

# AB Connect NRI



January, 2012

A monthly news bulletin from Andhra Bank

## Interest Rates

## Markets at a Glance

Borrowing and Lending by NRIs to/from close relative

## Snippets

### NEW YEAR GIFT TO NON RESIDENT INDIANS

NRE Term Deposit Rates Increased Substantially

1 Year	9.40%
2 Year	9.25%
3 Year	9.00%

*No Tax Deduction*

*Fully Repatriable with Interest*

*Avail the Benefit Today*



### INTEREST RATES (%) per annum with effect from 1st January'2012

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	2.38	2.00	2.11	2.30	2.51	A) 1 year and above to less than 2 years	9.40
GBP	3.12	2.59	2.62	2.71	2.81		
EURO	3.16	2.57	2.64	2.80	3.00	B) 2 years and above to less than 3 years	9.25
CAD	3.06	2.39	2.47	2.58	2.71		
AUD	6.13	5.14	5.18	5.45	5.57	C) 3 years and above	9.00

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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## FOREX MARKET

Rupee opened at 51.8900, touched high of 54.3000, low of 51.1950, closed at 53.10. Rupee's negative trend continued tracking the outperforming USD against the majors. Local unit recorded a new low against the dollar on persistent dollar demand from panic importers and oil refineries amid uncertain global economic conditions. Fall in local equities and fading hopes on capital inflows in absence of new economic reforms also exerted pressure on the local currency unit. Intermittent offers from nationalized banks on behalf of Central Bank to arrest the sharp fall showed little impact as bidding interest outpaced the offers. However a slew of measures taken by the Central Bank to curtail the speculative positions had helped the rupee to recoup from the sharp losses. In the calendar year, the rupee has crashed by 18.79 percent



### Forex market during December,11

	Open	High	Low	Close
USD/INR	51.89	54.30	51.1950	53.10



## EQUITY MARKET

### Equity market during December'11

	SENSEX	NIFTY
Previous Closed	16123.43	4832.05
OPEN	16555.93	4970.85
HIGH	17003.71	5099.25
LOW	15135.86	4531.15
CLOSE	15454.92	4624.30

This month sensex and nifty declined by 668.54 points and 207.75 points to close at 15,454.92 and 4,624.30 respectively. Markets went up during the first week of December on the back of announcement of dollar package at reduced cost to struggling European Banks and China lowering the reserve requirement by 50bps. Quarterly GDP which came at 6.9% against 7.7% of the previous quarter, lower PMI data for the month of November which came at 51 and stalemate in the government proposal of allowing FDI in retail, did not hamper the rally. But the gains were eroded by poor IIP data for the month of October 2011, which came in at -5.1% (below the market estimate of -0.6%). Monthly Inflation for the November 2011 came at 9.11% (above market estimate of 9.02%). RBI kept repo and reverse repo rates unchanged to arrest the inflation, CRR also unchanged at 6%, despite market speculation that RBI might cut the rate in order to bolster market liquidity. Even the dovish statement by the RBI, that the monetary policy stance is likely to reverse, responding to risks to growth, failed to check the negative sentiment in the market. Introduction of Food Security Bill and ECB infusion of Euro 489.19 bn are the influential events for the equities during third week and markets witnessed continuous selling pressure and made a new low at 4531. The year saw markets losing 24%, emerging to be one of the worst-performing markets globally on back of deteriorating economic condition, sluggish industrial production and weakening rupee with ongoing European-crisis.

# Loans to Residents by NRI

## ON REPATRIATION BASIS (IF NRI WANTS THE “AMOUNT LENT” TO GET BACK IN FOREIGN CURRENCY)

NRIs can lend an amount not exceeding US \$ 2,50,000 or its equivalent to a close relative (Close relative definition as per S.6 of Companies Act 1956) on repatriation basis provided -

- The loan is free of interest
- The minimum maturity period of loan is 1 year.
- The amount of loan is received by inward remittance or by debit to NRE/FCNR account of NRI.
- The loan should be utilised for the personal purposes or for carrying out business but should not be used for agricultural/farm house/plantation/immovable property or for purchase of shares/debentures/bonds or for re-lending

## ON NON-REPATRIATION BASIS (IF NRI DOES NOT WANT THE “AMOUNT LENT” TO GET BACK IN FOREIGN CURRENCY):

Residents can borrow funds from NRIs/person of Indian origin provided,

- i. The period of loan shall not exceed 3 years.
- ii. The rate of interest shall not exceed Bank Rate + 2%.
- iii. The amount borrowed shall not be repatriated.

# INVESTMENT IN IMMOVABLE PROPERTY

## Aquisition and Transfer of Immovable Property in India by NRIs/PIOs

### ACQUISITION:

- A NRI can acquire by way of purchase of any immovable property in India other than agricultural/ plantation/ farm house.
- A PIO can purchase any immovable property other than agricultural/plantation/farm house
- Out of funds received by way of inward remittance through normal banking channels or by debit to his NRE/FCNR(B)/NRO account only.
- Payment cannot be made either by Traveller's Cheques or by foreign currency notes or by any other mode other than those specifically mentioned above.
- By way of gift from a person resident in India or a NRI or a PIO.
- By Way of inheritance subjected to compliance of FEMA guideliness

### SALE/TRANSFER

- NRI can transfer any immovable property other than agricultural or plantation property or farm house to a citizen of India whether he is residing in India or out side India or to a PIO resident outside India.
- PIO may transfer any immoveable property other than agricultural land/Plantation property/farm house in India
- By way of sale to a person resident in India
- By way of gift to a person resident in India or a Non resident Indian or a PIO.

However NRI/PIO may transfer agricultural Land/ Plantation property /farmhouse in India by way of sale or gift to person resident in India who is a citizen of India

### REPATRIATION OF SALE PROCEEDS.

- i. In the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.
- ii. In the event of sale of immovable property other than agricultural land/ farm house/ plantation property in India by NRI/PIO, he is allowed repatriation of sale proceeds outside India provided the following is satisfied. The immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of FEMA Regulations.
- iii. Depending upon the type of acquisition of Property, the repatriation of proceeds depends as given below.

## When NRI/PIO purchased property through Foreign Exchange

The amount to be repatriated should not exceed (a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in Foreign Currency Non-Resident Account or (b) the foreign currency equivalent as on the date of payment, of the amount paid where such payment was made from the funds held in Non-Resident External account for acquisition of the property.

## When NRI/PIO purchased property through Rupee funds:

In the case of sale of immovable property purchased by NRI/PIO out of Rupee funds or as a person resident in India, he is allowed to repatriate funds out of balances held by NRIs/PIO in their Non-resident Rupee (NRO) accounts up to US\$ 1 million per financial year subject to production of undertaking by the remitter and a certificate from the Chartered Accountant in the formats prescribed by the CBDT vide their Circular No.10/2002 dated October 9, 2002.

## When NRI/PIO availed Loan to purchase property:

NRI/PIO may be allowed to repatriate sale proceeds of residential accommodation to the extent of such loan/s repaid by them out of foreign inward remittances received through normal banking channel or by debit to their NRE/FCNR accounts.

## When NRI/PIO acquired the Property by way of Inheritance/Legacy

In respect of remittance of sale proceeds of assets acquired by way of inheritance or legacy for which there is no lock-in period, NRI/PIO may credit the amounts to NRO account maintained with bank and remit up to USD 1 million per financial year subjected to submission of documentary evidence in support of inheritance or legacy of assets, an undertaking by the remitter and certificate by a Chartered Accountant in the formats prescribed by the Central Board of Direct Taxes vide their Circular No.10/2002 dated October 9, 2002. He should have acquired such property in accordance with laws in force at the time of acquisition.

## Prohibitions:

1. No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan shall acquire or transfer immovable property in India, other than lease, not exceeding five years without prior permission of Reserve Bank of India.
2. Foreign national of non-Indian origin resident outside India are not permitted to acquire any immovable property in India unless such property is acquired by way of inheritance from a person who was resident in India.
3. Foreign national of non-Indian origin who have acquired immovable property in India with the specific approval of the Reserve Bank cannot transfer such property without prior permission of the Reserve Bank.

## Refund of Advance made by NRIs for booking of Flat/ House/commercial property

The NRI is allowed to take back amounts representing the refund of application/earnest money/ purchase consideration made by the house building agencies/seller on account of non-allotment of flat/plot/cancellation of bookings/deals for purchase of residential/ commercial property, together with interest, if any (net of income tax payable thereon), provided the original payment was made out of NRE/FCNR account of the account holder, or remittance from outside India through normal banking channels and his banker is satisfied about the genuineness of the transaction. Such funds may also be credited to the NRE/FCNR account of the NRIs/PIO, if they so desire

# Snippets

## 14 NRIs were honoured during Pravasi Bharatiya Divas

JAIPUR: President Pratibha Patil conferred the "Pravasi Bharatiya Samman" awards to 14 eminent overseas Indians, including Trinidad and Tobago Prime Minister Kamla Persad Bissessar, and a Canada-based institution, for their outstanding contributions in enhancing India's image globally on the eve of 10th Pravasi Bharatiya Divas on 8th of January '12 here. "Indian overseas community is not only large, but is becoming increasingly influential in the economic, professional and political fields in the country in which they are now living. We are proud of their accomplishments," Patil said while addressing the valedictory function of the 10th Pravasi Bharatiya Divas. Pravasi Bharatiya Samman is the highest award conferred by the Indian government on Non-resident Indians and Persons of Indian Origin (PIOs) and institutions run by them for their contribution in serving the Indian diaspora and enhancing India's image in different parts of the world. Bissessar, a person of Indian origin who became the first female prime minister of Trinidad and Tobago, is the most prominent among this year's awardees. The other Pravasi Bharatiya Samman awardees include: P.V Radhakrishna Pillai from Bahrain, Sachchidanand Sa-

hai from Cambodia, Deepak Naraindas Shivdasani from Cote D'Ivoire, Victor Shahed Smetacek from Germany, Prakash Lohia, chairman of Indorama Corporation, Jose Parayanken from Mozambique, Kiran Navinchandra Asher from Oman, Hassan Abdulkarim Chougule from Qatar, S.R. Nathan from Singapore, Khorshed Noshir Ginwala Rustomjee from South Africa, Rajesh Kumar Saraiya from Ukraine, Surendra Kumar Kaushik from US and Kalpalatha Kummamuri Guntupalli from US. Indo-Canada Chamber of Commerce and Industry was also honored for its contribution in bettering business and economic relations between the two countries. So far, 133 NRI and PIOs and three institutions run by NRIs or persons of Indian origin have been conferred the award. Overseas Indian Affairs Minister Vayalar Ravi said the 10th edition of the annual diaspora meet saw the highest participation. Over 2,000 delegates from 59 countries participated at the three-day event. The closing day of the event marked the 97th anniversary of homecoming of Mahatma Gandhi.

# PENSION AND INSURANCE FUND FOR OVERSEAS INDIAN WORKERS

Government of India cleared a proposal for setting up of a Pension and Life Insurance Fund (PLIF) for overseas Indian workers, particularly those who are in the Gulf countries. The PLIF aims to provide social security and retirement savings schemes to overseas workers who are otherwise denied such schemes in their host countries. It proposes to enable them voluntarily save for their return and re-settlement, save for their old age and obtain low cost life insurance. Under the scheme, the government will co-contribute Rs 1,000 per annum for all PLIF subscribers who contribute between Rs 1,000 and Rs 12,000 per year. Women overseas workers, more vulnerable to old age poverty, will enjoy a special additional co-contribution of Rs 1000 a year. A special Return and Resettlement co-contribution of Rs 1,000 will also be given to subscribers who contribute Rs 4,000 a year towards Return and Resettlement.

## Pravasis – Indian Community Welfare Fund

Government of India cleared a proposal for setting up the “Indian Community Welfare Fund” in the Indian Missions in 17 Emigration Clearance Required (ECR) countries for meeting contingency expenditure incurred by the missions for the welfare of the Indians, said Mr Vayalar Ravi, Union Minister for Overseas Indian Affairs in his address during the “Session on Gulf” organized as part of the 10th Pravasi Bharatiya Divas (PBD) 2012 at Jaipur. He appealed to the overseas Indian community to generously contribute to this noble cause as this would enable the Ministry to provide better services to its diaspora. Also speaking at the occasion, Mr E Ahamed, Minister of State for External Affairs and Minister of Human Resource Development, GOI, shared that Indians constitute the second largest diaspora in the world out of which six million Indians have made Gulf as their second

home. He stressed that the Government is making all efforts to protect the interests of its diaspora and appealed to the participants to follow the approach of engagement and association for early resolution of issues related to the diaspora.

Mr Sachin Pilot, Union Minister of State for Communications during the session on “Diaspora & Development : Driving Innovation” shared that there are tremendous investment opportunities in the field of Information Technology, data & content creation, system design manufacturing, cutting edge technologies, etc. Since the diaspora is an important resource for developing countries, investment should also be through ideas, innovations, time and dedication, appealed Dr A Didar Singh, Advisor, Ministry of Overseas Indian Affairs.

10th edition of the Pravasi Bharatiya Divas came out with some outstanding recommendations for strengthening the engagement with the next generation of the Pravasis, at the session on “Town Hall on Youth Connectivity”. Mr Mukul Wasnik, Minister for Social Justice and Empowerment, GOI, said that overseas Indians have fresh ideas and immense knowledge which has made them extremely successful in various fields. Their expertise can help accelerate the development process of India significantly.

Mr Mohammad Azharuddin, Member of Parliament, expressed a need for intervention in regulatory framework of select countries that makes it difficult for Indian students to go abroad for education or sports training. He also emphasized on the importance of establishing connect with the next generations of the overseas Indian community. The session on “Meeting with the Indian Diaspora Organizations” dwelled upon on the various initiatives for building socio-cultural linkages as well as policy advocacy by the respective organizations for fostering the well being and growth of overseas Indian community.

# Answers for our QUIZZ Programme of our December , 2011 Bulletin

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| 1. Amount of Gift remittance under Liberalised Remittance Scheme - USD 200000  |
| 2. Maximum amount of remittance a Resident can make to NRI for maintenance of close Relatives - USD 100000                       |
| 3. Percentage of Tax at Source deducted by Banks on NRO Deposits without DTAA concessions - 30.90%                               |
| 4. What is the maximum amount of Indian rupees a person can carry while leaving India or coming to India from abroad. - INR 7500 |
| 5. What is DTC bill and when the same is going to be effected? - DIRECT TAX CODE - April'12.                                     |

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