '15. On a month-on-month basis, the contraction was sharper with IIP posting a negative growth of 11.2% in Apr '16 over Mar '16. However, on a three-month moving average (3MMA) basis, IIP grew by 0.5% during the three months ending Apr '16 as compared to 0.2% during the three months ending Mar '16.
- ❖ India's overall Balance of Payments (BoP) was in surplus in Q4 FY16 for the second consecutive quarter, aided by negligible Current Account Deficit (CAD). However, the extent of surplus in Q4 FY16 was lower vis-à-vis the surpluses witnessed in Q3 FY16 and Q4 FY15. This was due to fall in net inflows of Foreign Direct Investment (FDI), coupled with net outflows of portfolio investment, which partly offset the gains from the low level of CAD.
- ❖ India's CAD narrowed in Q3 FY16 vis-à-vis Q2 FY16 and Q3 FY15 mainly due to lower merchandise trade deficit. Even in Apr-Dec '15 period, lower merchandise trade deficit helped to ensure a lower CAD. The improvement in CAD was also aided by continued surplus in services account.
- ❖ With the Fiscal Deficit estimated at Rs. 5.32 lakh crore or 3.9% of the GDP in FY16, the Govt. met its fiscal deficit target for the year. This was in line with the Budget Estimates (BE) as well as the Revised Estimates (RE). The fiscal deficit was 4.1% in FY15, which underscores the significant improvement in the Govt.'s fiscal health in FY16. The target was met largely because the expenditure was commensurate with the receipts.

Banking Updates



- ❖ The RBI announced the Second Bi-monthly Monetary Policy Statement for 2016-17 on June 07, 2016. The RBI maintained status quo on the key policy rates and accordingly the policy rates are as follows:
 - **Repo Rate** unchanged at 6.5%;
 - **Reverse Repo Rate** and **Marginal Standing Facility (MSF) Rate** unchanged at 6.00% and 7.00%, respectively.
 - **Cash Reserve Ratio (CRR)** unchanged at 4.00% of Net Demand and Time Liabilities (NDTL);
 - **Statutory Liquidity Ratio (SLR)** unchanged at 21.25% of NDTL; and
- ❖ The RBI has directed banks and white label ATM operators to ensure that all the existing ATMs (including micro-ATMs that are enabled to handle card-based payments) installed/ operated by them are enabled for processing of EMV Chip and PIN cards by September 30, 2017. Furthermore, all new ATMs should necessarily be enabled for EMV Chip and PIN processing. Banks shall also implement the above requirements at their micro-ATMs which are enabled to handle card-based payments. Besides enhancing the safety and security of ATM transactions, this is also aimed at facilitating preparedness of banks for the proposed EMV Liability Shift for ATM transactions.
- ❖ The RBI notified the Foreign Exchange Management (Deposit) Regulations, 2016 on May 5, 2016. As per the revised guidelines, foreign diplomatic missions and diplomatic personnel or their family members in India can open Rupee/ foreign currency accounts with an Authorised Dealer in India subject to conditions. Residents of Nepal and Bhutan and any multilateral organization, of which India is a member nation, and its subsidiary/ affiliate bodies and officials, can also maintain deposits in Rupee with an Authorised Dealer in India. The revised guidelines are aimed at easing the procedural norms for deposits maintained by the said segments.

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.

Frequently asked Questions & Answers (FAQs)



Q.1 What type of accounts can a Non Resident Indian (NRI) / Person of Indian Origin (PIO) open?

<u>Currency</u>	<u>Savings Bank Account</u>	<u>Current Account</u>	<u>Fixed Deposit</u>	<u>Recurring Deposit</u>
Indian Rupees	NRE SB Account	NRE Current Account	NRE Fixed Deposit	NRE Recurring Deposit
	NRO SB Account	NRO Current Account	NRO Fixed Deposit	NRO Recurring Deposit
Foreign Currency	Not Applicable	Not Applicable	FCNR (B) Deposit	Not Applicable

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