

Distances can never keep  
friends apart.

**NRI**  **BANKING  
SERVICES**



## *NRI Sampark*

*A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 4, April – June 2014*



*Dear NRI friends,*

July 1, 2014

IDBI Bank is celebrating its 50 years Golden Jubilee on July 1, 2014. It was on this day, in 1964, the institution “IDBI” was established under an Act of Parliament. The role played by IDBI in the industrialization and infrastructure development of the country as also its initiatives in setting up financial institutions which today constitute the financial architecture of the country distinguishes our great institution from other financial intermediaries.

On this momentous occasion, I take this opportunity to thank all my NRI friends for their support and trust in IDBI Bank. With an effort to reach you, who are miles away, I am pleased to present the fourth edition of our Bank’s quarterly newsletter “Sampark”.

Currently, IDBI Bank has 1468 branches, 2556 ATMs across 1047 geographical location of the country. We are planning to expand our foot prints to around 2000 branches by end of this financial year which is well poised to service your banking requirements and offer solutions to meet your financial needs.

The bank looks forward to a warm and a longstanding relationship with you as a trusted & reliable friend for your banking requirements.

Warm regards,

R P Maheswari  
General Manager – NRI Services



## **IDBI Bank in News**

1. IDBI Bank announced its financial results for the year ended March 31, 2014. The highlights of the Financial Results are as under:
  - Total Business achieved of Rs 4,33,460 Crore
  - Deposits mobilized of Rs 2,35,774 Crore
  - Advances stood at Rs 1,97,686 Crore
  - Total assets stood at Rs. 3,28,997 Crore
  - Net Profit for Financial Year 2013-14 was Rs. 1,121 Crore.
  
2. IDBI Bank continued to scale up its Government business, eclipsing the Rs. 2 lakh crore mark in respect of mobilization of various Direct/ Indirect taxes and duties of Central and various State Governments through its authorized branches during FY 2013-14. The Bank also surpassed the Rs. 1 lakh crore marks in Direct tax collection during the year. The aggregate collection of Direct and Indirect taxes in FY 2013-14 was around Rs. 1,95,000 crore, up from Rs. 1,59,000 crore clocked in FY 2012-13.
  
3. FICCI-CMSME, an affiliated body under the umbrella of FICCI and IDBI Bank announced a partnership through a Memorandum of Understanding to make organized finance facility available for Micro, Small and Medium Enterprises (MSME) across the country at competitive interest rates. The MoU was signed by Dr. A Didar Singh, Secretary General, FICCI and FICCMSME and Shri B.K.Batra, Deputy Managing Director, IDBI Bank.



## Interest Rates on NRI Deposits

### Non Resident Ordinary - NRO Deposit rates (Effective June 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	9.00
6 months 2 days to 499 days	9.10
500 days	9.30
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

Tenor	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 May 12, 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 <5 yrs	9.00
5 yrs	9.10
> 5 yrs - 7 yrs	9.00
> 7 yrs - 10 yrs	9.00

#### Recurring NRE Deposits

Tenor	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 July 1, 2014)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.55	3.04	2.44	4.66	3.50	2.33	2.33	2.47	2.19
2 Years - less than 3 Years	2.58	3.34	2.33	4.78	3.45	2.18	2.62	2.78	2.10
3yrs - less than 4yrs	4.01	4.71	3.40	5.93	4.64	3.19	4.01	4.18	3.14
4yrs - less than 5yrs	4.39	4.98	3.51	6.15	4.81	3.22	4.36	4.54	3.22
5yrs only	4.68	5.18	3.67	6.31	4.99	3.28	4.66	4.83	3.33



## *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 tenor are as under:

<b>(Effective February 5, 2014)</b>				
<b>Products</b>	<b>Loan Amount</b>	<b>Rate of Interest</b>	<b>Tenor</b>	<b>NRI Category</b>
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)	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	12.50%-13.25% (BR+2.25% to 3.00%)	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 – 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.
- ❖ 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

**For further queries / clarifications in respect of FCNR (B) deposit, 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***



- ❖ As per the Provisional Estimates of National Income and Expenditures on GDP, 2013-14, India's GDP growth was 4.7% in FY14, marginally higher than growth of 4.5% in FY13, significant uptick in Agriculture sector growth (4.7%) and healthy growth in Services sector (6.8%), and deterioration in performance of Industrial sector (0.4%) during the year
- ❖ In Apr '14, WPI and CPI inflation exhibited conflicting trend. WPI inflation eased to a two month low of 5.2% (y-o-y) in Apr '14, down from 5.7% in Mar '14 but above 4.8% registered in Apr '13, led by moderation in food (8.6%) and fuel (8.9%) inflation. CPI inflation on the other hand rose marginally for the second consecutive month to 8.6% in Apr '14 as compared to 8.3% in Mar '14 but was lower than 9.4% in Apr '13, induced by higher Food Inflation (9.7%). However, core inflation, continues to remain range-bound.
- ❖ As on May 2, 2014, aggregate deposit grew by 14.8% (y-o-y) – higher than 13.2% growth registered in the corresponding period a year ago. On the other hand, bank credit growth slowed to 13.8% (y-o-y) as compared to 14.7% in the corresponding period a year ago. Outstanding deposit and credit, as on May 2, 2014, was pegged at Rs. 78,88,420 crore and Rs. 60,67,460 crore, respectively, marking a credit-deposit ratio of 76.9%.
- ❖ India's Trade Deficit narrowed by US\$7.6 billion or 43% (y-o-y) in Apr '14 aided by sharp contraction in Imports, especially gold imports along with a turnaround in Exports growth.
- ❖ India' CAD for FY14 stood at US\$32.4 billion (1.7% of GDP) – the lowest since FY09- as compared to US\$87.8 billion (4.7% of GDP) in FY13 on account of lower trade deficit and increased net invisible receipts.

## *Economic Outlook*



- ❖ India's Balance of Payment (BoP) position remained surplus at US\$15.5 billion in FY14 as compared to US\$3.8 billion in FY13.
- ❖ The Govt.'s Fiscal Deficit for FY14 was contained at Rs.5.08 lakh crore, that is, 4.5% of GDP – lower than the Revised Estimate of Rs. 5.25 lakh crore (4.6% of GDP). In FY13, the Fiscal Deficit was pegged at Rs.4.91 lakh crore, that is, 4.9% of GDP.
- ❖ India's Services PMI rose to a 17-month peak of 54.4 in June from a reading of 50.2 in May

**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 directed Authorised Dealer (AD) banks to crystallise, that is, convert the credit balances in any inoperative foreign currency denominated deposit into Indian Rupee. As per this directive, a foreign currency denominated deposit with a fixed maturity date which is inoperative for three years from the date of maturity of the deposit, the bank should crystallize the deposit at the end of the third year, taking the exchange rate prevailing on that date. In case of foreign currency denominated deposit with no fixed maturity period which has remained inoperative for a period of three years, the bank has to first give a three month notice to the depositor and then crystallize the deposit at the end of the notice period at the prevailing exchange rate. The depositor will be entitled to claim the Indian Rupee proceeds and interest thereon or the foreign currency equivalent (calculated at the exchange rate prevailing on the date of payment) of the same at a later date.
  
- ❖ The RBI prohibits Banks from charging foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
  
- ❖ The RBI has directed Banks to refrain from levying penal charges for non-maintenance of minimum balances in any inoperative account.
  
- ❖ The RBI has notified norms pertaining to opening and operation of bank accounts of minors. As per the norms, minor of any age can open savings /fixed / recurring bank deposit account through his/her natural or legally appointed guardian and minors above 10 years of age may open and operate savings bank accounts independently, subject to conditions as stipulated by the concerned banks. The banks are free to determine, at their discretion, the minimum documentation for account opening and provision of additional banking facilities such as internet banking, ATM/ debit card, cheque book facility etc



## 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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