



# AB Connect NRI



December, 2011

A monthly news bulletin from Andhra Bank

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## QUIZ Program

We have introduced QUIZ Program for our NRI Readers. ALL NRIs can participate in this programme and win SURPRISE GIFT. Please see the Questions at the end of the Bulletin and send your answers by mail to nricell@andhrabank.co.in ssgiving their name, address and phone number.



Latest interest rates are given below.

INTEREST RATES (%) per annum with effect from December'11							
Currency	F C N R (B) 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	2.32	2.01	2.14	2.35	2.59	A) 1 year and above to less than 2 years	3.82
GBP	3.07	2.68	2.73	2.84	2.95		
EURO	3.26	2.72	2.89	3.11	3.34	B) 2 years and above to less than 3 years	3.51
CAD	2.98	2.40	2.51	2.65	2.80		
AUD	6.13	5.03	5.16	5.43	5.59	C) 3 years and above	3.64

These rates are subject 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.

**We have opened four specialised nri branches in four metros for exclusive benefit of nris. Please avail the services of these branches. Contact details are as follows:**

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MUMBAI	Ms. Rajeswari	022-26876176	nri-mum@andhrabank.co.in
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NEW DELHI	Mr. V. Ravi Kumar	011-23416253	bmdel1644@andhrabank.co.in
HYDERABAD	Ms.Renuka	040-23421286	bmhydm1711@andhrabank.co.in



[www.andhrabank.in](http://www.andhrabank.in)

### Forex market during November'11

	Open	High	Low	Close
USD/INR	48.8400	52.7250	48.8400	52.2000

## FOREX Market

Rupee fell against the dollar tracking the strong dollar against the major currencies. Initial gains of rupee eroded after risk aversion crept into the markets as Euro fell versus dollar and equities registered losses across the globe. Risk aversion resulting in lack of capital inflows into emerging markets like India, slower Capital inflows coupled with current account deficit and slower than expected industrial output growth kept the rupee under pressure. India's Industrial output in September grew at 1.90 percent from a year earlier, its slowest pace in two years, sharply down from 3.60 percent a month earlier and below the median forecast for 3.50 percent.

The Indian Rupee suffered the worst fall in 16 years in November, plunging nearly 7 percent and hitting a record low, as persistent dollar demand from importers and portfolio outflows due to global risk aversion pounded the local unit.

However suspected intervention by Central Bank at higher levels and selling by risk averse exporters helped the rupee to recover some of its losses. Also the move by government to open up country's \$450 billion retail market to global supermarket giants was seen a positive for the rupee.



### Equity market during November'11

INDEX	BSE	NIFTY
OPEN	17,540.55	5278.60
HIGH	17,702.26	5326.45
LOW	15,478.69	4639.1
CLOSE	16,123.46	4832.05
Gain/Loss	-1,417.09	-446.55

## Equity Market

Markets started on a positive note with Sensex above the 17K mark but have shown a negative performance for remaining period of the month, equity markets have fallen below the 16K mark during the third week. Markets have shown recovery during the last week and have ended above the 16K mark. Optimism from the resolutions regarding Euro crisis failed to contain the negative sentiments and markets have remained negative during the second week amid weak second quarter corporate earnings and subdued global markets. Market regained momentum in the last week from IMF's plan to bail out Italy to contain Euro-Zone Debt crisis.



# Mutual Funds for NRIs

Mutual Fund is a company that brings together a group of people and invest their money in stocks, bonds and other Securities. Each investor owns shares, which represents a portion of the holdings of the fund.

The primary Advantage is professional management of your Money.

Mutual Fund is a tool in the finance space that can help you create wealth over the long term.

Mutual Funds are preferred for their cost effectiveness and easy investment process. Because a Mutual Fund buys and sells a large amount of Securities at a time, its transaction costs are lower than what an individual would pay for securities transaction.

The greatest advantage is diversification across different categories of investments.

Normally two types of Mutual funds are available - Open ended mutual funds where there is no fixed maturity. The liquidity is more in the open ended schemes. Closed ended funds where certain maturity period upto to which it is locked, can be liquidated after listing in Stock Exchanges.

Every Portfolio needs to have some allocation to Mutual Funds -



## The Mutual Fund Model Port Folio

- 1. Aggressive** - Age Group 20-35 Yrs - 90% Equity Funds and 10 debt funds, where growing Career and decent income.
- 2. Moderate** - Age Group 36-50 Yrs - 60% Equity Funds and 40% Debt Funds, where your investments grow at decent rate with moderate risk element.
- 3. Conservative** - Age Group Above 50 Yrs- 30% Equity Funds and 70% Debt funds, with steady income flow and close to their retirement, need to invest in conservatively managed port folios.



## NRI/PIO can invest in Indian Mutual Funds under Repatriable and Non-repatriable basis.

### The guidelines:

- NRI can invest in Mutual Funds through their NRE/NRO/FCNR Account.
- The investment has to be made in Indian Rupees only
- He may send a rupee cheque from abroad payable in a Bank in India.
- The Investor status in the subscription form should be marked as NRI .
- The Bank details of his/her NRE/NRO Account have to be mandatorily provided for an NRI to invest in Mutual Funds
- Asset Management Companies (AMC) do not accept an NRI application with an overseas Bank account details.
- KYC is mandatory

### The new Option:

SEBI has developed a platform for all Mutual Funds schemes to be listed on stock exchanges and allowed MF transactions on Stock Exchanges (NSE and BSE)

This includes all debt, equity, open ended and close ended schemes.

### Demat Form:

Investors have a choice of holding units either in physical form or in Demat form. However for convenience of operation and ease of entry and exit, it would be advisable to hold the unit in Demat form. And the most benefit is Demat facilitates keeping various schemes of different Mutual Funds at one place.

## Investment–redemption of Mutual Funds schemes under Repatriable and Non-repatriable basis:

- To invest on a repatriable basis the amount should be received by inward remittance through normal Banking channels (Cheques/rupee denominated DD, if it is from an overseas account) or by cheque drawn on or debited to an NRE/FCNR account of the non resident investor.
- Redemption proceeds/Dividends will be credited to the NRE Bank account or paid out by cheque in Indian Rupees. The redemption proceeds and/or dividend can be repatriated in full.
- Non repatriable basis – the proceeds after payment of taxes – credited to NRO account and will not qualify for repatriation.
- Nomination is allowed – An NRI may make a nomination or also be a nominee.

## Andhra Bank is offering

1. Demat services to NRIs.
2. NRE account/NRO accounts.
3. 3-in-1 PIS Accounts i.e. Savings Account, Demat Account, Trading Account with the tie-up of M/s. Religare Securities.

We also provide On line trading services under portfolio invest scheme (PIS) subjecting fulfilling the SEBI/RBI guidelines

You can Bank on us

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# Snippets

## Non-resident investors can invest up to USD 10 billion in IDFs

MUMBAI: The Reserve Bank today said non-resident investors will be allowed to invest up to USD 10 billion in IDFs, a move that will help in channelising funds for the infra sector which needs about USD 1 trillion during the 12th Plan period (2012-17).

In a notification issued the central bank also said that sovereign wealth funds, multilateral agencies, pension funds, insurance funds and endowment funds registered with the market regulator SEBI, among others, would be eligible as non-resident investors in IDFs.

All non-resident investment in IDFs, other than that of non-resident Indians (in both rupee and foreign currency denominated securities) would be within an overall cap/limit of USD 10 billion only," the RBI said. This comes a day after the apex bank issued guidelines on Infrastructure Debt Funds (IDFs) paving the way for banks and NBFCs to float such funds, a move that will help in garnering long-term resources for the infrastructure sector. Banks and Non-Banking Financial Companies (NBFCs) now will be able to sponsor IDFs, which can be set up either as Mutual Funds (MFs) or NBFCs, RBI had said. "All non-resident investment in the securities would be subject to a lock-in period of three years. However, all non-resident

investors can trade amongst themselves within this lock-in period of three years," a notification said. However, the original/initial maturity of all securities at the time of first investment by a non-resident investor shall be five years. The cap of USD 10 billion would be within the overall cap of USD 25 billion for FII investment in bonds/non-convertible debentures issued by Indian companies in the infrastructure sector. "There would be no cap/limit for NRI investment in IDFs by way of rupee-denominated bonds/units," the notification said. The central bank said investment on repatriation basis by non-resident investors has been allowed in rupee and foreign currency denominated bonds issued by the IDFs set up as an Indian company and registered as non-banking financial companies. Besides, investment on repatriation basis would also be allowed in case of rupee-denominated units issued by IDFs set up as Mutual Funds (MFs). The central bank further said that IDFs set up as NBFCs can invest in debt securities of only public-private partnership (PPP) infrastructure projects which have a buyout guarantee and have completed at least one year of commercial operations.

## NRI businessman praised for winning Queen's award

LONDON: A leading London-based NRI entrepreneur has won praise for winning Queen's award for Enterprise for the third year in succession. At a function held at the Grosvenor Hotel here, Dr Rami Ranger, founder chairman of the Sun Mark Limited, was described as a role model for winning the Queen's award for enterprise for 2009, 2010 and 2011. S P Hinduja, chairman of the Hinduja Group, told Ranger "we are proud of you. You have shown to the world what Indians can do."

## Canada introduces 10-yr Super Visa for NRI parents, grandparents

The Canadian government has introduced a Super Visa for Parents to clear the backlog of applications of such people who have applied for sponsorship visas to meet their relatives living in Canada. Queried about the strict norms for student visas for Canada as compared to Australia and some other countries, Uppal said that Canadian government would now issue four times more visas than any other country to the students from India who were willing to pursue education in his country. He also indicated on a possible tie-up with Khalsa College, Amritsar, in the education sector.



# QUIZ Program for our esteemed Readers:

Please answer the following and get a surprising Gift:

1. Maximum amount of Gift Remittance under Liberalised Remittance Scheme:
2. Maximum amount of remittance a Resident can make to NRI for maintenance of close Relatives
3. Percentage of Tax at Source deducted by Banks on NRO Deposits without DTAA concessions
4. What is the maximum amount of Indian rupees a person can carry while leaving India or coming to India from abroad.
5. What is DTC bill and when the same is going to be effected?

Send your answers by mail to [nricell@andhrabank.co.in](mailto:nricell@andhrabank.co.in) giving Name, Address , Phone No.

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