

# *NRI Sampark*

*A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 2, October – December 2013*

January 1, 2014

*Dear NRI Patrons,*



At the outset, I take this opportunity to wish you and your family Happiness, Health & Prosperity for the New Year 2014. IDBI Bank values and takes pride in extending its banking services to you and looks forward to serving you in the New Year 2014 & also beyond with traditional Indian warmth.



With a wide network of 1200 branches & 2068 ATMs Pan India as on December 31, 2013, IDBI Bank is well poised to service your banking requirements and offer solutions to meet your financial needs.

I am pleased to present the second 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](mailto:nri@idbi.co.in)

Warm regards,  
N R Viswanadhan  
General Manager – NRI Services  
IDBI Bank



## **IDBI Bank in News**

1. IDBI Bank Limited was conferred an award at Finnoviti 2013 event held in Mumbai on November 28, 2013, for IDBI Samriddhi Portal which was selected as an inspiring innovation in the Banking segment. IDBI Bank is the only bank in India to offer such a facility to all the investors of this country. Finnoviti is an annual event that recognizes and rewards the spirit of innovation among the BFSI community. IDBI Samriddhi Portal enables a retail individual investor to invest in Central Government Securities, including Inflation Indexed Bonds and Certificates of Deposits issued by IDBI Bank, online through a web based interface.
2. "Aadhaar Project of IDBI Bank Ltd " was declared as Winner for Financial Inclusion and Payment Systems (FIPS) 2013 Awards. FIPS Awards aim to recognise the seminal role that various organisations have been playing in the areas of Financial Inclusion, Banking Technology, Payment Systems, Mobile Banking, Health Insurance and other verticals. The Bank won the Award under Financial Inclusion category for undertaking Aadhaar Project as Financial Inclusion initiative in Direct Benefit Transfer (DBT) districts in the Global Conference on FIPS 2013.
3. IDBI Bank, as part of its Corporate Social Responsibility initiatives, contributed Rs. 1 crore to the "Chief Minister's Relief Fund – Odisha" towards immediate relief for the populace affected by the recent cyclone 'Phailin'. Shri M. S. Raghavan, CMD, IDBI Bank handed over the cheque to Hon'ble Chief Minister of Odisha, Shri Naveen Patnaik on November 07, 2013.



## Interest Rates on NRI Deposits

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

Tenor	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 45 days	6.00
46 days to 6 months	8.50
6 months 1 day	8.75
6 months 2 days to 499 days	9.10
500 days	9.30
501 days to 5 years	9.00
> 5 yrs - 7 yrs	9.00
> 7 yrs - 10 yrs	9.00

#### Recurring NRO Deposits

Tenor	Interest rate (% p.a.)
1 year – 15 months	8.75
> 15 months – 5 yrs	9.00
> 5 yrs – 7 yrs	8.75
> 7 yrs – 10 yrs	8.50

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

Tenor	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to 499 days	9.10
500 days	9.30
501 days to 3 yrs	9.00
> 3 yrs – 5 yrs	9.50*
> 5 yrs - 7 yrs	9.00
> 7 yrs - 10 yrs	9.00

#### Recurring NRE Deposits

Tenor	Interest rate (% p.a.)
1 year – 15 months	8.75
> 15 months – 5 yrs	9.00

#### **\*Condition applies**

# 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 January 1, 2014)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.58	2.91	2.52	4.64	3.49	2.37	2.36	2.51	2.21
2 Years - less than 3 Years	2.50	3.05	2.55	4.90	3.40	2.23	2.58	2.69	2.19
3yrs to less than 4yrs	4.87	5.46	4.75	7.20	5.68	4.27	4.93	5.05	4.33
4yrs to less than 5yrs	5.33	5.85	5.01	7.53	6.00	4.33	5.36	5.47	4.54
5yrs only	5.80	6.17	5.26	7.80	6.28	4.42	5.74	5.87	4.80

**The Bank is offering enhanced interest rates on Foreign Currency Non-Resident FCNR (B) and Non-Resident External (NRE) deposits across select maturity buckets. The enhanced interest rates are valid up to January 31, 2014.**



## *Interest Rates on loans for NRIs*

The Bank offers Home Loans, Loan against property and Auto Loans to Salaried NRIs. The interest rates for various loans across loan amounts and tenor are as under:

(Effective January 1, 2014)				
Products	Loan Amount	Rate of Interest	Tenor	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	10.50% (BR+0.25%)	15 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	Up to Rs 30 Lakh	10.75% (BR+0.50%)	15 years	Salaried
	Above Rs 30 Lakh	11.00% (BR+0.75%)		
Home Loan Balance Transfer Facility + Top-up	For all loan amounts	Applicable Home Loan Rates	Applicable Home Loan Tenor	Salaried
Loan against Property	For all loan amount	12%-13.00% (BR+1.75% to 2.75%)	15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	10.50% (BR+0.25%)	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 10 Lakh For studies abroad Rs. 20 Lakh	<b>Non-Vocational Courses</b> 11.25% to 12.25% (BR+1.00 % to BR+2.00%)	10 to 15 years	Student should be Indian National
		<b>Vocational Courses</b> 11.25% (BR+1.00 %)		
		<b>Studies in Premier Education Institutes (including ISB)</b> 10.25% (BR+0.00%)		
		<b>Studies with Admission under Management Quota</b> 13.75 % (BR+3.50%)		

**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)

BR = Base Rate

## **Product Focus - Rupee Yield Enhancer (Forward Foreign Exchange Contract on FCNR (B) Deposit)**



Rupee Yield Enhancer is aimed to offer better yield on NRE deposits by converting the balance in NRE deposits into FCNR (B) deposits up to 5 years and booking a forward sale contract for principal and interest of FCNR (B) deposit (i.e. NRI Depositor will sell FCNR (B) deposit maturity proceeds at forward premia). On maturity of the forward contract, NRI Depositor shall receive the proceeds in Indian Rupees at the contracted exchange rate. If the combined return from the FCNR Deposits and forward premia is higher than NRE Deposit, this route will yield higher return to the NRI Depositor.

Thus, based on the relative interest rates on NRE Deposits & Foreign Currency Deposits (FCNR) along with the prevailing forward premia, NRI Depositor may use the forward foreign exchange contract to improve yield on deposits.

### ***Salient features***

- ❖ Investment of NRE Funds as FCNR (B) Deposits with a forward cover to convert the maturity amount of FCNR (B) deposit into Indian Rupees at an agreed forward exchange conversion rate
- ❖ Option of nine foreign currencies viz USD/GBP/EUR/AUD/CAD/SGD/HKD/CHF & JPY for placing the FCNR (B) Deposits
- ❖ Exact amount to be received in Indian rupees to be pre-fixed at the time of booking the deposit and forward cover.
- ❖ Proceeds received in Indian Rupees on maturity after application of Forward Foreign Exchange contract rate to be fully repatriable and tax free in India.

**Product Focus - Rupee Yield Enhancer (Forward Foreign Exchange Contract on FCNR (B) Deposit) ctd...**



- ❖ Minimum investment of Rs. USD 5000 or its equivalent for a maximum period of 5 years & minimum period of one year.
- ❖ Cancellation of forward contract not permitted.
- ❖ Exchange Loss arising on account of pre-mature closure of the deposit / forward foreign exchange contract along with the cost /expenses related thereto, if any, to be borne by the client.

**For the prevailing yields, documentation and further queries / clarifications in respect of Rupee Yield Enhancer, please get in touch with your Relationship Manager or your IDBI Bank Branch.**

## ***Economic Outlook***



### **Prevailing economic environment - India's macro-economy**

India's GDP at factor cost surpassed consensus estimates (4.6%) to register a three quarter high of 4.8% (y-o-y) growth during July-Sep quarter (Q2 FY '14). However, growth was lopsided as it was driven largely by pickup in agriculture and exports. Although GDP growth in Q2 was higher than 4.4% clocked in Q1 of the current fiscal, it still stood at sub-5.0% for the fourth consecutive quarter and was lower than 5.2% growth registered in Q2 FY '13. For the first half of FY '14, GDP growth decelerated to 4.6% from 5.3% in the year ago period.

Further, continued weak industrial sector performance, services sector evidencing a slowdown in Q2, combined with subdued domestic demand, and expected trimming of Govt. expenditure in Q4FY14 to contain fiscal deficit to budgeted levels would lead to further headwinds to growth.

The pace of growth of industrial activity in the economy, as gauged by the Index of Industrial Production (IIP), contracted by 1.8% (y-o-y) in Oct'13 following 2.0% growth in Sep '13. This comes after three months of positive growth and is attributable, primarily to decline in core industries' performance- mainly Mining (-3.5%), and sharp deceleration in Electricity (1.3%) that catalyzed high growth in the Jul-Sep period besides dip in Manufacturing (-0.2%). In Apr-Oct '13, industrial growth stagnated at 0.0% on account of persistent contraction in Mining (-2.7%), uneven performance by Manufacturing (-0.3%) and the Electricity Sector (5.3%).

**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. Can a resident individual holding a savings bank account include non-resident close relative\* as a joint account holder?**

A. Yes, individuals resident in India are permitted to include non-resident close relative(s) as a joint holder(s) in their resident bank accounts on 'former or survivor' basis. However, such non-resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder.

**Q. Can Non-Resident Indian (NRI) open NRE /FCNR(B) account with their resident close\* relative ?**

A. Yes, Non-Resident Indian are permitted to open NRE/FCNR(B) account with their resident close relative on 'former or survivor' basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the lifetime of the NRI/PIO account holder.

\*close relative means relative as defined in Section 6 of the Companies Act,1956

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