

 Issue No. 69	आन्ध्रा बैंक ANDHRA BANK <i>(भारत सरकार का उपक्रम)</i> <i>(A Govt. of India Undertaking)</i> प्रधान कार्यालय Head Office हैदराबाद Hyderabad	AB Connect NRI
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September, 2015

A news bulletin from Andhra Bank

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The revised interest rates on FCNR [B]/RFC Deposits with effect from 1st Oct' 2015 is as under:
(These rates are subject to change from time to time as per Reserve Bank of India Guidelines)

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
USD	1.50	1.77	3.01	3.23	3.42
GBP	1.66	1.97	3.14	3.31	3.45
EUR	1.03	1.06	2.13	2.24	2.37
AUD	3.01	3.00	4.06	4.29	4.41

INTEREST RATES ON NRE TERM DEPOSITS (with effect from 01.10.2015):

Revised Slabs/Period	Revised Rate of Interest (%) p.a.	
	Less than Rs. 1 Crore	Rs.1 Crore to Rs. 10 Crores
a) 1 year to 2 Years	7.75	7.25
b) Above 2 Years - up to 3 years	7.75	7.25
c) Above 3 Years - up to 10 years	7.75	7.25

WE HAVE THREE **SPECIALISED NRI BRANCHES** IN THREE METROS FOR EXCLUSIVE BENEFIT OF NRIs. PLEASE AVAIL THE SERVICES OF THESE BRANCHES. CONTACT DETAILS ARE AS FOLLOWS:

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FAQs on Forex facilities for Residents

Q.1. Can a resident individual make a rupee loan to a NRI/PIO who is a close relative of resident individual, by of crossed cheque/ electronic transfer?

Ans. A resident individual is permitted to make a rupee loan to a NRI/PIO who is a close relative of the resident individual ('relative' as defined in section 6 of the Companies Act 1956) by way of crossed cheque/ electronic transfer subject to the following conditions:

- (i) The loan is free of interest and the minimum maturity of the loan is one year.
- (ii) The loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 2,50,000, per financial year, available to the resident individual. It would be the responsibility of the lender to ensure that the amount of loan is within the Liberalised Remittance Scheme limit of USD 2,50,000 during the financial year.
- (iii) The loan shall be utilised for meeting the borrower's personal requirements or for his own business purposes in India.
- (iv) The loan shall not be utilised, either singly or in association with other person, for any of the activities in which investment by persons resident outside India is prohibited, namely;
 - a. the business of chit fund, or
 - b. Nidhi Company ,or
 - c. agricultural or plantation activities or in real estate business, or construction of farmhouses, or
 - d. trading in Transferable Development Rights (TDRs).

Explanation: For the purpose of item (c) above, real estate business shall not include development of townships, construction of residential / commercial premises, roads or bridges.

- (v) The loan amount should be credited to the NRO a/c of the NRI /PIO. Credit of such loan amount may be treated as an eligible credit to NRO a/c.
- (vi) The loan amount shall not be remitted outside India.
- (vii) Repayment of loan shall be made by way of inward remittances through normal banking channels or by debit to the Nonresident Ordinary (NRO)/ Nonresident External (NRE) / Foreign Currency Nonresident (FCNR) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.

Q.2. Can a resident individual make a rupee gift to a NRI/PIO who is a close relative of resident individual, by of crossed cheque/ electronic transfer?

Ans. A resident individual can make a rupee gift to a NRI/PIO who is a close relative of the resident individual ['close relative' as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer. The amount should be credited to the NonResident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c. The gift amount would be within the overall limit of USD 250,000 per financial year as permitted under the LRS for a resident individual. It would be the responsibility of the resident donor to ensure that the gift amount being remitted is under the LRS and all the remittances made by the donor during the financial year including the gift amount have not exceeded the limit prescribed under the LRS.

Q.3. The loans of Non Resident Indian can be repaid by resident close relatives?

Ans. Where an authorised dealer in India has granted loan to a nonresident Indian in accordance with Regulation 7 of the Notification No. FEMA 4/2000RB dated May 3, 2000, such loans may also be repaid by resident close relative ('relative' as defined in section 6 of the Companies Act, 1956) of the Non Resident Indian by crediting the borrower's loan account through the bank account of such relative.

***The prohibited items under the scheme of NRI Loans repaid by resident close relatives are:**

- i. Remittance for any purpose specifically prohibited under Schedule (like purchase of lottery tickets/sweep stakes, proscribed magazines, etc.) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.**
- ii. Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty.**
- iii. Remittances for purchase of FCCBs issued by Indian companies in the overseas secondary market.**
- iv. Remittance for trading in foreign exchange abroad.**
- v. Capital account remittances, directly or indirectly to countries identified by the Financial Action Task Force (FATF) as “non co-operative countries and territories”, from time to time.**
- vi. Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank of India.**

Q.4. Remittances under the LRS facility can be consolidated in respect of family members?

Ans. Remittances under the facility can be consolidated in respect of close family members subject to the individual family members complying with the terms and conditions of the Scheme.

However, clubbing is not permitted by other family members for capital account transactions such as opening a bank account/investment/purchase of property, if they are not the co-owners /co-partners of the investment/property/overseas bank account. Remittances under the facility can be consolidated in respect of close family members subject to the individual family members complying with the terms and conditions of the Scheme. However, clubbing is not permitted by other family members for capital account transactions such as opening a bank account/investment/purchase of property, if they are not the co-owners/co-partners of the investment/property/overseas bank account.

Q.5 Can an individual, who has availed of a loan abroad while as a Non Resident Indian repay the same on return to India, under this Scheme as a resident?

Ans. Yes, this is permissible.

Q. 6. Is it mandatory for resident individuals to have PAN number for sending outward remittances under the Scheme?

Ans. Yes, it is mandatory to have PAN number to make remittances under the Scheme. However, PAN card need not be insisted upon for remittance made towards permissible current account transactions up to USD 25,000

Q.7. Are there any restrictions on the frequency of the remittance?

Ans: There are no restrictions on the frequency of remittances under LRS. However, the total amount of foreign exchange purchased from or remitted through, all sources in India during a financial year should be within the cumulative limit of USD 2,50,000. Once a remittance is made for an amount up to USD 2,50,000 during the financial year, a resident individual would not be eligible to make any further remittances under this scheme, even if the proceeds of the investments have been brought back into the country.

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