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friends apart.

**NRI**  **BANKING  
SERVICES**



## *NRI Sampark*

*A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 5, July – September 2014*



*Dear NRI friends,*

October 1, 2014

With a view to keep you all informed and updated about the developments in July- September quarter across a gamut of topics ranging from banking, economic outlook and NRI products & regulations, I am pleased to present the 5<sup>th</sup> edition of the Bank's quarterly newsletter "NRI Sampark". Trust you shall find the same useful.

While the Bank takes pride in its achievements and celebrates its 50 years of existence as an organization, the Bank also looks forward to further deepen its engagement and serve the interests of the NRI Community through various programs. As part of the Bank's efforts towards this objective, the Bank is celebrating October 1, 2014 to December 31, 2014 Quarter as **"NRI SWAGAT"– Welcoming NRIs.**

As part of the Campaign, the Bank is offering several benefits to its NRI customers such as waiver of Inward Remittance charges, waiver of charges levied by our correspondent bank for remittances received through SWIFT & preferential currency conversion rates for HNI customers of the Bank. In addition, a revamped online application portal has been introduced to enable new NRI clients to apply seamlessly & conveniently for NRE /NRO account from their overseas location.

I am certain that you shall take advantage of the special benefits for remittances to your NRI accounts and also refer your NRI friends' and relatives for opening NRI accounts with IDBI Bank.

Warm regards,

R P Maheswari  
General Manager – NRI Services



## **IDBI Bank in News**

1. IDBI marked a major milestone on July 1, 2014, having completed 50 years of its splendid journey in nation building. On this momentous occasion IDBI Bank introduced mobile banking service for its customers. This facility, which is accessible from any mobile device, enables the customer to meet all banking needs such as fund transfer, bill payments, visa money transfer etc.
2. On this occasion IDBI Bank opened 50 new branches on July 1, 2014. IDBI Bank is striving to continuously expand its footprint in various parts of the country.
3. IDBI Bank has bagged 5<sup>th</sup> CMO Asia Awards for excellence in Branding & Marketing in a function held at Singapore.
4. IDBI Bank opened more than 3.62 lakh savings account under “Pradhan Mantri Jan Dhan Yojana”. This programme was launched Pan-India by Hon Prime Minister of India to promote financial literacy and meeting comprehensively the objective of financial inclusion.
5. IDBI Bank launched its first e-lounge on September 4, 2014 at Mahim, Mumbai Branch. 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 September 1, 2014)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 45 days	6.00
46 days to 6 months	8.00
6 months 1 day	9.00
6 months 2 days to 499 days	9.00
500 days	9.05
501 days to < 5 years	9.00
5 yrs	9.10
> 5 yrs - 7 yrs	9.00
> 7 yrs - 10 yrs	9.00

#### Recurring NRO Deposits

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

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

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to 499 days	9.00
500 days	9.05
501 days to <5 yrs	9.00
5 yrs	9.10
> 5 yrs - 7 yrs	9.00
> 7 yrs - 10 yrs	9.00

#### Recurring NRE Deposits

Tenure	Interest rate (% p.a.)
1 year – 15 months	9.00
> 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 October 1, 2014)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.38	2.80	2.19	4.74	3.47	2.18	2.43	2.54	2.07
2 Years - less than 3 Years	2.82	3.28	2.20	4.83	3.45	2.18	2.84	2.96	2.03
3yrs - less than 4yrs	4.29	4.61	3.26	5.94	4.67	3.19	4.27	4.43	3.09
4yrs - less than 5yrs	4.69	4.85	3.34	6.18	4.85	3.23	4.63	4.76	3.16
5yrs only	4.96	5.03	3.47	6.33	5.02	3.28	4.88	4.96	3.26



## *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	<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%)		

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](http://www.idbi.com)

## **Product Focus – Non-Resident External (NRE) Deposits**

Current / Savings / Term Deposits / Recurring Deposit accounts can be opened under Non-Resident External (NRE) scheme.

### **Accounts can be opened through the following modes:**

- ❖ Remittances in any convertible currencies from abroad, which will be converted at ruling exchange rates into Indian rupees
- ❖ Transfers from existing NRE/FCNR accounts / deposits
- ❖ Foreign exchange brought into India during visits to India

### ***Features & Benefits of NRE Deposits***

- ❖ NRIs/PIOs can hold funds in convertible Indian rupees.
- ❖ Entire balance, including interest earned thereon, can be converted into any convertible currency at ruling exchange rates and freely repatriated abroad.
- ❖ Entire interest income from a NRE account is exempt from Income Tax under the provisions of Income Tax Act in India.
- ❖ Attractive Interest rates on NRE Term Deposits & Recurring Deposits. Interest on NRE Savings Account is offered at 4% p.a. calculated on daily balance maintained in the account
- ❖ No penalty on pre-mature closure of NRE Term / Recurring Deposits. No interest will be paid on NRE deposits closed pre-maturely in less than a year
- ❖ Interest payable on prematurely withdrawn Term / Recurring deposits will be the contracted rate or the rate applicable for which the deposit remained with the Bank, whichever is lower.
- ❖ NRE FD Tenure : 1 year – 10 years & NRE RD Tenure : 1 year – 5 years

**For further queries / clarifications in respect of NRE deposits, please get in touch with your Relationship Manager or your IDBI Bank Branch or write to [nri@idbi.co.in](mailto:nri@idbi.co.in)**

## ***Economic Outlook***



- ❖ RBI has projected **GDP growth** at 5.6% for Q4 FY15. The RBI has retained its **growth projection** for FY15 at 5.5% within a range of 5% to 6% around this central estimate. In FY16, the real GDP growth is projected to rise to 6.3%.
- ❖ **CPI headline inflation** is projected at about 8% in Q4 FY15. In the near term, the skewed spatial and temporal distribution of the monsoon and geo-political tensions may jeopardize the near-term outlook if they materialize. Target of 8% inflation by January 2015 is achievable; but there are significant upside risks to target of 6% CPI inflation by January 2016.
- ❖ **Global economic** slack is expected to persist even though recovery has modestly firmed in the Advanced Economies. Structural constraints and political tensions are likely to impinge upon growth momentum in Emerging Market Economies.
- ❖ **Momentum of India's GDP growth** will be difficult to sustain in Q2 and Q3 of FY15 owing to risks to agriculture from the skewed spatial distribution of the south-west monsoon and the still sluggish prospects for service sector activity. Better than expected industrial growth is likely to compensate for the possible decline in agricultural growth.
- ❖ **Near-term risks to growth appear to be abating**, but medium-term risks are still on the upside. The downside risks to growth emanate from the possibility of weaker than projected global growth, supply disruption resulting in higher commodity prices, weak monsoon in FY16 and faster closing of output gap. However, expected fiscal consolidation, improved food supply chain, sustained disinflation and pickup in investment activity, induced by policy reforms and stable outlook on the sovereign rating, is likely to have a favorable impact on growth. The growth momentum will also be determined by the Rupee valuation as a weak exchange rate would imply more expensive imports but will also improve the export competitiveness.

**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 has enhanced the hedging facilities under the Portfolio Investment Scheme (PIS) for Foreign Portfolio Investors (FPIs) for enabling them to hedge the coupon receipts arising out of their investments in debt securities in India, which are due for maturity within a year, in addition to the extant policy of allowing them to hedge their currency risk on the market value of entire investment in equity and/or debt in India. The FPIs will be permitted to do so subject to conditions that the hedge contracts will not be eligible for rebooking on cancellation but can be rolled over on maturity provided the relative coupon amount is yet to be received
- ❖ The RBI permitted individuals to utilize foreign exchange remittances under Liberalised Remittances Scheme (LRS) to buy immovable property abroad. The LRS allows residents to acquire and hold shares, debt instruments or other assets outside India without prior approval of the RBI. The relaxation in the norms has opened up additional avenue for domestic investors looking to invest abroad
- ❖ The RBI eased norms for eligible overseas investors, viz., SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), registered Foreign Portfolio Investors (RFPIs) and long term investors registered with SEBI, by permitting them to acquire eligible government securities in any manner as per the prevalent market practice instead of extant policy of purchasing such securities directly from the issuer of such securities or through registered stock broker on a recognised Stock Exchange in India.

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## Frequently asked Questions & Answers (FAQs)



### **Q.1 Can an individual resident lend money to his close relative NRI / PIO?**

Yes, an individual resident can lend money by way of crossed cheque /electronic transfer within the overall limit prescribed under the Liberalised Remittance Scheme, to meet the borrower's personal or business requirements in India, subject to conditions. The loan should be interest free and have a maturity of minimum one year and cannot be remitted outside India.

### **Q.2 Can an individual resident repay loans of close relative NRIs to banks in India?**

Yes, where an authorised dealer in India has granted loan to a non-resident Indian such loans may also be repaid by resident close relative (relative as defined in Section 6 of the Companies Act, 1956), of the Non-Resident Indian by crediting the borrower's loan account through the bank account of such relative.

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