

Distances can never keep
friends apart.

NRI BANKING
SERVICES

NRI Sampark

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 14, October – December 2016

Dear NRI friends,

January 1, 2017



At the outset, I take this opportunity to wish you and your family Happiness, Health & Prosperity for the New Year 2017. IDBI Bank values and takes pride in extending its banking services to you and looks forward to serving you in the New Year 2017 & also beyond with traditional Indian warmth.



I am pleased to present the 14th edition of our quarterly “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,
Ranjan Kumar Rath
General Manager – Retail Banking Group
IDBI Bank



IDBI Bank in News

1. The highlights of the Q 2 FY 2017 (September 30, 2016) financial results viz-a-vis Q 2 FY 2016 (September 30, 2015) is as follows:
 - Total Business increased by 9.10% from Rs 4,43,943 Crore to Rs 4,84,337 Crore
 - Deposit increased by 11.03% from Rs 2,39,282 Crore to Rs 2,65,679 Crore
 - Advances increased by 6.84% from Rs 2,04,661 Crore to Rs 2,18,658 Crore
 - Total asset grew by 11.25% from Rs 3,38,458 Crore to Rs 3,76,527 Crore
 - Net Interest Income (NII) for half year ended September 2016 increased by 6.64% to Rs 3,312 Crore from Rs 3,106 Crore for half year ended September 2015.
 - Net Profit for half ended September 2016 increased by 16.47% to `297 Crore from `255 Crore for half year ended September 2015
2. IDBI Bank reduces Marginal Cost of Funds based Lending Rates (MCLR) as under:

Tenor	MCLR (in %)
Overnight	8.50
One Month	8.75
Three Month	8.85
Six Month	8.90
One Year	9.15
Two Year	9.20
Three Year	9.30

The above revised rates are applicable w.e.f January 1, 2017.

3. Ministry of Micro Small and Medium Enterprise has instituted National Awards for Excellence in MSE Lending to Public Sector Banks in recognition of the performance in financing to Micro and Small Enterprises. IDBI Bank Ltd has received “First Prize” in excellence in lending to Micro Enterprises from Honorable Prime Minister, Shri Narendra Modi.
4. ASSOCHAM has instituted Awards for Excellence in MSE Lending to Banks & NBFCs in recognition of the performance in financing to Micro, Small & Medium Enterprises. IDBI Bank has received award in the category excellence in “Micro Lending” from Honorable Minister of State for MSME, Government of India,



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates (Effective Dec 30, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 30 days	4.25
31 days to 45 months	5.00
46 months to 60 days	5.50
61days to 90 days	5.75
91 days to 6 months	6.50
6 months 1 days to 270 days	6.50
271 days to < 1year	6.75
1 year to < 2 years	6.90
2 year to 5 years	6.90
> 5 years – 10 years	6.75

Recurring NRO Deposits (Effective Dec 30, 2016)

Tenure	Interest rate (% p.a.)
1 year <2years	6.90
2 years to 5 years	6.90
> 5years – 10 years	6.75

Non Resident External - NRE Deposit rates (Effective Dec 30, 2016)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year to < 2years	6.90
2 years to < 3 years	6.90
3 years to <5 yrs	6.90
5 yrs	6.90
> 5 yrs - 7 yrs	6.75
> 7 yrs - 10 yrs	6.75

Recurring NRE Deposits (Effective Dec 30, 2016)

Tenure	Interest rate (% p.a.)
1 year < 2 years	6.90
2 years to 5 Years	6.90

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, 2017)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.20	1.01	0.00	2.92	1.67	0.00	2.23	2.34	0.00
2 Years - less than 3 Years	2.48	1.18	0.10	3.08	1.84	0.06	2.43	2.64	0.00
3yrs - less than 4yrs	2.69	1.32	0.18	3.24	2.02	0.08	2.66	2.85	0.00
4yrs - less than 5yrs	2.87	1.46	0.28	3.49	2.21	0.13	2.81	3.06	0.00
5yrs only	2.98	1.56	0.38	3.61	2.35	0.13	2.89	3.17	0.00



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	9.15% (MCLR+0.00%) PSL [#] 9.20% (MCLR+0.05%) NPSL	30 years	Salaried
Home Loan-Interest Saver(Floating)	For all loan amounts	9.30% (MCLR+0.15%)	30 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	For all loan amounts	10.10% (For 3 Years) 10.35% (For >3 year)	30 years	Salaried
Home Loan Balance Transfer Facility + Top-up	For all loan amounts	Balance Transfer: Prevailing Home Loan Rates. Top-up: Amount up to 100% of the original sanction. Prevailing Home Loan Rate + 10 BPS for PSL Prevailing Home Loan Rate + 20 BPS for Non PSL	Applicable Home Loan Tenure	Salaried
Loan against Property	For all loan amount	10.55% -11.30% (MCLR + (1.40% to 2.15%))	10 - 15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	9.95% (fixed)	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 20 Lakh For studies abroad Rs. 30 Lakh	Non-Vocational Courses 10.30% to 11.30% (MCLR+1.15 % to MCLR+2.15%)	10 to 15 years	Student should be Indian National
		Vocational Courses 10.30% (MCLR+1.15 %)		
		Studies in Premier Education Institutes (including ISB) 9.45% (MCLR+0.15%)		
		Studies with Admission under Management Quota 12.20 % (MCLR+3.05%)		

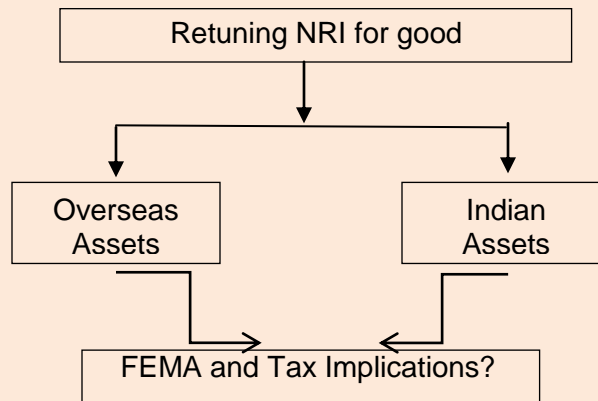
MCLR (Marginal Cost of Funds Based Lending Rates) = 9.15

PSL: Priority Sector Lending as defined by Reserve Bank of India (RBI) guidelines.

Note : The interest rates are subject to change from time to time. Please verify the rates on our website www.idbi.com

Returning Non Resident Indian

A returning Non Resident Indian need to know and understand various aspects of Foreign Exchange Management Act, 1999 ('FEMA'), Indian Taxation and Banking Regulations in order to rearrange his/her financial affairs on his return to India.



Important aspects to be kept in mind while returning to India:

➤ **Can a returning NRI hold Overseas Assets?**

A returning NRI may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such assets were acquired, held or owned by him when he was a non-resident or were inherited from a Non-Resident person.

➤ **What shall be the impact on Indian Assets?**

Non-Resident Ordinary (NRO) A/c : To be re-designated to Resident A/c

Foreign Currency Non-Resident (FCNR) A/c : Permissible to hold up to maturity and then to be converted into Rupee Account or Resident Foreign Currency (RFC) A/c*

Shares & Securities: RI is required to inform the Depository about change of his/her residential status from Non Resident to Resident

Non-Resident External (NRE) A/c : To be re-designated to Resident A/c or balance can be transferred to RFC A/c*

*RFC Account:

- Returning NRIs, on becoming residents are free to open and maintain such accounts with Indian banks.
- The funds held in RFC A/c is fully repatriated and maintained in foreign currency
- Funds in RFC accounts can be withdrawn freely for local payments in rupees

Disclaimer: - The content of the above topic "Returning Non Resident Indian" is compiled by our Tax Consultant for the benefit of NRIs. The information given in the note provides a bird's eye view on the important selected provisions related to NRI. The information provided in this note is liable to change either through amendment to the law/regulations or through different interpretation by the authorities or for any other reason whatsoever. Bank or its empanelled professionals shall not be held responsible and liable for any loss or damage which you may suffer due to unfairness, inaccuracy, incompleteness or incorrectness of the information or an inadvertent error, if any contained therein. You must make your own investigation and assessment before taking any decisions.

Returning Non Resident Indian

▶ **Whether a returning NRI is required to inform Government Authorities about his change in residential status and overseas assets that he holds?**

A returning NRI is not required to report about his change in residential status to Reserve Bank of India ('RBI'). However, he is required to mention his revised status while filling his return of income. Further, a person who is Resident as per Income-tax Act, 1961 ('Act') is required to report his Overseas Assets in his return of income to be filed in India annually. However, he is not required to report about his overseas assets to RBI.

▶ **What shall be income-tax implications when he returns to India?**

If a NRI returns to India on or after 1st February of a Financial Year ('FY') ie. April to March (or February 2 in case of leap year), he would be a Non Resident Indian and his overseas income as well as interest income from FCNR and RFC account would not be taxable in India for that FY.

However, if he returns to India between 2nd October to 1st February of a FY (or between 3rd October to February 2 in case of leap year) and his stay in India for preceding 4 FYs is less than 365 days, he shall still be considered as NR and his overseas income as well as interest income from FCNR and RFC account shall not be taxable for that year.

Generally, a returning NRI may be considered as Resident but not ordinary Resident ('RNOR') for 2 years after returning to India and his income from overseas assets as well as income from FCNR and RFC account may not be liable to tax in India in that FY provided:

- He is a NR in 9 out of 10 preceding FYs; or
- His stay in India is less than 729 days in 7 preceding years.

In other cases, he would be considered as Resident and his worldwide income may be taxable in India. The aforesaid taxability is subject to Double Taxation Avoidance Agreement between India and other country from where income is derived.

Banking Updates



- ❖ The RBI announced the Fifth Bi-monthly Monetary Policy Statement for 2016-17 on December 07, 2016. The Monetary Policy Committee (MPC), based on the assessment of the current and evolving macroeconomic situation, decided to maintain status quo on the key policy rates. Accordingly, the policy rates are as follows:
 - ❑ **Repo Rate** maintained at 6.25%;
 - ❑ **Reverse Repo Rate** at 5.75%
 - ❑ **Marginal Standing Facility (MSF) Rate & Bank Rate** at 6.75%.
- ❖ As per Govt. notification, the notes of Rs.1000 and Rs.500 have been discontinued as legal tender from midnight November 8, 2016. Old notes of Rs.1000 and Rs.500 were required to be deposited in banks or post office by December 31, 2016.
- ❖ Withdrawal of SBNs has led to a surge in deposits into the banking system, which led to large surplus liquidity in the system. This necessitated the RBI to adopt temporary liquidity management measures viz. variable rate reverse repo auctions of wide range of tenors, allowing oil bonds issued by the Government as eligible securities under the LAF, application of incremental CRR of 100% on the increase in NDTL, among others to drain excess liquidity from the system. However, the surge in deposits, coupled with withdrawal of incremental Cash Reserve Ratio (CRR) of 100% of the increase in Net Demand and Time Liabilities (NDTL) of scheduled banks with effect from December 10, 2016, is expected to drive down the cost of funds of the banks and thereby, provide adequate room for banks to reduce lending rates.
- ❖ The Reserve Bank of India has introduced a facility of exchange of specified bank notes (SBNs) to Indian citizens who are Resident Indians (RI) and Non Resident Indian (NRI) who were abroad during November 9, 2016 to December 30, 2016. Resident Indians can avail this facility up to March 31, 2017 and Non Resident Indians can avail this facility up to June 30, 2017. This facility will be available through RBI offices at Mumbai, New Delhi, Chennai, Kolkata, and Nagpur. Individuals can avail this facility only once during the said period on submission of **(a)** Identification Documents (such as Aadhaar Card, PAN), **(b)** documentary evidence showing they were abroad during the period and have not availed exchange facility earlier **(c)** Customs certificate about import of SBNs by NRIs etc.

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



- ❖ With cellphones becoming a crucial part of banking, RBI has made it mandatory for banks to allow customers to register their mobile numbers through any ATM. Banks have also been told not to insist their customers visit only their home branch to get their mobile numbers registered and to have this facility for customers across branches. In addition, banks have also been asked to make available mobile registration through internet banking.
- ❖ National Payments Corporation of India (NPCI), the umbrella organization for all retail payments system in India, has launched a pilot project for Bharat Bill Payment System (BBPS) with 26 Bharat Bill Payment Operating Units (BBPOU). In the first phase, BBPS will cover respective payments for everyday utility services such as electricity, water, gas, telephone and direct-to-home. NPCI functions as the authorized Bharat Bill Payment Central Unit (BBPCU). It will undertake clearing and settlement activities related to transactions routed through BBPS.
- ❖ Government owned Indian Renewable Energy Development Agency (IREDA), country's only NBFC dedicated to clean energy funding has begun work towards converting into a commercial bank, called "Green Bank of India". IREDA will also be the trustee for an equity fund that will make investments in clean energy projects. The alternative Equity Fund is to have a corpus of \$2 billion raised from the various power sector PSUs and from overseas investors.
- ❖ The Finance Ministry has revised the criteria for recapitalization of public sector banks. The second tranche of capital allocation for the current fiscal would be based on cost operations as well as recovery and quality of credit on the basis of risk weighted assets. Only those lenders that fulfill criteria post third quarter (October- December) results of the current fiscal will be eligible for the second round of funding.

Frequently asked Questions & Answers (FAQs)



Q.1 What type of accounts can a foreign national working in India can open?

A. A foreign national working in India can open a resident Savings Bank account. He is not eligible to open NRI Accounts.

Q.2 Can a Non Resident Indian submit Form 15G / 15H for NRI deposits?

A. No. Non Resident Indians are not permitted to avail benefit of 15G / 15H for their NRO Deposits.

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