

Distances can never keep  
friends apart.

**NRI** BANKING  
SERVICES

## *NRI Sampark*

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 13, July – September 2016

*Dear NRI friends,*

October 1, 2016

Season's greetings from IDBI Bank.

At the outset, I take this opportunity to share with you about the developments in July – September 2016 quarter across a gamut of topics ranging from banking, economic outlook and NRI Products & regulations. I am pleased to present the 13<sup>th</sup> 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](mailto:nri@idbi.co.in)

Warm regards,  
Ranjan Kumar Rath  
General Manager – NRI Services  
IDBI Bank



## *IDBI Bank in News*

1. The highlights of the Q 1 FY 2017 (June 30, 2016) financial results viz-a-vis Q 1 FY 2016 (June 30, 2015) is as follows:
  - Total Business increased to Rs 4,71,394 Crore from Rs 4,45,668 Crore
  - Deposit increased to Rs 2,54,031 Crore from Rs 2,41,328 Crore
  - Advances increased to Rs 2,17,363 Crore from Rs 204339 Crore
  - Total asset grew to Rs 3,65,532 Crore from Rs 3,42,099 Crore
  - Net interest Income (NII) for Quarter ended June 2016 increased by 14.20% to Rs 1,706 Crore for Quarter ended June 2015
  - Net Profit for Quarter ended on June 2016 increased by 78.36% to Rs 241 Crore from Rs 135 Crore for Quarter ended June 2015
  
2. IDBI Bank launched “IDBI Express” an unique banking solution, enabling customers to bank at their chosen time and place beyond banking hours, without having to visit the Bank branch. IDBI Express assists customers to transact transfer and use payment services. The highlight of IDBI Express is its ability to offer other services viz Jan Suraksha Scheme, Aadhar, RuPay based transaction, Mudra, Stand Up India, Start Up India facilities besides utility services and much more. This landmark initiative facilitates basic banking services to all its customers and is in line with its continuous efforts in financial inclusion.



## Interest Rates on NRI Deposits

### Non Resident Ordinary - NRO Deposit rates (Effective Oct 01, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 30 days	4.75
31 days to 45 months	5.50
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	7.00
271 days to < 1year	7.25
1 year to < 2 years	7.30
2 year to 5 years	7.25
> 5 years – 10 years	7.25

### Recurring NRO Deposits (Effective Oct 1, 2016)

Tenure	Interest rate (% p.a.)
1 year <2years	7.30
2 years to 5 years	7.25
> 5years – 10 years	7.25

### Non Resident External - NRE Deposit rates (Effective Oct 1, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to < 2years	7.30
2 years to < 3 years	7.25
3 years to <5 yrs	7.25
5 yrs	7.25
> 5 yrs - 7 yrs	7.25
> 7 yrs - 10 yrs	7.25

### Recurring NRE Deposits (Effective Oct 1, 2016)

Tenure	Interest rate (% p.a.)
1 year < 2 years	7.30
2 years to 5 Years	7.25

#### **Important Points:**

The rates mentioned are subject to change from time to time. Please verify the rates on our website [www.idbi.com](http://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 Oct 1, 2016)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	1.95	1.10	0.18	2.65	1.64	0.09	1.84	1.73	0.00
2 Years - less than 3 Years	2.01	1.12	0.19	2.66	1.67	0.09	2.10	1.90	0.00
3yrs - less than 4yrs	2.06	1.12	0.19	2.67	1.75	0.09	2.20	1.99	0.00
4yrs - less than 5yrs	2.11	1.13	0.19	2.85	1.79	0.09	2.26	2.12	0.00
5yrs only	2.16	1.20	0.22	2.91	1.85	0.09	2.29	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	<b>Non-Vocational Courses</b> 10.45% to 11.45% (MCLR+1.15 % to MCLR+2.15%)	10 to 15 years	Student should be Indian National
		<b>Vocational Courses</b> 10.45% (MCLR+1.15 %)		
		<b>Studies in Premier Education Institutes (including ISB)</b> 9.45% (MCLR+0.15%)		
		<b>Studies with Admission under Management Quota</b> 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](http://www.idbi.com)

## *Repatriation of income and assets held in India*

The NRI's hold funds and assets in India, the sources of which can be:

- I. Assets and funds held when they left India or
- II. inheritance of assets or
- III. Assets and funds created out of remittance made from overseas for investments in India.

Over the years, the Indian Government has substantially liberalized remittances of income and assets held by NRI's.

### **What is permitted to repatriate from India?**

- I. All types of current income like interest, rentals, dividends, income from proprietorship and partnership business and salary/pension income is permitted to repatriate from India.
- II. Repatriation out of balance held in NRO A/c/ sale proceeds of assets/ assets in India acquired by way of inheritance is also permitted for repatriation.

The remittances in foreign exchange for acquisition of immovable property is permitted equivalent to the amount of remittance earlier made for the acquisition of the property. (However, gain on sale of immovable property is permitted under ii)

The remittances in foreign exchange for the purpose of investments in India in securities are permitted for repatriation along with the gains on sale proceeds (provided the investment made is in accordance with the Foreign Exchange Management Act, 1999.

### **Procedure for Repatriation**

- I. One is required to provide information and documents in respect of income/assets proposed to be repatriated some of which is stated below:
  - i. Copy of PAN Card.
  - ii. Copy of Passport.
  - iii. Copy of will/ Probate/ Succession certificate in case of inheritance of assets.
  - iv. Copy of Gift Deed in case of Gift Received.
  - v. Copy of Purchase Agreement, Sale Agreement etc. in case of remittance of sale proceeds of immovable property.

The Documents required for repatriation shall depend upon the sources/ nature of funds intended to be repatriated.

- II. The limitations on the amount of repatriation of the funds/assets every year is as under:
  - i. The current income during the year is permitted for repatriation without any limit.
  - ii. One is permitted repatriation up to US\$ 1 million per financial year (i.e. 1<sup>st</sup> April to 31st March) out of any balance held in NRO A/c or from sale proceeds of any asset.

III. Submission of following forms to the Bank

i. **Form 15CA:**

It is an undertaking by the Remitter to be signed either physically or through a digital signature and submit online to the Tax Dept Website.

ii. **Form 15CB:**

This is a certificate to be obtained from the Chartered Accountant confirming that the taxes are paid on the remittances.

IV. Special approval from the RBI

The RBI does approve repatriation of amount beyond the limits specified above in genuine circumstances. Normally such permission is granted in the case of hardships like medical purposes but it may also grant permission for the purpose of education, home purchase or similar requirements.

V. Typical Issues

- i. If the NRI do not use the yearly limit of US\$1 Million, he cannot utilize the same in subsequent years.
- ii. The current income earned in any year is permitted to be repatriated in the same year or in any subsequent year or years.
- iii. Recently, the RBI has instructed that gifts received from the residents is permitted to be credited to NRO A/c of the NRI up to US\$250,000 only and thus indirectly limiting repatriation of such receipt up to this limit.
- iv. Remittances from NRO Account to NRE Account or Overseas Account can only be done through a single Bank in a particular Financial Year.
- v. Thus, an NRI has to use the services of the same bank he had used previously, if he wishes to remit funds again in the same Financial Year.

**Disclaimer:** - The content of the above topic "Repatriation of income & assets held 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. Bank or its empanelled professionals shall not be held responsible and liable for any loss or damage which you may suffer due to unfairness, inaccuracy, incompleteness or incorrectness of the information or an inadvertent error, if any contained therein. You must make your own investigation and assessment before taking any decisions.

## ***Economic Outlook***



- ❖ Marking a reversal from the positive growth witnessed in the preceding two months, the industrial output, as measured by Index of Industrial Production (IIP), posted negative growth on an annualized basis in Jul '16. On an annualized basis, IIP contracted by 2.4% in Jul '16 vis-à-vis a growth of 2.0% in Jun '16 and 4.3% in Jul '15. On a month-on-month basis, IIP contracted by 3.7% in Jul '16 as compared to a growth of 0.6% in Jun '16 and 0.7% in Jul '15. On a three-month moving average (3MMA) basis, IIP growth was 0.2% during the three months ending Jul '16 as compared to 0.6% during the three months ending Jun '16. In the Apr – Jul '16 period, the IIP contracted by 0.2% as compared to a growth of 3.5% in Apr – Jul '15 period.
- ❖ India's overall Balance of Payments (BoP) was in surplus in Q1 FY17 for the third consecutive quarter, aided by significantly lower Current Account Deficit (CAD). While BoP surplus in Q1 FY17 exhibited an improvement over the surplus witnessed in Q4 FY16, it was lower than the surplus witnessed in Q1 FY16.
- ❖ The Govt.'s fiscal deficit amounted to Rs. 4.08 lakh crore or 76.4% in Aug' 16 of the Budget Estimate (BE), marking an increase of Rs. 0.14 lakh crore over Jul '16 and Rs. 0.39 lakh crore over Aug '15. This was due to higher increase in Total Expenditure vis-à-vis the increase in Total Receipts.

**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.

## Banking Updates



- ❖ The RBI announced the fourth Bi-monthly Monetary Policy Statement for 2016-17 on October 4, 2016. The RBI reduced key policy rates by 25 basis points and accordingly the policy rates are as follows:
  - **Repo Rate** reduced from 6.50% to 6.25%;
  - **Reverse Repo Rate** stands adjusted at 5.75%
  - **Marginal Standing Facility (MSF) Rate and Bank Rate** stands adjusted at 6.75%.
  
- ❖ In line with the recommendations of the Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies headed by Shri Aditya Puri, the RBI has directed Credit Information Companies (CIC) to provide one free full credit report (FFCR) including credit score in electronic format to individuals (whose credit history is available with the CIC). The report will be provided once a year upon request and must show the latest position of the credit institutions' exposure to the individual as per records available with the CIC. This directive will be effective from January 1, 2017. This will help an individual in accessing his/ her credit score before applying for loans as also ensure that errors, if any, in his/ her credit history are rectified.
  
- ❖ The RBI released guidelines for 'on tap' licensing of Universal Banks in the Private Sector on August 01, 2016. The key features of the guidelines are:
  - Resident individuals and professionals having 10 years of experience in banking and finance at a senior level are also eligible to promote universal banks;
  - Large industrial houses are excluded as eligible entities but are permitted to invest in the banks up to 10 per cent;
  - Non-Operative Financial Holding Company (NOFHC) has been made non-mandatory in case of promoters being individuals or standalone promoting/converting entities who/which do not have other group entities;

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## *Banking Updates*



- Not less than 51% of the total paid-up equity capital of the NOFHC shall be owned by the promoter/promoter group, instead being wholly owned by the promoter group.  
This will help in increasing participation in the banking sector and thereby, achieve enhancing the accessibility to financial services as also foster competition in the sector.
  
- ❖ On September 29, 2016, the RBI has notified lending institutions can publish photographs of only those borrowers (including proprietors/ partners /directors / guarantors of borrower firms/ companies) in newspapers if they have been classified as willful defaulters as per the mechanism set out by the RBI. Lending institutions must also formulate Board-approved policy to determine the criteria for publishing photographs of willful defaulters. In view of the sensitive nature of the matter, the guideline intends to ensure consistent and non-discriminatory approach in publication of photographs of the willful defaulters

## 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).

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