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friends apart.

NRI BANKING
SERVICES

NRI Sampark

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 10, October – December 2015

Dear NRI friends,

January 1, 2016



At the outset, I take this opportunity to wish you and your family Happiness, Health & Prosperity for the New Year 2016. IDBI Bank values and takes pride in extending its banking services to you and looks forward to serving you in the New Year 2016 & also beyond with traditional Indian warmth.



With a wide network of 1789 branches & 3225 ATMs Pan India as on December 31, 2015, IDBI Bank is well poised to service your banking requirements and offer solutions to meet your financial needs.

I am pleased to present the tenth edition of our quarterly newsletter “Sampark” encapsulating a wide spectrum of topics which, I am certain, you shall find useful and help you to take informed investment decisions. Suggestions, as always are welcome and may be shared on e-mail Id nri@idbi.co.in

Warm regards,
R.P Maheshwari
General Manager – Retail Banking Group
IDBI Bank



IDBI Bank in News

1. IDBI Bank launched a USD 350 million 5 year Reg S Green Bond issue on November 23, 2015. The transaction received an overwhelming response and the issue was oversubscribed by 3 times. The transaction attracted interest from a diversified range of investors including Asset Managers (50%), Banks (28%), Private Banks (17%), and corporate and Others (5%). Around 82% of the allocation was made to Asian Investors, 18% to European investors. With this, IDBI Bank has become the first state-owned commercial bank to raise USD 350 million by selling green bonds, where proceeds are used for refinancing of clean energy projects in India assisted by IDBI Bank which include wind energy, solar energy, biomass, water recycling systems, energy distribution and management system etc. The proceeds will also be used for financing of new projects in above mentioned areas including sustainable transport.
2. IDBI Bank has received Rs.2229 crore from the Government of India towards preferential allotment of equity shares of Rs.10/- each to Gol at a price of Rs.75.28 per share in terms of the approval accorded by the Shareholders at the EGM of the Bank held on November 4, 2015.
3. IDBI Bank has mobilised Rs.1900 crore through issue of Basel III compliant Tier 2 bonds through two separate issues on private placement basis to strengthen its capital adequacy. The first issue of Rs.1000 crore concluded on December 31, 2015 was for a tenor of 15 years with call option at the end of 10 years while the second issue of Rs.900 crore was concluded on January 2, 2016 with a tenor of 10 years. Both the issues carry a coupon of 8.62% p.a. payable annually. These issuances aggregating Rs.1900 crore would augment capital adequacy ratio of the bank by about 55 bps.
4. IDBI Bank conducted 'Kisan Sangosthi' at various villages all over India to mark the celebration of 'Farmers Day' and to acknowledge the role played by farming community in the economic development of the country.



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates (Effective November 16, 2015)

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 <2 years	7.75
2 year to 10 years	7.50

Recurring NRO Deposits (Effective November 16, 2015)

Tenure	Interest rate (% p.a.)
1 year < 2 years	7.75
2 yrs – 10 yrs	7.50

Non Resident External - NRE Deposit rates (Effective November 16, 2015)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to < 2years	7.75
2 years to < 3 years	7.50
3 years to <5 yrs	7.50
5 yrs	7.50
> 5 yrs - 7 yrs	7.50
> 7 yrs - 10 yrs	7.50

Recurring NRE Deposits (Effective November 16, 2015)

Tenure	Interest rate (% p.a.)
1 year < 2 years	7.75
2 Year to 5 Years	7.50

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, 2016)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	1.88	1.67	0.50	3.20	1.57	0.40	2.73	1.70	0.00
2 Years - less than 3 Years	2.16	1.89	0.52	3.22	1.67	0.40	2.89	2.01	0.00
3yrs - less than 4yrs	3.43	3.12	1.61	4.27	2.83	1.30	3.98	3.22	0.89
4yrs - less than 5yrs	3.62	3.27	1.72	4.49	3.00	1.30	4.09	3.39	0.96
5yrs only	3.75	3.39	1.84	4.62	3.13	1.30	4.15	3.51	1.04



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	9.75% (BR+0%)	15 years	Salaried
Home Loan-Interest Saver(Floating)	For all loan amounts	9.90% (BR+0.15%)	15 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	Below Rs 30 Lakh	10.25% (BR+0.50%)	15 years	Salaried
	Rs 30 Lakh & above	10.50% (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	11.25% -12.00% (BR+1.50% to 2.25%)	10 - 15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	10.10% (BR+0.35%)	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 20 Lakh For studies abroad Rs. 30 Lakh	Non-Vocational Courses 10.75% to 11.75% (BR+1.00 % to BR+2.00%)	10 to 15 years	Student should be Indian National
		Vocational Courses 10.75% (BR+1.00 %)		
		Studies in Premier Education Institutes (including ISB) 9.75% (BR+0.00%)		
		Studies with Admission under Management Quota 13.25 % (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 – Foreign Currency Non Resident- FCNR(B)

FCNR Fixed Deposits are an excellent investment option for NRIs looking to retain their money in foreign currency to avoid any foreign currency exchange risk and ensuring the highest and guaranteed returns on their earnings.

IDBI Bank offers FCNR (B) deposit in nine currencies viz USD, GBP, Euro, CAD, AUD, SGD, HKD, JPY and CHF.

Features & Benefits of FCNR (B) deposit

- ❖ Flexibility in opening account in multiple currencies
- ❖ Multiple tenure option ranging from minimum 1 year to maximum 5 years
- ❖ Interest Payment is on either Half Yearly intervals or Cumulative interest credit on maturity.
- ❖ Both Principal and Interest are freely repatriable
- ❖ There is no penalty on pre-closure of FCNR (B) deposit. However, minimum tenure required for accrual of interest is 1 year. The interest payable on prematurely withdrawn FCNR(B) deposit after 1st year will be the contracted rate or the rate applicable for which the deposit remained with the Bank, whichever is lower
- ❖ Tax Benefit: There is no TDS on interest on FCNR(B) deposit
- ❖ Attractive Loan Option available

Economic Outlook



- ❖ **5th Bi-monthly Monetary Policy Statement 2015-16:** RBI on December 1, 2015, kept the rates unchanged in its 5th Bi-monthly review of monetary policy 2015-16:
 - Repo Rate remained unchanged at 6.75%
 - Reverse Repo remain unchanged at 5.75%
 - Marginal Standing Facility (MSF) and Bank Rate remained at 7.75%.
 - CRR and SLR retained at 4% of NDTL and 21.5% of NDTL respectively.

- ❖ Index of Industrial Production (IIP) accelerated to 9.8% on an annualized basis in Oct'15 as compared to growth of 3.8% in Sep'15. On a three-month moving average (3MMA) basis, IIP growth was at 6.6% during the three months ending Oct'15, higher than 4.8% during the three months ending Sep'15.

- ❖ Retail price inflation, as measured by the All-India Consumer Price Index (CPI), rose to 5.4% on an annualized basis in Nov '15, touching a fourteen-month high, from 5.0% in Oct '15 and 3.3% in Nov '14. This marked fourth consecutive month of increase in CPI inflation rate and is mainly attributable to the higher food inflation.

- ❖ Wholesale price inflation, as measured by the Wholesale Price Index (WPI), recorded a deflation of 2.0% in Nov '15 on an annualized basis as compared to -3.8% in Oct '15 and -0.2% in Nov '14, marking thirteenth consecutive month of deflation at the wholesale level. However, the magnitude of deflation was trended lower for the third consecutive month, underscoring the firming up of prices.

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Economic Outlook



- ❖ India's overall BoP position, after remained in surplus for seven consecutive quarters, was in deficit to the tune of US\$0.9 billion in Q2 FY16 on account of higher CAD and net outflows under Portfolio investment. In H1 FY16, however, the BoP remained in surplus to the tune of US\$10.6 billion, albeit was lower than in H1 FY15.
- ❖ India's monthly Trade Deficit, notwithstanding a contraction in exports, continued to taper for the third consecutive month in Nov '15 aided by sharper contraction in imports. The Trade Deficit was valued at US\$9.8 billion in Nov '15, down by 39.8% or US\$6.5 billion on an annualized basis. Even on a sequential basis, the trade gap reduced marginally by 0.1% from Oct '15. For Apr - Nov '15 period, trade gap was at US\$87.5 billion, lower by 14.6% from Apr - Nov '14 period.

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Banking Updates



- ❖ The RBI has permitted Non-Resident Indians (NRIs) to subscribe to National Pension System (NPS), subject to condition that subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act. The annuity/ accumulated saving will be repatriable. This will provide an additional investment avenue for NRIs for ensuring old-age income security.
- ❖ The RBI notified the guidelines for the implementation of Gold Monetisation Scheme (GMS), 2015, which will replace the existing Gold Deposit Scheme, 1999, on October 22, 2015. The main features of the guidelines are as given below:
 - Resident Indians (individuals, HUF, Trusts including Mutual Funds/Exchange Traded Funds registered under SEBI (Mutual Fund) Regulations and Companies), can make deposits under the scheme.
 - Gold deposits can be under the Short Term Bank Deposit (STBD) for period of 1-3 years as well as Medium and Long Term Government Deposit (MLTGD), medium-term being 5-7 years and long term being 12-15 years.
 - The short term bank deposits will attract applicable CRR and SLR. However, the stock of gold held by the banks will count towards the general SLR requirement.
- ❖ The Government has amended the Rules regarding quoting of PAN for specified transactions on December 15, 2015. With this amendment in the Rule 114B of the Income-tax Act, quoting of PAN will be mandatory for transactions exceeding Rs.2 lakh regardless of the mode of payment. Quoting of PAN will also be mandatory for opening

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Banking Updates



all bank accounts including NRE & NRO accounts for NRIs, co-operative banks, except for opening of a no-frill bank account such as Jan Dhan Account. This new guidelines is effective from January 1, 2016.

- ❖ Rating Agency Moody's has changed its outlook for India's Banking System to "Stable" from Negative due to an improvement in the operating environment for banks. The outlook has been negative for the last 4 years. The problem of bad loans has impacted the ratings outlook in the past. Rating Agency said that 11 out of 15 rated banks had added about Rs.1.2 Lakh Crore of bad loans during each of the past 4 years. But now the improved operating environments will result in slower pace of additions to problem loans, leading to a more stable impaired loan ratio. 11 of the rated banks belong to the public sector while the remaining 4 are from the private sector.

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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