



आन्ध्रा बैंक ANDHRA BANK  
(भारत सरकार का उपक्रम  
(A Govt. of India Undertaking)  
प्रधान कार्यालय Head Office  
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AB Connect

NRI

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**INTEREST RATES (%) per annum with effect from 1<sup>st</sup> September'10**

Currency	F C N R DEPOSITS					NRE TERM DEPOSITS	
	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	1.84	1.67	1.95	2.27	2.57	A) 1 year and above less than 2 years	2.59
GBP	2.46	2.23	2.51	2.79	3.04		
EURO	2.39	2.26	2.39	2.56	2.73	B) 2 years and above less than 3 years	2.42
CAD	2.87	2.34	2.56	2.81	3.04		
AUD	6.42	5.67	5.71	5.89	5.98	C) 3 years and above	2.70

(\*These rates are subjected to change from time to time as per Reserve Bank of India Guidelines)

Visit Our Website [www.andhrabank.in](http://www.andhrabank.in) for details of accounts and to down load Savings (NRE) application form to open account with our Bank. USA AND DUBAI customers may contact our Representative offices for any clarifications. Others may contact NRI CELL HYDERABAD. Contact details are given at the end of this Bulletin.

FOREX MARKET DURING Aug'10					BULLION MARKET DURING Aug '10			
USD/INR	Open	High	Low	Close	Open	High	Low	close
	46.20	47.09	45.97	47.06	\$1181.50	\$1249.90	\$1174.50	\$1245.65

Local unit paired gains against the dollar in the second week and completed a biggest weekly slide in three months tracking the strong dollar against the major currencies on concerns over global economic recovery. Importers buying the dollar at lower levels for their payables also weighed on the local currency unit. Finally Rupee declined 1.40 percent this month and fell to 47.06 per dollar, completing its worst month since May, on concerns of stalling global recovery that will crimp overseas shipment from the Asia's third-largest economy and cause the trade deficit to widen further. The trade deficit continues to be a worry, the rupee may weaken further if that is not offset by capital inflows.

Gold opened on higher side this month and rallied mainly on account of China allowing its domestic banks to export and import gold and hedging bullion positions in overseas market. Gold also benefited from gains in Euro against Dollar and inflationary pressures.

Mainly it is investment and speculative positions in gold that is driving up the yellow metal instead of real buying. However this bullish trend will continue as health of the world economy is in poor shape mainly U.S.

G-Sec Market during Aug '10		Equity Market during Aug'10			
The yield of the 10 year bench mark security 7.80% GS 2020 opened almost flat at 7.7972% against the previous month closing level of 7.8017%.		INDEX	BSE	NIFTY	Indian stock market remained strong during the <b>First week</b> on the back of healthy auto sales, strong manufacturing data and revival of monsoon rains. Sustained buying by foreign funds and firm global cues also supported the market.
The 7.80% GS 2020 levels	YIELDS (%)	OPEN	17911.31	5369.55	
OPEN	7.7972%	HIGH	18475.27	5549.80	
HIGH	8.1608%	LOW	17819.99	5348.90	
LOW	7.7899%	CLOSE	17971.12	5402.40	
CLOSE	7.9317%	The yields started moving up due to fears of further monetary tightening by RBI to contain the inflation. However, the comments by RBI deputy governor that "central bank has handle on inflation now and has done enough to manage the inflation" provided bidding support to the market. The IIP data released for the month of July came at 7.10% against market expectations of 8.40% and previous month figure of 11.50%. The monthly inflation came at 9.97% against previous month figure of 10.55%. The liquidity had also improved substantially during the month. The comments by RBI governor that India's growth is getting more broad based and inflationary pressures are easing made the securities to recover some of the losses. The yield on 10 year bench mark security moved up 13 basis points during the month and closed at 7.9317%.			<p><b>Second week</b>, markets were flat and traded in a range. During the week, markets were down tracking weak IIP data but recovered from lows after spectacular SBI results.</p> <p><b>Third week</b>, Indian stock market surged to 2 - ½ year highs on sustained buying by foreign funds. After a weak opening on the back of unsupportive global cues, it surged in the second half of the week. However, weak job data in the U.S., which reignited worries over global economic recovery, capped gains at the fag end of the week.</p> <p><b>Fourth Week</b>, Indian stock markets registered its first weekly loss after three weeks, following the weak global cues. Markets across the globe were gripped under selling pressure on worries about the pace of the economic recovery in the U.S. Volatility was high during the week as traders rolled positions in the derivatives segment. Markets declined in three out of five trading session</p>

WE HAVE OPENED FIVE SPECIALISED NRI BRANCHES IN FIVE METROS FOR EXCLUSIVE BENEFIT OF NRIs. PLEASE AVAIL THE SERVICES OF THESE BRANCHES. CONTACT DETAILS ARE AS FOLLOWS:			
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**Many customers are enquiring about the definition of NRI/PIO(Person of Indian Origin) and OCI (Overseas Citizen of India). So in this bulletin we are dealing with definition of NRI/PIO/OCI**

**WHO IS NRI**

Section 2 (v) of FEMA,1999 has given definition of Person resident in India and from the definition one has to conclude whether he or she is Non-Resident Indian or not.

- 1) A person residing in India for more than 182 days during the course of the preceding financial year but does not include
  - A) A person who has gone out of India or who stays outside India
    - i) For taking up employment outside India
    - ii) For carrying on outside India a business or vocation outside India
    - iii) For any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period
  - B) A person who has come to or stay in India, in either case, otherwise than
    - i) For or on taking up employment in India or
    - ii) For carrying on in India a business or vocation in India
    - iii) For any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period
- 2) Any person or body corporate registered or incorporated in India.
- 3) An office, branch or agency in India owned or controlled by a person resident outside India
- 4) An office, branch or agency outside India owned or controlled by a person resident in India.
- 5) A person includes
  - i) An individual,
  - ii) A Hindu Undivided Family
  - iii) A company
  - iv) A firm
  - v) An association of persons or a body of individuals, whether incorporated or not.
  - vi) Every artificial judicial person, not falling within any of the preceding sub clauses and
  - vii) Any agency, office or branch owned or controlled by such person

**WHO IS Person of Indian Origin (PIO)**

FEMA,1999 has not given definition of Person of Indian Origin. However, Reserve Bank of India in its various FEMA Notifications issued under FEMA, 1999 has defined a Person of Indian Origin as under:

**1. For the purpose of opening non-resident bank accounts in India - PIO means a citizen of any country other than that of Bangladesh or Pakistan if**

- I. He at any time held Indian passport
- II. He or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India of the Citizenship Act, 1955 or
- III. The person is a spouse of an Indian citizen or a person referred to in sub-clause I or II above

**2. For the purpose of Investing in shares/debentures etc in India- PIO means a citizen of any country other than that of Bangladesh or Pakistan if**

- I. He at any time held Indian passport; or
- II. He or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India of the Citizenship Act, 1955
- III. The person is a spouse of an Indian citizen or a person referred to in sub-clause I or II

<p><b>3. For the purpose of acquiring immovable property in India - person of Indian Origin (PIO) means a citizen of any country other than that of Bangladesh or Pakistan or Sri Lanka or Afghanistan or China or Iran or Nepal and Bhutan if</b></p> <p>I. He at any time held Indian passport; or</p> <p>II. He or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India of the Citizenship Act 1955 (57 of 1955)</p>
<p><b>4. For the purpose of establishing Branch of Office in India - PIO means a citizen of any country other than that of Bangladesh or Pakistan or Sri Lanka or Afghanistan or China Or Iran if</b></p> <p>I. He at any time held Indian passport; or</p> <p>II. He or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India of the Citizenship Act 1955 (57 of 1955) or</p> <p>III. The person is a spouse of an Indian citizen or a person referred to in sub-clause I or II above.</p>
<p><b>5. For the purpose of acquiring PIO Card - PIO means a citizen of any country other than that of Bangladesh or Pakistan, if</b></p> <p>I. He at any time held an Indian Pass port; or</p> <p>II. He/she or either of his /her parents or grand parents or great grand parents was born in India and permanently resident in India as defined in the Government of India Act, 1935 and other territories that became part of India thereafter provided neither was at any time a citizen of any country as may be specified by Central Government from time to time</p> <p>III. Who is spouse of a citizen of India or a Person of Indian Origin as mentioned above.</p>

**Now having understood the definitions of NRI and PIO here is the table which differentiates the NRI/PIO/PIO CARD HOLDER/Overseas Citizen of India (OCI)**

	<b>NRI</b>	<b>PIO</b>	<b>PIO Card Holder</b>	<b>OCI</b>
1. Who ?	An Indian citizen who is ordinarily residing outside India and holds an Indian Passport	A person who or whose any of ancestors was an Indian national and who is presently holding another country's citizenship/ nationality i.e. he/she is holding foreign passport	A person registered as PIO Card Holder under MHA's scheme vide Notification No. 26011/4/98-F.I dated 19.08.2002.	A person registered as Overseas Citizen of India (OCI) under section 7A of the Citizenship Act, 1955
2. Who is eligible?	-	-	Any person who at any time held an Indian Passport; or he or either of his parents or grand parents was born in or	A foreign national, who was eligible to become citizen of India on 26.01.1950 or was a citizen of India on or at

			<p>was permanently resident in India as defined in Government of India Act, 1935 and other territories that became part of India thereafter provided neither was at any time a citizen of Afghanistan, Bhutan, China, Nepal, Pakistan and Sri Lanka; or who is a spouse of a citizen of India or a person of Indian origin as mentioned above.</p>	<p>anytime after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 and his/her children and grand children, provided his/her country of citizenship allows dual citizenship in some form or other under the local laws, is eligible for registration as Overseas Citizen of India (OCI). Minor children of such person are also eligible for OCI. However, if the applicant had ever been a citizen of Pakistan or Bangladesh, he/she will not be eligible for OCI.</p>
3.How can one get ?	-	-	<p>Eligible persons to apply in the prescribed form alongwith enclosures. Form available on MHA's website: <a href="http://www.mha.nic.in">www.mha.nic.in</a>.</p>	<p>Eligible persons to apply on line/down load application form from MHA's website: <a href="http://www.mha.nic.in">www.mha.nic.in</a>.</p>
4. Where to apply?	-	-	<p>To the Indian Mission/Post in the country where the applicant is ordinarily resident; If in India on long term visa(more than one year), to the FRRO, Delhi, Mumbai, Kolkatta, Amritsar, CHIO, Chennai or to the Joint Secretary(Foreigners), MHA.</p>	<p>To the Indian Mission/Post of the country of applicant's citizenship or where he/she is not in the country of citizenship, to the Indian Mission/Post of the country in which he/she is ordinarily resident. If the applicant is in India, he/she can apply to the FRRO at Delhi, Mumbai, Kolkota, Amritsar, CHIO, Chennai or to the Under Secretary, OCI Cell, Citizenship Section, Foreigners Division, Ministry of Home Affairs, Jaisalmer House, 26 Mansingh Road, New Delhi-</p>

				110011.
5. Fees?	-	-	Rs. 15,000/- or equivalent in local currency for adults. For the children upto the age of 18 years, the fee is Rs. 7500/- or equivalent in local currency.	US \$ 275 or equivalent in local currency. In case of PIO card holders, it is US \$ 25 or equivalent in local currency.
6. Which nationals are eligible?	-	-	PIOs of all countries except Afghanistan, Bangladesh, Bhutan, China, Nepal, Pakistan and Sri Lanka	PIOs of all countries except Pakistan and Bangladesh provided the country of nationality allows dual citizenship in some form or other under the local laws.
7. What benefits one is entitled to?	All benefits as available to Indian citizen subject to notifications issued by the Government from time to time	No specific benefits.	(i) Shall not require a separate visa to visit India. (ii) Will be exempt from the requirements of registration if his/her stay on any single visit in India does not exceed 180 days. (iii) In the event of continuous stay in India exceeding 180 days, he/she shall have to get himself/herself registered within 30 days of the expiry of 180 days with the concerned FRRO/FRO. (iv) Parity with NRIs in respect of all facilities available to the later in the economic, financial and educational fields except in matters relating to the acquisition of agricultural/ plantation properties. No parity shall be allowed in the sphere of political rights.	(i) A multiple entry multi-purpose life long visa for visiting India. (ii) Exemption from registration with local police authority for any length of stay in India. (iii) Parity with Non resident Indians (NRIs) in respect of economic, financial and educational fields except in relation to acquisition of agricultural or plantation properties. No parity shall be allowed in the sphere of political rights.  Any other benefits to OCIs will be notified by the Ministry of Overseas Indian Affairs (MOIA) under Section 7B(1) of the Citizenship Act, 1955.
8. Does he/she require visa for	No	Yes and of specific type depending on his/her	Can visit India without visa for 15 years from the date of issue of PIO card.	Can visit India without visa for life long.

visiting India?		purpose of visit.		
9.Is he required to register with local police authorities in India?	No	Yes.	Yes, one time when the stay in India exceeds 180 days for the first time.	No
10.What activities can be undertaken in India?	All activities	Activity as specified in the visa	All activities except mountaineering, missionary and research work and existing PAP/RAP which require specific permit.	All activities except mountaineering, missionary and research work and existing PAP/RAP which require specific permit.
11.How can one acquire Indian citizenship	He/she is an Indian citizen	As per section 5(1) (a) & 5(1) (c) of the Citizenship Act, he/she has to reside in India for minimum 7 years before making application for granting Indian citizenship	As per section 5(1) (a) & 5(1) (c) of the Citizenship Act, he/she has to reside in India for minimum 7 years before making application for granting Indian citizenship	Registered OCI may be granted Indian citizenship after 5 years from date of registration provided he/she stays for one year in India before making application

## SNIPPETS

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### NRI voting bill passed in Rajya Sabha

NEW DELHI: Rajya Sabha passed a bill providing voting rights to Non-Resident Indians (NRIs).

The bill is aimed at providing Indians, who have not acquired the citizenship of any other country but stay abroad, entitlements to have their names registered in electoral rolls. "We are not doing them any charity," law minister Veerappa Moily said.

Referring to proposed electoral reforms, Moily said national consultations would be held in October-November. and would bring a bill in this regard after consultations were completed and the report of an expert committee was received.

### Registration and Support to Workers Abroad

The Indian Embassies do not register Overseas Indian Workers. However, the Embassies provide necessary support when any Indian Emigrant approaches them for assistance. On receipt of labour complaints, Indian Missions take up the issue with the Foreign Employer/Local Government for an amicable solution and Government of India takes up the complaints with the concerned Recruiting Agents in India, who are asked to settle the matters, failing which action is taken against them as per the provisions of Emigration Act, 1983. The Government has set up the Indian Community Welfare Fund (ICWF) in 42 Indian Missions abroad for providing financial assistance to needy Indian Workers in distress. The Government regulates and monitors Registered Recruiting Agents as per the Emigration Act, 1983 and the Rules made there under. The Indian Missions and Posts located in countries having major concentrations of Persons of Indian Origin (PIO) community are mandated to service the consular, cultural and commercial needs of Indian communities, irrespective of language or regional affiliations. This information was given by the Minister of Overseas Indian Affairs, Shri Vayalar Ravi in a written reply in the Rajya Sabha on 26<sup>th</sup> August, '10

### Sinha panel wants single class for foreign investment

Mumbai August 31, 2010: The finance ministry on Tuesday proposed to do away with the different rules for portfolio, NRI and foreign venture capital investments in India and institute a single window regulatory system for all. The idea behind the sweeping changes is to make life easier for foreign investors in India and to reduce the cost of equity capital for local companies. As per the proposals made by a working group headed by UTI AMC head U K Sinha and released by the ministry for public comments, the government should end the practice of treating foreign institutional investments (FIIs), foreign venture capital investments (FVCIs) and Non Resident Indians (NRIs) as distinct investor classes. They would be treated at par from a regulatory point of view. The proposals do not apply to foreign direct investment.

The working group also wants to set up a Financial Sector Appellate Tribunal (FSAT) or alternatively, enlarge the scope of Securities Appellate Tribunal to hear appeals on all aspects of regulation related to foreign capital inflows. Currently, the RBI has unqualified discretionary powers under the Foreign Exchange Management Act when it comes to taking capital control measures. As per the working group, the regulators will have to assign specific reasons for such measures whenever they are taken and investors should have recourse for appeal to the SAT or the proposed FSAT. Another significant proposal is to classify all foreign investment less than 10% in a company to be FII and any fund inflow beyond that as foreign direct investment, which has to comply with all sectoral caps and other regulations. Now, FIIs can invest in a company up to the sectoral cap, after the company's board of directors takes a decision to that effect. It suggested to study the revenue implications of shifting from a source-based taxation system to a residence-based system of taxation.

The group also wants to empower SEBI to ask and receive all information related to the ultimate investors in Indian companies through participatory notes, an instrument issued to offshore investors. Basically, the working group attempted to suggest a framework where costs, complexity and regulatory uncertainty would be much less to the entities receiving foreign capital as well as to those making those investments.

Now different classes of foreign investors are bound by different rules, which force them to exploit the regulatory arbitrage and camouflage to enter into receiving entities.

### Indians Stranded in Foreign Countries

Rajya Sabha, 26.08.2010: Emigration of Indian workers seeking employment in 17 Emigration Check Required (ECR) notified countries is regulated under the Emigration Act, 1983. Indian missions in the ECR countries have reported that they are not aware of significant number of Indian youths stranded due to fraud by the agents. During the period, from January to July, 2010 Malaysia has reported 90 cases of Indian workers, who were brought to Malaysia without proper documents and Kuwait has reported 14 such cases. Syria has reported 80 such cases for the period January, 2009 to July, 2010. Indian Missions extend help as and when

overseas Indian workers require assistance. In addition, in all the 17 ECR notified countries Indian Community Welfare Fund has been established to extend onsite welfare services to all overseas Indians in distress. This information was given by the Minister of Overseas Indian Affairs, Shri Vayalar Ravi in a written reply in the Rajya Sabha today.

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