



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

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NRI

Issue No.38

October, 2011

A monthly news bulletin from Andhra Bank

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INTEREST RATES (%) per annum with effect from 1st October'11

F C N R (B)DEPOSITS						NRE TERM DEPOSITS	
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	1.86	1.56	1.72	1.98	2.24	A) 1 year and above to less than 2 years	2.61
GBP	2.72	2.29	2.41	2.61	2.80		
EURO	3.04	2.52	2.61	2.80	2.99	B) 2 years and above to less than 3 years	2.31
CAD	2.67	1.99	2.17	2.35	2.54		
AUD	6.04	5.03	5.14	5.37	5.50	C) 3 years and above	2.47

These rates are subject to change from time to time as per Reserve Bank of India Guidelines)

Visit Our Website 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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FOREX MARKET DURING September '11					BULLION MARKET DURING September '11				
	Open	High	Low	close		Open	High	Low	close
USD/ INR	45.92	49.90	45.78	48.98	Rupee	\$1822	\$1920	\$1534	\$1623
<p>opened firm against the dollar tracking the positive local equity indices during the first week of the month. Better than expected growth numbers also aided strength to the local unit. However, rupee turned negative and posted biggest fall for the month since beginning of second week and almost touched 50 mark on account of heightened risk aversion amid concerns on possible double dip recession of Global economy. Strong dollar coupled with erosion in local equities also added pressure on the local currency unit escalated by covering exposure by Panic importers. Volatility ruled the markets on two fears viz. Fear of risk and fears of intervention. However rupee recovered some of its losses on nationalized banks selling the dollars reportedly on behalf of Central Bank to arrest the steep fall of rupee against the dollar. Rupee may remain volatile for the next few weeks as concerns of outflows and sustained dollar demand from importers, mainly oil refiners may get offset by major corporate inflows.</p>					<p>Gold edged higher in the initial part of the month, retaining its gains from the previous session, when the U.S. job data triggered safe-heaven buying to boost the precious metal and lingering worries about euro zone's debt crisis lent support. However, after touching a fresh high of \$1920 Gold slid as profit taking by investors and spike in the U.S. dollar outweighed the desire for a safer heaven. People were expecting there was going to be some sort of stimulus that would engender some kind of growth. But U. S. Policy maker Federal Reserve in their meeting preferred "Operation Twist" where they would buy \$400 billion long-term debt and sell short term bonds. Comments by Fed Chief that U.S. Economy is facing 'Significant Downside Risk' triggered sell off in riskier assets. Commodities tumbled across the board dragging the benchmark CRB index by 10 percent during the month and all asset class was sold against the safe heaven U S Dollar. Gold lost nearly \$200 in two sessions during the third week. However, Bullion found some support after the news that Germany's parliament house approved new powers for the European Financial Stability facility (EFSF) and Fed Chief Bernanke's remarks that US Central Bank could ease monetary policy further, if inflation expectations fall significantly also supported the Gold prices. Buying interest is still strong as retail gold demand especially from India, one of the top gold consumers picks up when the wedding season start, culminating with Diwali, and the Hindu festival of lights.</p>				

G-Sec Market during 'September'11			Equity Market during September'11		
The 7.80% GS 2020 levels	YIELDS (%)		INDEX	BSE	NIFTY
OPEN	8.3114	<p>The yield on the 10-year benchmark security opened at 8.3114% against the previous month closing level of 8.3164% tracking fall in crude oil prices and 10-year US treasury yield. The comments by finance minister that central bank may not raise the benchmark interest rates further as it would hamper growth, added to the bidding interest and yields softened by 5-6 basis points across the curve. The IIP for the month of July stood at 3.30% against the previous month level of 8.80% and market expectations of 6.20%. The monthly inflation data for the month of August stood at 9.78% against the market expectations of 9.64% and previous month level of 9.22%. Govt. also revised the June inflation figure to 9.51% against the provisional figure of 9.44%. Yields started moving up again on the fear that Govt. may announce an un-scheduled auction as ONGC FPO has been</p>	OPEN	16963.67	5109.80
HIGH	8.4424		HIGH	17211.80	5169.25
LOW	8.2026		LOW	15801.01	4758.85
CLOSE	8.4424		CLOSE	16453.76	4943.25
			<p>. Markets ended Sep 2011 in red due to Global Economic headwinds led by US and Europe, domestic political instability, lack of reforms and RBI's continuous hawkish stance on Monetary Policy. The headwinds from the Western world grew stronger last month as the crisis in Greece escalated threatening to engulf the entire euro region. These problems pointed to more weakness and the dim outlook for growth globally led to risk aversion driven sell-off in equities, commodities and emerging market currencies including INR. Indian markets outperformed most other global markets during the month. Metal and Power fell sharply followed by earning downgrades. Political stability weakened during the month and reforms were yet again seen to be pushed till the winter session. The US Federal Open Market Committee (FOMC) announced the "Operation Twist" to spur economic growth in its two-</p>		

delayed. Market was also cautious that inflationary pressures may rise on the domestic front further after a steep fall in rupee against dollar. The additional borrowing announcement by Govt. in the second half of current FY further added to selling pressure. Govt. announced to borrow ₹ 2.20 trillion including an additional borrowing of ₹ 52,800 cr in the second half of the current financial year. The yields moved up by 8-10 basis points across the curve after the announcement. The yield on 10 year benchmark security 7.80% GS 2021 softened by 13 basis points during the month and closed at 8.4424%.

day Sep 11' meet. While Fed's decision was largely in line with expectations, market reacted negatively to Fed's downbeat assessment for the US economy. Fed noted that there are significant downside risks to the economic outlook, including strains in global financial markets. The choppiness is a reflection of the fact that risks to growth (both domestic and global) have intensified during the course of time. FII's were net sellers of ₹1147.00 crore in the equity segment during the month of Sep 11'. DIIs were net buyers of ₹1747.09 crore in the month of Sep 11'.

GOLD COINS – FROM ANDHRA BANK

A blessing that will stand the test of time - A Golden Truth

Bring home prosperity with *GOLD COINS* from ANDHRA BANK

The passion for Gold in India has strong historical, cultural and economic underpinning. For centuries Gold has been equated with money, savings, riches and status.

The uncertain macroeconomic environment and looming inflationary threat over a long term reiterates the need for Gold in one's portfolio.

The investment led demand i.e. purchase of Gold in coins and bars continues to rise compared to traditional purchase of Gold jewelry in India in the recent past.

Gold Demand

Gold's demand is widely dispersed around the world, depending on various socio-economic and cultural factors. Over seventy percent of world gold demand comes from China, Hong Kong, Indian sub-continent and the Middle East.

Major use of gold is in jewellery, which is estimated by the WGC to account for 57 percent of total gold demand. The gold jewellery industry is valued over \$55 billion - led by India, followed by China.

Gold is used for 'investment' purposes too, accounting for 31 percent of total demand. It is possible to invest in gold bullion without actually taking physical delivery. Gold investment transactions may take place in various forms; e.g. over-the-counter sales, online bullion sales, gold ETFs, etc. Some investors choose to combine two or more of these different forms for flexibility.

The third source of gold demand comes from its technological use. WGC estimates gold's demand in industrial, medical and dental technology to be around 12 percent of total gold demand.

Gold Supply

According to WGC estimates, around 59 percent of annual gold supplies come from freshly mined gold.

Second source of supply is the recycled gold, which contributes 35 percent to the annual supplies.

The third source is the central banks around the world, whose net official sales account for 6 percent of total gold supplies. Central banks used to be net sellers of gold; however, in the aftermath of recent global economic crisis, they have become net buyers. This is primarily due to significant buying of gold by the emerging economies that have typically held less than 10 percent of their external reserves in gold.

Gold as an asset class:

Gold as an asset class is perceived to be one of the safest and most trust worth assets globally and more so in our country which makes India the world's largest consumer of the yellow metal.

Interestingly, Gold as an asset class was never supposed to give a superlative returns and it was considered more as a '**store of value**'. However, the last three years of Global turmoil has put this asset class under '**Return of Value**'. Categorically, a term associated more with high risk assets such as stocks. In the last 3 years, this shining commodity has yielded annualized return of 25%.

India's Consumer Gold Demand VS Price of gold for the last 3 years:

Year	Demand (tons)	Price (Rs)
2008	713	12148/-
2009	579	15109/-
2010	963	17995/-

(Source: Bloomberg, WGC)

Gold demand sensitivity with price not visible in 2010:

Gold demand is typically sensitive to Gold price and demand is expected to slow down as price rises. The trend was visible in 2008 as well as 2009, when Gold prices rose 31% in 2008 and 24% in 2009 and consequently demand fell by 7% and 19% in those years. However, the year 2010 was different in this regard, given the recovery in the economy led by the stimulus measures, healthy monsoons etc., and Gold demand rose 66% despite a 19% increase of average prices.

Gold - an attractive diversification bet too:

Gold's rise has been steadier as against the huge dips in the sensex, adding to the perception of gold as a 'SAFE' investment bet. In the past 5 years (2005-2010) however, Gold's return (+22%) have beaten that of the Sensex (+17%) which make it all the more attractive as an investment diversification. The exposure to this yellow metal can be built over a period of time through cost averaging.

Future outlook

Gold prices took a beating in September before stabilizing in recent weeks. The freefall in bourses in third week of September forced investors to cover losses in equity and currency markets by divesting some of their holdings in precious metals, primarily gold and silver. Going forward, key price triggers would be the strength of US dollar, US economic data, and resolution of euro-zone's sovereign and private debt issues.

BUY GOLD FROM ANDHRA BANK:

Andhra Bank is selling Gold Coins directly by importing from PAMP, Switzerland. It has the approval from RBI for retail sale of Gold to its customers.

The coins are 24 Carat, 999.9 pure Gold with an "Assay Certification" indicating the highest quality of Gold as per International Standards.

Gold Coins are available at all our branches in 2g, 4g, 5g, and 8g & 10g denominations in round shape.

The Gold Coins are packed in tamperproof certicard packs that are transparent at the manufacturing stage itself to prevent any damage / theft during transit.

These are competitively priced based on the daily prices of International bullion market price of Gold and the US dollar.

This write up was prepared by U Vijayanand, Manager, AB Demat Branch, Hyderabad

SNIPPETS SNIPPETS SNIPPETS SNIPPETS SNIPPETS

GOVERNMENT SOON TO LAUNCH SCHEME TO SUPPORT RETURNING INDIANS

In a major initiative to support overseas Indian workers, Government will soon launch a scheme to provide them resettlement expenses, insurance cover and pension benefits on their return to the country. Overseas Indian Affairs Minister, Vayalar Ravi while addressing the fourth consultative meeting with state governments on issues relating to overseas Indian workers said the Diaspora community has been contributing significantly to India's economy by sending billions of dollars in remittances and government is launching the scheme to support them on their return to the country. GOI is very soon going to launch a scheme which would provide for resettlement expenses, insurance cover and pension provisions for emigrant Indian workers." When the migrant worker returns to India, he is older and he has to start economic activity to support himself and his family. In order to support the workers, we have decided to launch the scheme," he said. However, he did not elaborate on details of the scheme but sought support of the state governments in further cementing ties with the Diaspora

GOVERNMENT FINALISED WEB BASED ATTESTATION SYSTEM FOR JOB CONTRACTS

Mr. Ravi, Overseas Indian Affairs Minister said his Ministry was working sincerely to deepen the engagement with around 27 million overseas Indians. He appreciated various states for appointing nodal civil and police officials to offer solutions to problems related to properties and other issues being faced by the Overseas Indians hailing from their respective states and asked the other states to follow the same.

Government has finalised a web-based attestation system of employment contracts for workers in the UAE with the UAE Ministry of Labour. This procedure would help to enforce the contracts conditions. Government of India has directed the Indian missions in other countries of the region to establish similar process to attest the employment contracts. Government of India is arranging for transforming the emigration mechanism and to bring the changes, the Emigration Management Bill will be tabled in Parliament soon. The proposed legislation will provide for greater transparency, better regulation and deterrent punishment to the offenders. Within 52 weeks, GOI would be able to provide a common electronic platform for all the

concerned in the process of migration. This system would link the e-passport system and even the Indian missions abroad to provide a seamless service of migration clearance to the Indian workers going abroad. In view of large number of people from Northeast migrating abroad, government has decided to open an office of protector of emigrant (PoE) in Guwahati. Two other such offices will come up in Rajasthan and Uttar Pradesh. The Minister is also pursuing a framework agreement called Human Resource Mobility Partnership with several developed countries to ensure seamless migration of Indian workers

I-T WAIVER PROPOSED FOR INDIAN SEAMEN

KOCHI: Giving some relief to the Indian seamen who are posted on Indian ships, the National Shipping Board (NSB) has decided to recommend waiver of income tax on their earnings. The NSB's suggestion to the Central government, if implemented, will benefit around 50,000 seamen in the country. According to S B Agnihotri, director general of shipping, NSB decided to take up the matter with the Centre within one month, so that it could be considered in the next budget. NSB, an advisory board to the shipping ministry, made this decision at its 117th meeting which was held in Kochi recently. If the finance ministry allows the tax waiver, it could have a positive impact on the shipping industry in the country, says a highly placed source in the shipping ministry. Right now seafarers working on Indian ships are taxed at 30%, while those working on foreign ships don't have to pay tax as they have NRI status. This, in fact, resulted in the drain of highly qualified seamen from the country, sources said.

FINANCE MINISTER'S ADDRESS "INDIA'S CONTINUING GROWTH STORY" AT THE INDIA INVESTMENT FORUM, SEPTEMBER 21, 2011

Following is the important points from the text of the Finance Minister's Address "India's Continuing Growth Story" at the India Investment Forum, September 21, 2011

"I am very happy to be here today and have this opportunity to speak on a theme, which as the Finance Minister of the country, is a matter of professional engagement and even a commitment for me. Growth is necessary for the opportunity that it creates for the teeming millions in India, who need to be lifted out of poverty and deprivation. Growth is equally important for the resources it generates for the Government to bridge the country's social and physical infrastructure deficit. Indeed, it is the means that gives us a realistic chance of putting the economy on a path of high, self supporting and sustainable long-term growth.

The Indian economy has traversed a long way during the course of which it has stepped up its growth trajectory over successive decades, especially since the 1980s. It grew at a rate of around 3.5 per cent between 1950 and 1980, about 5.5 in the 1980s, going up to over 6 per cent in the 1990s and in the early years of this century. Since about 2003-04 it has moved further to a higher trend growth path of 8.5 to 9 per cent per annum. Between 2005 and 2008, India's GDP grew at around 9.5 per cent per year making it one of the fastest growing democracies in the world.

The economic slowdown in the wake of the global financial crisis also impacted India and its growth rate declined to 6.8 per cent in the crisis year of 2008-09. However, the recovery was rapid and strong. The economy registered an average growth of over 8 per cent in the two years following the slowdown, demonstrating its resilience and the capacity to overcome adversities in its development path.

One of the defining features of the last two decades has been the shift in global economic power from the developed to the developing countries. G-20 and BRICS have emerged as groups that are guiding the world economy. The report on BRIC by Goldman Sachs made the world sit up and take notice of the potential economic clout of Brazil, Russia, India and China. Together these economies accounted for about 47 per cent of the contribution to global growth in 2011. We are glad that South Africa has now joined the BRIC cluster to give it a 'plural dimension' – BRICS. It is important for these partnerships to flourish if the global economy has to recovery quickly from the unprecedented downturn and to create a more stable and prosperous world in the coming years.

India has embraced a calibrated approach to globalization. The economy is gradually, but surely getting integrated with the global economy. There has been significant growth in India's trade, investment and capital flows with the rest of the world. Globalization has offered new opportunities, but it has also posed new challenges. Indeed, while it may not have been easy to raise the annual growth rate of the economy to over 8 per cent, it is certainly getting more difficult to sustain high growth over an extended period of time. The global events and their impact on our economy in the past few years, make this amply evident.

The services sector, contributing about 58 per cent of GDP, has become an important driver and a stabilizing factor for our economy in the face of growing exposure to global business cycles. The large service sector is also helping us absorb domestic shocks and uncertainties associated with a monsoon-dependent agrarian economy. The agriculture diversification has added to its resilience in the face of uneven and delayed monsoons in the recent past.

The medium term growth prospects of the economy remain buoyant. The savings and investment rates have reached levels that are reminiscent of the East-Asian high growth economies. As the demographic dividend begins to pay off in India, the savings rate is likely to rise further, provided we are able to create productive employment opportunities. Private enterprise, has flourished in the past decade and its growing competitiveness is opening new doors to Indian companies in the global market place. Indeed, I am confident that we are in a position to sustain high economic growth in the coming years and create a more inclusive outcome for our society.

More specifically, as we put ourselves to the task of preparing the Twelfth Five Year Plan we are aiming at a GDP growth of 9 per cent, possibly more, for the Plan period 2012-17. To make the FDI policy more user-friendly, all prior regulations and guidelines have been consolidated into one comprehensive document, which is reviewed every six months. This has been done with the specific intent of enhancing clarity and predictability of our FDI policy to foreign investors. A consensus on allowing FDI in multi-brand retail is being evolved and will be operationalised in the near future. The Competition Commission of India (CCI) is now functional and is gradually developing traction on the ground to guard against anti-competitive practices and oversee mergers and acquisitions.

Focus is also being put on issues of governance and institutional reforms and strengthening. The Government aims to empower the people especially the poor with universal access to education and health and facilitate their participation in the development process through gainful employment. This has been reflected as the Central theme of faster, sustainable and more inclusive growth in the Approach Paper to the Twelfth Plan.

Let me conclude by saying that despite the challenges before us, I am confident that we are in a position to sustain high economic growth in the coming decades and create a more inclusive outcome for our society. I have faith in the Indian entrepreneurial spirits and the other stakeholders, and we have the political will to do the needful to meet the aspirations of our people.”

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