



आन्ध्रा बैंक ANDHRA BANK
(भारत सरकार का उपक्रम)
(A Govt. of India Undertaking)
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NRI

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LATEST INTEREST RATES ARE GIVEN BELOW. THESE INTEREST RATES TEND TO CHANGE NORMALLY ON THE LAST WORKING DAY OF EVERY MONTH AND ANY TIME WITHOUT ANY NOTICE WHEN RBI TAKES DECISION TO CHANGE THE RATES

INTEREST RATES ON FCNR DEPOSITS						INTEREST RATES ON NRE TERM DEPOSITS w.e.f. 1st October, 2009	
wef 1st October, 2009							
Currency	1 Year & above to < 2 Years	2 Years & above to < 3 Years	3 Years & above to < 4 Years	4 Years & above to < 5 Years	5 years	Period	Rate of Interest (%) p.a.
USD	2.26	2.35	2.92	3.35	3.68	A) 1 year and above to less than 2 years	3.01
GBP	2.10	2.87	3.55	4.01	4.29	B) 2 years and above to less than 3 years	3.10
EURO	2.24	2.75	3.17	3.48	3.72		
CAD	2.50	2.40	3.01	3.38	3.64	C) 3 years and above	3.67
AUD	5.91	6.02	6.46	6.78	6.91		

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FOREX MARKET DURING September '09

USD/INR	Open	High	Low	Close
	48.75	49.20	47.84	48.10

Equity Market during September , '09

Open	High	Low	Close
\$949.55	\$1023.85	\$946	\$1001.10

At the beginning of the month Rupee opened weak and touched a high of 49.20 tracking weakness in global equity indices and dollar's sharp rise against the major currencies. Dollar demand from importers also exerted pressure on the domestic currency. However rupee pared its losses helped by rally in domestic equity market, exporters covering and IPO related inflows. Growth in Indian industrial output in July added signs of economic upturn and added to the strength of Rupee. Rising expectations of foreign fund inflows held the local currency to breach psychological support level of 48 also, before closing at 48.10 levels.

Bullion is set to rise for the fourth quarter in a row in the July'o8-Sept'09 period, climbing almost 8% and marked its strongest performance since it gained 9.90% in the Jan-March quarter of 2008. Gold firmed up helped by dollar weakness and technical momentum. The yellow metal is poised to touch historical high \$ 1033 , on increasing demand from importing economies and large gold-backed exchange-traded funds.

G-Sec Market during September'09 :

Dated securities yields opened flat at 7.4415% in the absence of any positive triggers. GDP figures for the June quarter came at 6.10% triggered selling in dated securities on interest rate hike expectation. Yields started moving southwards after comments from RBI Deputy Governor that RBI is examining HTM limit hike for banks. However, 10-year benchmark security could not cross the psychological mark of 7%. On 29th September, '09 RBI announced the government borrowing programme in second half of FY for Rs. 1,23,000 crores, which was on expected lines. However, selling emerged on comments from RBI Deputy Governor that RBI has yet to take decision on raising bank's HTM limit. The 10-year benchmark security 6.90%GS2019 yield softened by more than 25 bps over the previous month and finally closed at 7.1933%.

The 6.90% GS 2019 levels are as below

OPEN:7.4415; HIGH 7.5539;LOW:6.9592;CLOSE 7.1933

Equity Market September '09

	SENSEX	NIFTY
OPEN	15691.27	4662.20
HIGH	17142.52	5087.60
LOW	15356.72	4576.60
CLOSE	17126.84	5083.95

Markets gained by around 10% during the month. It gave a break after consolidating in a range for the last few months. Positive global clues, huge FII inflows saw our markets surge. Banking and Technology stocks outperformed the broader markets with stock specific movement observed in other sectors

This month we are covering one of the popular Loan product availed by NRIs.

DEPOSIT LOANS AGAINST NR TERM DEPOSITS**LOANS/OVERDRAFTS AGAINST DEPOSITS**

NRIs are permitted to avail loans/Over drafts against the security of Term deposits held by them under NRO/NRE/FCNR(B) schemes .

While availing loan the following points will be taken in to consideration by Banks.

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1) PURPOSE OF THE LOAN:

Advances against NRE/FCNR(B) and NRO deposits can be granted for any purpose except the following.

- i) in the business of chit fund, or
- (ii) as Nidhi Company, or
- (iii) Agricultural or plantation activities or real estate business; or construction of farm houses or
- (iv) Trading in Transferable Development Rights (TDRs).

For the purpose of sub-clause (iii) of clause (1), real estate business shall not include development of townships, construction of residential/ commercial premises, roads or bridges.

In the case of Loans against NRO Deposits, all the rules pertaining to Domestic Deposit apply except the above restriction on purpose of the Loan.

2) QUANTUM OF LOAN AGAINST NRE/FCNR(B) DEPOSITS:

The Loan/Overdraft amount is having a upper ceiling of **Rs 100 lacs** either to the depositor or to the third parties. Artificial slicing of the loan amount is not allowed to circumvent the ceiling. **This limit is subjected to change from time to time as per the guidelines of RBI.**

3) LOANS CAN BE AVAILED BY NRI HIMSELF/HERSELF OR BY THIRD PARTIES:

The Loan is treated as given to “self” in the following cases:

When a loan or an advance is granted against a FCNR (B) term deposit which stands in the name of :

- a) the borrower either singly or jointly
- b) one of the partners of a partnership firm and the advance is made to the said firm
- c) the proprietor of a proprietary concern and the advance is made to such a concern
- d) a ward whose guardian is competent to borrow on behalf of the ward, and where the advance is made to the guardian of the ward in such capacity

In case Third party is availing loan against the Deposit, the following points are to be noted.

- There should be no direct or indirect foreign exchange consideration to the Non-Resident depositor.
- The Non-Resident depositor should furnish an irrevocable undertaking to authorized dealer branch that he would not withdraw the deposit during the period of loan/overdraft
- While processing the application, the usual norms and considerations apply as in the case of normal advances to trade/industry and satisfy themselves as to acceptability of purpose, genuiness of credit need of borrower and end-use of

funds and not solely guided by availability of security.

- The loan should be utilized for personal purpose or for carrying on business activities other than agricultural/plantation or real estate business or for re-lending.
- The period of the loan shall not exceed the unexpired period of maturity of the deposit accepted as security [Home](#)

4) RATE OF INTEREST:

a) In the case of Loan to the Depositor himself/herself

CATEGORY	RATE OF INTEREST (%)		MARGIN
Loan against NRO Deposits	Deposit Rate +2%		10%
Loan against NRE Deposits	If repayment is by inward remittances /adjustment of deposit/Transfer from NRE/FCNR	Deposit Rate +2%	15%
	If repayment is by rupee funds in NRO accounts	Deposit Rate +3%	
Loans against FCNR(B) Deposits	When availed in Foreign Currency	Deposit Rate +2%	15 to 25% depending on the remaining period of deposit.
	When availed in Indian Rupees	BMPLR-1%	

In case the deposit is cancelled prematurely, the revised interest rate paid on the deposit shall be reckoned for the purpose. In case the rate of interest payable on a term deposit held as security is Nil due to premature closure before the expiry of minimum period prescribed for interest eligibility, the rate of interest on the loans against such deposit is BMPLR +3.50% spread.

BMPLR means Bench Mark Prime Lending Rate prescribed by the bank. This changes from time to time and will be announced in Press.

b) In the case of Loan to third parties.

When Loans against Deposits are given to third parties, it is treated as commercial Loan/advance and Rate of Interest charged and also Margin is applicable as per the segment to which the Loan/advance belongs and/or as per credit rating of the borrower, wherever credit rating is applicable.

5) REPAYMENT OF THE LOAN:

LOAN AVAILMENT	REPAYMENT METHOD
1.Loan availed in Rupees	By Inward remittances/To the debit of NRE/NRO account/By maturity proceeds of the Deposit
2.Loan availed in Foreign Currency	By Inward remittances/By maturity proceeds of the Deposit. If the repayment is in currency other than that of currency in which loan is availed, Depositor has to bear the cross currency exchange risk.
3.Loan availed by Third Party	As per the terms and conditions of the Loan sanctioned and / or before the maturity/closure of the deposit.

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6.LOANS/OVERDRAFTS OUTSIDE INDIA:

Non-Resident Indians may also avail loans/overdrafts abroad. These Loans/Overdrafts are arranged by Banks in India, against the security of deposits/securities held by them in India, through their correspondent banks or overseas branches.

- The deposits/securities offered as security should be repatriable in nature.
- The loan/overdraft can be in favour of either himself or third party for bonafide purposes like personal or business expenses.
- Bank may also remit the maturity/sale proceeds of the deposits/securities to overseas branches/banks without prior approval from RBI

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PM TO INAUGURATE PRAVASI BHARATIYA DIVAS-2010

The next Pravasi Bharatiya Divas (PBD) will be held at Vigyan Bhawan, New Delhi on 07-09 January 2010. The high-profile convention will be inaugurated by the Hon'ble Prime Minister of India on 8th January. The Hon'ble President of India will deliver the valedictory address on 9th January and would confer Pravasi Bharatiya Samman Awards for 2010.

The 8th edition of this flagship event of the Ministry of Overseas Indian Affairs has been differently structured this time around with a view to provide the delegates with an opportunity to interact with:

- (i) Cabinet Ministers from India on matters of interest and concern to them.
- (ii) PIO Ministers/dignitaries from other countries to discuss strengthening of the relationship between India and the country of their residence.
- (iii) Chief Ministers to interact on issues of their States and incentives available in their states for the overseas Indian community.

The 8th PBD is being organised by the Ministry of Overseas Indian Affairs (MOIA), in partnership with the Government of NCT of Delhi. The Confederation of Indian Industry (CII) would be the institutional partner. Online registration facility is available. Further details would be available on the website of the Ministry of Overseas Indian Affairs

India and Switzerland sign Social Security Agreement

India and Switzerland signed a Social Security Agreement on 3rd September '09, in presence of the Vice-President of the Swiss Confederation and Minister of Economic Affairs, Ms. Doris Leuthard. The Agreement was signed by Shri. K. Mohandas, Secretary of Overseas Indian Affairs Ministry and Mr. Philippe Welti, Ambassador of the Swiss Confederation in India. On the occasion, Shri. Mohandas said that this is an important agreement, which will further boost the friendly relationship between the two countries.

This Social Security Agreement will enhance cooperation on social security between the two countries. It will facilitate the movement of professionals between the two countries. The detached workers sent by Switzerland-based companies to their Indian subsidiaries, or those sent by Indian companies to their branches in Switzerland will be exempt from social security contribution in the host country for a period of 72 months. While working abroad, these employees will only be subject to the social security regulations of their home country. The Agreement will come into effect after the fulfillment of the national requirements.

There are over 11,000 Indians in Switzerland and there are over 800 Swiss nationals working in India. There is potential for greater movement of workers between the two countries in future. This bilateral Social Security Agreement will enhance trade and investment between the two countries. India has signed similar agreements with Belgium, France and Germany in the recent past.

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3rd Mini- Pravasi Bhartiya Divas concludes in Hague

The third regional Mini-Pravasi Bharatiya Divas was held in Hague to bring together members of the Indian Diaspora in Europe at a common platform to discuss their role in enhancing Indo-European cooperation in the fields of culture, heritage and tradition and explore the Indo-European Trade and Investment opportunities. The event was held in partnership with the Municipality of the Hague and with the active support of Indo-Dutch organizations in the Netherlands. 535 people, including 405 registered delegates, besides 24 speakers, 30 invited guests and 40 media personnel participated in the event.

In his address, Shri Vayalar Ravi, Minister for Overseas Indian Affairs emphasized the resilience of the Indian economy and said that India offered immense opportunities to PIOs/NRIs in Europe in all fields. He also outlined the competitive business environment and investment climate in different states and said that OIFC has been set up by MOIA in PPP mode with CII to facilitate investments and business by the overseas Indian community. He promised to take up the demand for setting up of a Cultural Centre in the Netherlands.

fund to pay pension and other benefits to non-resident Indians of Goan origin, who return and settle permanently in Goa.

The bill stipulates that every non-resident Goan (abroad) member should contribute Rs 300 per month and every NRG (abroad) member returning from abroad and settling permanently in Goa shall pay Rs 100 per month to the fund as contribution. Every NRG in India must contribute Rs 100 to the fund. No withdrawal can be made from the fund for a period of five years. The government will contribute to the fund every year by way of grant amounting to two per cent of the contribution to the fund. Every NRG who has completed 18 years of age but not completed 55 years, is eligible to register his name as a member of the fund.

Sources in the Goa NRI Cell said that the bill has already been vetted by the law department. It has no financial implications to the government in the beginning and the amount of pension will depend on the contribution just like in contributory provident fund. The bill will be put up in the next session of the legislative assembly

The fund will be used for payment of pension to members who complete 60 years of age, and had contributed for not less than five years. The fund will also be used for payment of family pension on the death of a member who had contributed for not less than five years. The fund will also be used for the refund of the amount contributed by the member who had become unable to work for more than two years due to permanent physical disability or died while being a member or had completed 60 years of age.

The fund may also be used for the payment of financial assistance on the death of a member due to illness or accident or for medical treatment of the members affected with serious illness. It may be used for payment of financial assistance for the marriage of women members and members' daughters and for maternity benefit of women members.

Other uses of the fund include advancement of loans to members for construction of dwelling houses or for purchase of land or for education facilities including higher education to members' children. The fund may find other uses as may be specified in the scheme that will be designed and notified under the act.

The membership will be cancelled in case of continued default in contribution for one year or more. It shall also be cancelled if a member commits any offence punishable under the act. The act proposes the constitution of a Goa Non-Resident Goan Welfare Board with six directors for the administration of the fund. The board will comprise two directors representing NRGs (abroad), one director representing NRGs (India), two government representatives and the chief executive officer of the board.

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