

Distances can never keep
friends apart.

 NRI BANKING
SERVICES



NRI Sampark

A Quarterly Newsletter for esteemed NRI clients of IDBI Bank Ltd, Vol-19, October - December 2019

Dear NRI friends,

Greetings from IDBI Bank!

May the new year 2020 usher in resplendent times, peace and prosperity to all.

At IDBI bank we wish to rededicate ourselves to offer responsive and wide range of products and services keeping in mind the evolving aspiration and technological trends, and continue to serve you with zeal and enthusiasm.

We are pleased to present the 19th edition of our NRI newsletter for the quarter ended December 2019 covering a range of topics. Trust you shall find the same informative and useful.

Suggestions, as always, are welcome and may be shared on e-mail id nri@idbi.co.in

Warm Regards,

Sharath Kamath

General Manager – Retail Banking Group.

IDBI Bank Ltd.



IDBI Bank Ltd in News

- IDBI bank expects good recoveries from NCLT cases to flow in before this fiscal year ends. Essar Steel's resolution itself will lead to a recovery of Rs. 2,200 crore.
- The board of directors of IDBI Bank has given in-principle approval to divest or dilute IDBI Bank's stake in its subsidiaries namely IDBI Capital Markets & Securities Ltd (ICMS) and IDBI Intech Limited (IIL) to the extent of 49 per cent to the prospective investors, IDBI Bank said it will retain controlling stake in the subsidiaries with itself.
- IDBI bank started pricing its SME loan linked with Repo Rate (Repo Linked Lending Rate- RLLR) wef 01st Oct 2019.
- IDBI bank launches new variant in IDBI contactless loans to GST registered MSE borrowers for loan above Rs. 1.00 Crore to Rs.5.00 Crore : IDBI Express Loan in 59 Minutes.
- Department of Financial Services (DFS), Government of India (GoI) vide its communication F.No. 8/2/2019-BO-II dated December 17, 2019 has directed all Central/State Governments/Departments/ Agencies /Institutions to continue to consider IDBI Bank for allocation of Government Business keeping in view that the direct and indirect shareholding of GoI in IDBI Bank is over 97%.



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates

Maturity Slab	Interest Rate (% p.a.)
7-14 days	3.50
15-30 days	4.50
31-45 days	4.75
46- 60 days	5.50
61-90 days	5.50
91-6 months	5.50
6 months 1 day to 270 days	5.75
271 days upto < 1 year	5.90
1 year	6.40
> 1 year - 2 years	6.35
>2 years to < 3 years	6.25
3 yrs to < 1111days	6.25
1111 days	6.45
>1111 days to < 5Years	6.25
5 years	6.25
> 5 years - 7 years	6.25
>7 years - 10 years	6.25

Non-Callable* NRE/ NRO Deposits

Tenor	Interest Rate (% p.a.)
1 year	6.50
>1 year to 2 years	6.45
>2 years to < 3 years	6.35
3 yrs to < 1111days	6.40
1111 days	6.50
>1111 days to < 5Years	6.40
5 years	6.45
> 5 years - 7years	6.50

Non Resident External - NRE Deposit rates

Maturity Slab	Interest Rate (% p.a.)
1 year	6.40
> 1 year - 2 years	6.35
>2 years to < 3 years	6.25
3 yrs to < 1111days	6.25
1111 days	6.45
>1111 days to < 5Years	6.25
5 years	6.25
> 5 years - 7 years	6.25
>7 years - 10 years	6.25

Recurring NRE/NRE Deposits

Tenor	Interest Rate
1 year	6.40
> 1 year - 2 years	6.35
>2 years to < 3 years	6.25
3 years to < 5 years	6.25
5 years	6.25
> 5 years - 7 years	6.25
>7 years - 10 years	6.25

The rates mentioned are subject to change from time to time. Please verify the rates on our website www.idbbank.in
No interest is payable on NRE / FCNR (B) deposit closed prematurely in less than a year

* Non-Callable Deposits :

- Deposit amount from Rs 15.00 lakhs to < Rs. 2.0 Cr
- Pre mature closure not permitted
- Capital gain and RD not permitted
- Sweep facility and Auto renewal not permitted.

DTAA benefit available for TDS on NRO Deposits

Foreign Currency Non Resident (Bank) - FCNR (B) deposit rates (% p.a.)*

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 yr to less than 2 yrs	2.61%	1.50%	0.32%	1.61%	2.57%	0.55%	2.16%	2.76%	0.00%
2 yrs to less than 3yrs	2.51%	1.57%	0.33%	1.66%	2.62%	0.49%	2.16%	2.41%	0.00%
3 yrs to less than 4 yrs	2.40%	1.56%	0.27%	1.72%	2.58%	0.35%	2.04%	2.49%	0.00%
4 yrs to less than 5 yrs	2.41%	1.58%	0.31%	1.89%	2.61%	0.32%	2.05%	2.48%	0.00%
5 years only	2.43%	1.62%	0.36%	1.95%	2.64%	0.30%	2.04%	2.46%	0.00%

Interest rates are subjected to periodic change

Product Focus – IDBI Portfolio Investment Scheme(PIS) Account



Features & Benefits & Charge Structure of IDBI PIS Account

Non-Resident Indians (NRIs) who want to invest in Indian stocks and bonds can do so through the Reserve Bank of India's (RBI's) Portfolio Investment Scheme (PIS). NRIs can purchase and sell shares as well as convertible debentures of companies registered in India via a recognized stock exchange, for routing these transactions through their account with a designated bank branch PIS account is required.

Sr.No	Particulars	Details
1	Feature	<ul style="list-style-type: none"> • RBI designated mandatory route for NRIs / PIOs to invest in secondary stock market in India. • Purchase and sale of shares / convertible debentures of listed Indian Companies on a recognized stock exchange. • Only delivery based transactions are allowed. • Only one PIS account at a given point of time with any banks in India. • Joint Account not allowed. • Investment is restricted in company that is engaged in the business of chit funds, agricultural or plantation activities, real estate business related to agricultural or farmland, construction of farmhouses, etc.
2	Monthly Average Balance	<ul style="list-style-type: none"> • Zero balance PIS Account.
3	Charges structure	<ul style="list-style-type: none"> ➤ Lowest Annual Maintenance Fees (Rs.1000) ➤ Purchase transaction reporting charges – Rs.100 per trade date. ➤ Sale transaction reporting charges – Rs.100 per trade date.
4	Other Benefit.	<ul style="list-style-type: none"> ➤ Broker account directly settled by the Bank. Hence, hassle-free trade transaction for the customer ➤ TDS estimation/deduction taken care by IDBI Bank.

Economic Outlook



- CPI inflation rate rose to 7.35% in Dec'19, The retail inflation rate, as measured by the All-India Consumer Price Index (CPI), touched a 65-month high of 7.35% in Dec'19 as compared to 5.54% in Nov'19 and 2.11% in Dec'18.
- The wholesale inflation, as measured by Wholesale Price Index (WPI), increased to a seven-month high of 2.59% in Dec'19 as compared to 0.58% in Nov'19 and 3.46% in Dec'18.
- Index of Industrial Production (IIP), after witnessing negative growth for three consecutive months, grew moderately by 1.8% (y-o-y) in Nov'19; however, it marked an improvement as compared to 0.2% in Nov'18.
- As at end-Nov'19, India's fiscal deficit was estimated to be Rs. 8.08 lakh crore or 114.8% of the budget estimate (BE). Notwithstanding an expenditure reduction, the Government's fiscal deficit continued to remain above the budgeted level owing to lower revenue receipts, especially tax revenue.
- India's Balance of Payment (BoP) position continued to be in surplus for the third consecutive quarter in Q2 FY20. The surplus position was on account of sharp decline in the Current Account Deficit (CAD) coupled with commensurate inflows under Capital & Financial Account.
- The net inflow of Foreign Direct Investment (FDI) was at US\$ 7.4 billion in Q2 FY20 – almost at the same level as in Q2 FY19. The Portfolio investment witnessed a net inflow of US\$ 2.5 billion in Q2 FY20 as compared to a net outflow of US\$ 1.6 billion in Q2 FY19.
- The (Cabinet Committee on Economic Affairs) CCEA, on December 4, 2019, gave its approval for creation and launch of Bharat Bond Exchange Traded Fund (ETF) – the first Corporate Bond ETF in India. Bharat Bond ETF will create an additional source of funding for Central Public Sector Undertakings (CPSUs), Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs) and other Government organizations. The ETF will be a basket of bonds issued by CPSE/CPSU/CPFI/any other Government organization bonds (initially, all AAA rated bonds). This move is expected to eventually increase the size of bond ETFs in India leading to achieving key objectives at a larger scale namely, deepening bond markets, enhancing retail participation and reducing borrowing costs.

Economic Outlook



- The Ministry of Finance, on December 28, 2019, announced that no Merchant Discount Rate (MDR) charges will be applicable on transactions through home-grown RuPay and UPI platforms beginning January 1, 2020.

- **RBI's outlook:**

On Growth:

- GDP growth is revised downward to 5.0% for FY20 (down from 6.1% in the 5th BMR). The GDP growth is projected in the range of 4.9% - 5.5% in H2 FY20 (down from 6.6% - 7.2% in the 5th BMR) and 5.9% - 6.3% for H1 FY21. While improved monetary policy transmission and a quick resolution of global trade tensions are possible upsides to growth projections, a delay in revival of domestic demand, a further slowdown in global economic activity and geo-political tensions are downside risks

On Inflation

- The CPI inflation projection is revised upwards to 4.7% - 5.1% for H2 FY20 (projected at 3.5% - 3.7% in the 5th BMR) and 3.8% - 4.0% for H1 FY21 with risks broadly balanced
- The Centre may scrap the long-term capital gains (LTCG) tax, which was introduced in Budget 2019, to attract foreign investment. The government has approach tax advisors for the same and may remove LTCG tax entirely or only on listed equities
- The government may impose anti-dumping duty on a certain variety of yarn from China, Indonesia, and Vietnam with a view to guard domestic players from cheap imports. The Commerce Ministry's investigation arm Directorate General of Trade Remedies (DGTR) has initiated a probe into alleged dumping of 'Viscose Spun Yarn' by companies in these three countries following a complaint filed by Indian Manmade Yarn Manufacturers Association on behalf of domestic industry.

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.



- The RBI, after reducing the key policy rates by a cumulative 135 basis points during Feb-Oct'19 period, decided to keep the policy rates unchanged in its policy review in Dec'19. The evolving growth-inflation dynamics has prompted the RBI to 'pause' its rate reduction spree
- In order to give further impetus to digital retail payments, RBI decided that member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online (viz. internet banking and/or mobile apps of the banks wef 01.01.2020
- The Reserve Bank of India (RBI) has introduced Aadhaar-based Video Customer Identification Process (V-CIP) to allow banks and other lenders to remotely complete KYC of customers on video. Lenders can use this facility as an alternative to the already available e-KYC facility. The central bank has amended its guidelines under the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 to introduce V-CIP".
- It has been decided that the Availability of National Electronic Funds Transfer (NEFT) System on 24x7 basis NEFT facility shall be made available from December 16, 2019 with the first settlement taking place after 00:30 hours on December 16, 2019 (i.e. night of December 15, 2019.
- Subscription to National Pension System shall be paid as inward remittance from abroad through banking channels or out of funds held in NRE/FCNR(B)/NRO account.
- Finance(No-2) Act, 2019 has inserted new section 194N in the Income Tax Act,1961(the Act), for levy of TDS@2% on cash payment in excess of one crore rupee in aggregate made during the year, by Banking company/Cooperative bank/Post office to any person from one or more account maintained with it by the recipients.

Frequently asked Questions & Answers (FAQs)



Q. Can NRI Invest in firm or business in India?

Ans. NRI or (Overseas Citizen of India) OCI can invest in a firm or a proprietary concern on non-repatriation basis. Mode of payment and flow of maturity proceeds would be as follows:

A. Mode of payment

The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in NRE/ FCNR (B)/ NRO account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

B. Sale/ maturity proceeds

- (1) The disinvestment proceeds shall be credited only to the NRO account of the person concerned, irrespective of the type of account from which the consideration was paid;
- (2) The amount invested for contribution to the capital of a firm or a proprietary concern and the capital appreciation thereon shall not be allowed to be repatriated abroad.

Reach us at

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