



April - May 2012 : Issue No. 43

A news bulletin from Andhra Bank

AB SPEED WAY – A WEB BASED ON LINE TRANSFER FACILITY IS WITH DRAWN W.E.F.01.04.2012 DUE TO TECHNICAL FACTORS.

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Now you can place FCNR(B) deposits in 10 currencies

INTEREST RATES ON FCNR(B) TERM DEPOSITS (with effect from 05.05.2012)

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

Currency	1 Year & above but less than 2 yrs	2 Years & above but less than 3 yrs	3 Years & above but less than 4 yrs	4 Years & above but less than 5 yrs	5 years
USD	3.05	2.56	3.67	3.88	4.11
GBP	3.86	3.38	4.47	4.58	4.70
EUR	3.30	2.95	4.07	4.25	4.45
CAD	4.05	3.69	4.81	4.92	5.03
AUD	6.95	5.70	6.76	6.99	7.09
JPY	2.55	2.35	3.36	3.38	3.43
CHF	2.39	2.22	3.27	3.37	3.49
DKK	3.58	3.07	4.19	4.35	4.56
NZD	5.55	4.81	5.99	6.22	6.45
SEK	4.83	4.03	5.07	5.13	5.20

INTEREST RATES ON NRE (TERM DEPOSITS)

1 Year	More than 1 Year to 2 Years	More than 2 Years to 3 Years	More than 3 Years to 5 Years
9.25	9.25	9.00	8.50

WE ARE GLAD TO INFORM THAT WE ARE NOW DEALING IN NEWZEALAND DOLLAR ALSO AND NRIs FROM NEWZEALAND CAN NOW SEND REMITTANCES THROUGH WIRE TRANSFER BY USING THE FOLLOWING DETAILS

SWIFT - FORMAT - MT103

Field No	Field Details	Information to be given to Bank
56A	Intermediary Institution-Bic	/ANZBNZ22 ANZ NATIONAL BANK,WELLINGTON
57A	Account With Institution-Bic	/227678NZD00001 ANDBINBB
59	Beneficiary Customer-Details	(15 DIGIT ACCOUNT NUMBER AND NAME)
70	Remitter's Information	Purpose and disposal instructions:Example :For Family maintainance/ To keep the amount in NRE/FCNR Deposit.

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:

Centre	Contact Person	Telephone No.	Email Address
MUMBAI	Ms. Rajeswari	022-26876176	nri-mum@andhrabank.co.in
BANGALORE	Ms. Meera Nair	080-22959715	bmbml1696@andhrabank.co.in
NEW DELHI	Mr. H.S.Yadav	011-23416253	bmdel1644@andhrabank.co.in
HYDERABAD	Ms.Renuka	040-23421286	bmhydm1711@andhrabank.co.in

Forex Market during - April '12

	Open	High	Low	Close
USD/ INR	50.88	52.87	50.51	52.73

Rupee continued to slide against the dollar after US policy makers signaled they would refrain from a further stimulus that might have spurred funds flows into emerging markets. Europe's worsening debt crisis curbed risk taking, sapping the demand for emerging

market assets. Rate cut by 50 basis point by Reserve Bank of India failed to cheer up the market as investors trimmed holdings on the country's weak economic outlook especially after Rating Agency Standard and Poor downgraded India's outlook. Rupee's woes continued fearing more pain was in store for the currency given limited fiscal and monetary space for supporting growth. Persisting dollar demand by importers and gold traders also exerted pressure on the local currency as Rupee closed at 52.73.

Equity Market during April '12

	Sensex	Nifty
Previous Close	17404.20	5295.55
Open	17429.96	5296.35
High	17664.10	5378.75
Low	17010.16	5154.30
Close	17318.81	5248.15

This month sensx and nifty declined by 85.39 points and 47.40 points to close at 17,318.81 and 5,248.15 respectively.

1st week, Markets opened the week on a positive note tracking positive global markets. Firm macroeconomic show at US and China proved to be a booster for our market, that witnessed a wide base rally. Markets witnessed profit booking on the last day of trading after gaining 3-3.5% in previous three sessions. The HSBC market business activity index fell sharply to 52.3 in March from 56.5 the previous month, though it remained above the 50 level that divides growth from contraction for a fifth month. 2nd week, The Nifty started the week directing itself towards

psychological support at 5200. IIP data for the month of February 2012 grew by lower-than-expected 4.1%. Optimism grew that the Reserve Bank of India (RBI) may cut its key policy rate at its monetary policy review on 17 April 2012 to spur economic growth. Markets closed the week near psychological support levels as poor FY13 revenue guidance from IT bellwether Infosys Technologies and weak cues from European markets hurt sentiments. 3rd week, RBI's policy rate cut and government's clarification of GAAR being applicable from April 2012 and not being retrospective helped improve market sentiment. RBI cut the policy rates by 50 bps against market expectation of 25 bps. The positive move during the week ensured that the Nifty recoups most of the losses that it had assessed in the slower week. However, the RBI indicated that while upside risks to inflation still persisted. March inflation has come in at 6.89% versus 6.95% (M-o-M). 4th week, Indices traded with positive bias in the first half of the week mainly led by banks and other interest rate sensitive stocks. Investor's sentiment affected by India's outlook downgrade by S&P on lack of policy reform and large fiscal deficit due to uncertain political climate and high reserve pricing for proposed 2G auctions. TCS posted better-than-expected results and gave a positive outlook

BUDGET 2012- IMPACT ON NRIs

- Marginal increase in existing tax slabs and basic tax exemption limit increased to Rs 2,00,000 (existing limit Rs 1,80,000).
- Non-resident entitled to claim relief in India only based on Tax Residence Certificate from the Government of resident country.
- Payment by specified class of persons to non-resident to pass scrutiny by tax officer for determining income chargeability.
- Tax at reduced rate of 5% on interest paid by specified company to a non-resident for borrowings in foreign currency from sources outside India (within a given period). · Qualified foreign investors to be allowed access to Indian corporate bond market.
- Tax rate of 20% of gross receipts for non-resident non-citizen entertainers (such as theatre, radio or television artists and musicians) and sportsperson and non-resident sports association.
- Increase in duty free baggage allowance: Eligible passengers of Indian origin - Rs 35,000 (existing limit Rs 25,000) and for children up to 10 years Rs 15,000 (existing limit Rs 12,000).

Some more points will be covered in the next bulletin.

SOME FACTS ABOUT TDS on income of NRIs.

GENERAL RULES:

1. Every income the person earn after becoming NRI attract tax and it will be /should be deducted at source.
2. TDS Rates are different from the rates applicable to Indians.
3. The status of the person should be NRI to attract the applicable rate even though the respective source of income is bought at the time he is Resident Indian.
4. All the incomes would also be subject to surcharge and education cess
5. As per Indian Income Tax laws, Tax will be deducted at source on a certain income earned in India. But at the same time, that income will be subject to tax in the country of residence of NRI. In such cases if the country of Residence of NRI has entered in to DTAA with India, we need to refer to the Double Taxation Avoidance Agreements (DTAA) that India has entered into with various countries. The DTAA overrides the provisions of the Indian Income Tax Act. The DTAA provides certain further concessional rates of TDS.

The following are certain types of income on which TDS is deducted at Source as follows:

A. BANK DEPOSITS:

- a) NO TAX on interest earned on NRE/FCNR (B) Deposits.
- b) NRO Deposits attract Tax. Concessions can be given on the Tax if the customer belongs to Countries coming under Double Taxation Agreement after obtaining necessary forms and PAN Number in India.

OTHER DEPOSITS:

TDS will be deducted on the income on investment in Company Deposits at 20%

- B. DIVIDENDS : Dividends from equity shares, equity mutual funds and debt mutual funds are exempt in the hands of the share or unit holder.

C. CAPITAL GAINS ON SECURITIES

- a) Equity shares and equity mutual funds (mutual funds with more than 50 per cent in equities) Long term capital gains, that is profits made on sale after 1 year from date of purchase, on equity shares and equity mutual funds are exempt from tax. There will be no TDS applicable.
- b) Short term capital gains, that is, profits on sale within one year of date of purchase, will be subject to a TDS of 15 per cent.

D. CAPITAL GAINS ON DEBT MUTUAL FUNDS AND CORPORATE DEBENTURES

- a) Short term capital gains will be subject to a TDS of 30 per cent.
- b) Long Term Capital Gains when sold in the secondary market , the gains will be subject to TDS at 10 per cent.

E. Capital gains on other assets like house property, gold

- a) Long term capital gains will be subject to a TDS of 20 per cent.
- b) Short term capital gains will be subject to a TDS of 30 per cent.
- c) The onus is on the buyer of these assets even though he is an Individual to deduct TAX and pay to the Government.

F. RENTAL INCOME: 30% Tax to be deducted at source by Payee

G. PROFESSIONAL SERVICES AND ROYALTY

NRI receiving a payment from a company in India for providing professional services, -Taxable and the rates are as follows:

- a) If the agreement is dated between 1st June 1997 and 30th May 2005, Income is subject to a TDS rate of 20 per cent.
- b) If the agreement is dated on or after 1st June 2005, Income is subject to a TDS rate of 10 per cent.
- c) The same applies to royalty. Please refer to section 115 of the Income Tax Act for definitions of professional service and royalty,

H. All other income

- a) All other income that NRI earn and which are liable for tax as per Indian laws, will be subject to a TDS of 30 per cent.

Deserted Indian wives get helping hand from centre

The Government of India is aware of the delays caused in the issuance of the Overseas Citizenship of India (OCI) Cards. The delay occurs mainly due to non-submission of photographs in the prescribed format by the applicants causing scanning problems. The problem is resolved as and when it comes to the notice of the Government. The OCI Server in a few Missions had faced some technical problems for some time in the recent past. The problems have since been rectified.

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The average time taken to issue an OCI Card is 30 days. The number of cards issued in the last three years and current year is as follows:

Year	No. of OCI cards issued
1.1.2009- 31.12.2009	1,69,114
1.1.2010- 31.12.2010	2,13,844
1.1.2011- 31.12.2011	2,62,207
1.1.2012- 19.3.2012	54,654

Know India Programme For Indian Diaspora Youth

The 19th Know India Programme (KIP) held from 21.12.2011 to 10.01.2012, thirty seven overseas youths of Indian origin from 10 countries including Mauritius, Malaysia, Myanmar, New Zealand, South Africa, Suriname, Trinidad & Tobago, Kenya, Israel and Australia. Know India Programme is organized with the objective of familiarizing Indian Diaspora youth with the developments made by the country and bringing them close to the land of their ancestors. The participants are also taken to a partner state in India to see different dimensions of Indian life and the progress made by the country in various fields e.g. economic, industrial, education, science and technology, communication and information technology and culture. Since inception, 19 states have served as partner states for KIP and the state of Andhra Pradesh have already been covered twice as a partner state. The KIP is a highly successful programme run by the Ministry of Overseas Indian Affairs and it attracts a large number of overseas youths to participate in it. Wide publicity is given to this programme through Indian Missions/Posts abroad as well as through the local media to enable overseas Indian youths to apply for the same. Nearly 600 overseas youths have participated in this programme so far. The fund allocation for KIP during the last three years is stated below

2009-10 - Rs. 125 lakh

2010-11 – Rs. 144 lakh

2011-12 - Rs. 160 lakh

Nearly Rs. 3,26,78,370/- (Rupees Three Crore Twenty Six Lakh Seventy Eight Thousand Three Hundred and Seventy) has been spent between 2009 and 2012 (up to January, 2012).

MOUs for Welfare of Indian Emigrants

The Ministry of Overseas Indian Affairs has entered into bilateral Memorandums of Understanding (MOU) to ensure better protection and welfare of Indian emigrants with three countries viz. Malaysia (January, 2009), Bahrain (June, 2009) and UAE (September, 2011) respectively. The Government of India has taken several steps to address the issues of Indian emigrants, which include the following:

- (i) Nation-wide awareness campaigns through the media to inform intending emigrants about legal emigration procedures, the risk of illegal migration and precautions to be taken during emigration.
- (ii) The Government has established an Overseas Workers Resource Centre (OWRC) which is a 24 hour telephone helpline in eight languages to provide authentic information to emigrants as well as intending emigrants on all aspects of emigration.
- (iii) The Government has established Indian Community Welfare Funds (ICWF) in all Indian Missions to provide onsite support to the affected emigrants.
- (iv) Government has established an Indian Workers Resource Centre (IWRC) at UAE.

Foreign Direct Investments in Tourism

Hotel and Tourism sector is declared as high priority sector and Foreign Direct Investment (FDI) up to 100%, under the automatic route is permitted in 'Hotels & Tourism Sector', subject to applicable laws/regulations, security and other conditional ties.

KERALA Government doubles the Financial Assistance to Weaker sections of Diaspora

Thiruvananthapuram, March 29: The Kerala government doubled the financial assistance extended to the weaker and poorer sections of the state's Diaspora, which includes assistance to bring back the bodies of those who pass away abroad and medical assistance. Chief Minister Oommen Chandy made the announcement after the weekly cabinet meeting. "The financial assistance for medical assistance and to take care of funeral expenses of those who pass away abroad has been doubled from Rs.10, 000 to Rs.20, 000. The assistance for conducting marriages of the children of the Diaspora has also been doubled to Rs.15, 000," he said. The state government will also provide cash assistance of Rs.10, 000, under the Santhwana Scheme, to the physically challenged to buy a wheel chair. The number of people from Kerala living abroad in 2011 is estimated to be 2.28 million, up from 2.19 million in 2008, 1.84 million in 2003 and 1.36 million in 1998. More than half of the Diaspora is generally considered to be in the category of ordinary workers and this increased benefit is going to benefit a major section of the Kerala Diaspora. According to the latest studies done by the Centre for Development Studies here, remittances from the Diaspora comprise 31.23 percent of Kerala's net state domestic product.

Protocol with UAE on Overseas Indian Workers

United Arab Emirates is one of the preferred destinations for Indian workers going overseas for employment. However, many Indian workers also go for employment to other Gulf countries as well. Approximately 1.5 million Indian workers are estimated to be working in UAE. The UAE Ministry of Labour and Ministry of Overseas Indian Affairs have agreed to jointly deploy an electronic contract registration and validation system that ensures:

- Full transparency of the contract terms;
- Disclosure of such terms to the prospective worker and securing the worker's informed consent to the same terms prior to being deployed to the UAE;

- Approval by the concerned Indian government agencies of the terms of the contract for the purpose of granting emigration clearance to the prospective worker, and
- Non-substitution of any of the agreed-to terms of employment in the final and official contract document to be signed by the worker and the employer after the former's arrival in the UAE.

The protocol mandates the informed consent and approval of the worker, the employer and the competent Indian authorities, of the full terms of the work contract prior to the worker's deployment to the UAE. The contract terms are, in turn, captured in the contract document that is eventually signed by the worker and employer in the UAE and duly registered with the Ministry of Labour. The new system is activated by an online application by a UAE employer for the granting of work permits that requires disclosure of the key terms of the employment offer. The UAE (Ministry of Labour) processes the application and provides access to the electronic record to Indian government-accredited recruitment agencies in India that are then required to obtain the worker's attested consent. A duly designated Indian government agency also accesses the record for the purpose of reviewing the terms of the employment and granting an emigration clearance accordingly. This is followed by the registration of the electronic contract and the issuance of the work permit by the UAE Ministry of Labour.

Measures to Address Indian Emigrants Issues

A large number of Indians are working in the Gulf countries. Complaints received from some workers are generally in the nature of ill-treatment and harassment, non-payment of agreed salaries/ dues, contractual violations, refusal of leave or exit/re-entry permits, withholding of passports etc.

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- (II) The Government has established an Overseas Workers Resource Centre (OWRC) which is a 24 hour telephone helpline in eight languages to provide authentic information to emigrants as well as intending emigrants on all aspects of emigration.
- (III) The Government has established Indian Community Welfare Funds (ICWF) in all Indian Missions to provide onsite support to the affected emigrants.
- (IV) Government has established an Indian Workers Resource Centre (IWRC) in the UAE.
- (V) The Government has signed MOUs with seven major labour receiving countries to lay down a framework for bilateral cooperation for the protection and welfare of workers.
- (VI) The Ministry of Overseas Indian Affairs revised the Emigration (Amendment) Rules, 2009 w.e.f 9th July, 2009 revising the eligibility criteria for Recruiting Agents (RAs).
- (VII) In case, the involvement of a recruiting agent to cheat and exploit the worker is reported, then action under Emigration Act, 1983 is taken. Besides, the blacklisting of recalcitrant employers is also resorted to.
- (VIII) Pravasi Bhartiya Bima Yojana (PBBY) is a compulsory Insurance Scheme for the protection of emigrant workers.
- (IX) Some missions hold awareness camps and medical camps and visit Jails, hospital and labour camps. The missions also operate shelter homes for women emigrants/ runaway maids.

Assistance to NRIs

Certain cases of NRIs falling prey to the drug menace have been brought to the notice of Indian Missions/Posts abroad. 105 Indians have been detained during last three years by various countries for drug-related cases as reported by different Indian Missions/Posts abroad. The Indian Missions/Posts respond to the problems of Indian nationals abroad that come to their notice. The matter is appropriately taken up by Indian Missions/Posts with the local authorities as necessary in host countries. Indian Mission/Post officials are sent to the place of incidence/detention centre(s) as considered necessary to liaise with the local authorities and the Indian community, and render all possible assistance and also keep their family members informed in India. Legal assistance is also provided to Indian nationals in accordance with specific rules and regulations as and when required

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