



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

**ABConnect**  
NRI

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**February, 2014**

*A news bulletin from Andhra Bank*

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**INTEREST RATES ON FCNR (B) TERM DEPOSITS (with effect from 01.03.2014)**

(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	2.55	2.47	3.82	4.23	4.62
GBP	2.90	3.36	4.70	4.97	5.20
EURO	2.51	2.47	3.64	3.81	4.02
CAD	3.45	3.32	4.50	4.73	4.94
AUD	4.64	4.84	6.10	6.41	6.64
JPY	2.35	2.20	3.22	3.26	3.32
CHF	2.20	2.10	3.19	3.33	3.52
DKK	2.56	2.67	3.86	4.08	4.29
NZD	5.46	5.83	7.14	7.32	7.53
SEK	2.96	3.16	4.42	4.68	4.89

**INTEREST RATES ON NRE TERM DEPOSITS (with effect from 16.09.2013):**

Revised Slabs/Period	Revised Rate of Interest (%) p.a.	
	Less than Rs. 1 Crore	Rs.1 Crore to Rs. 10 Crores
a) 1year to 2 Years	9.00	9.00
b) Above 2 Years - up to 3 years	9.15	9.15
c) Above 3 Years - up to 5 years	8.50	8.50
d) Above 5 Years- up to 10 years	8.50	8.50

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, HEAD OFFICE, HYDERABAD. Contact details are given at the end of this Bulletin.

**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:**

Specialized NRI Branch	Contact Person	Telephone No	Email address
			<a href="mailto:nri.mum@andhrabank.co.in">nri.mum@andhrabank.co.in</a>
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#### **FOREX Market During February, 2014**

	Open	High	Low	close
USD/ INR	62.70	61.75	62.83	61.77

Indian Rupee appreciated during the month of February 2014 to close the month at Rs 61.77 per USD against the opening rate of Rs 62.70 per USD.

Sustained capital inflows coupled with the recovery of performance in the equity market can be seen as largely responsible for providing a boost to INR.

#### **Equity Market during February, 2014**

INDEX	BSE	NIFTY
OPEN	20479.03	6058.80
HIGH	21140.51	6282.70
LOW	19963.12	5933.30
CLOS E	21120.12	6276.95

Both BSE Sensex and NSE Nifty closed the month of February 2014 with values higher than their respective opening values. While BSE Sensex closed 641 points (3.1%) higher, NSE Nifty recorded gains of 218 points (3.6%) during February 2014.

The low values of 19963.12 and 5933.30 recorded by BSE Sensex and NSE Nifty respectively on 04.02.2014 are the lowest values recorded by both indices since 09.10.2013. Most Asian stock markets showed weak performance on account of plunge in US market as a response to lower growth performance in factory activity

### **USEFUL INFORMATION TO NRI CUSTOMERS**

#### **Forex Facilities for Non-Resident Indians**

#### **(a) Deposit Facilities, (b) Investment Facilities & (c) Other Facilities**

##### **Deposit Schemes available to Non-Resident Indians:**

- 01.** Non-resident (external) Rupee Account Scheme – NRE
- 02.** Foreign currency (Non-Resident) Account (Banks) Scheme – FCNR (B)
- 03.** Non-Resident Ordinary Rupee Account Scheme - NRO

##### **FEMA Guidelines COMMON to NRE and FCNR (B) accounts:**

1. Eligibility: Non-Resident Indians (NRIs), subject to the following conditions.

- a. Individuals/entities of Bangladesh / Pakistan nationality / ownership require prior approval of RBI for opening the accounts.
- b. Account should be opened by the account holder himself. Power of attorney holder is not permitted to open the account.
- c. ADs are permitted to open and maintain NRE/FCNR (B) accounts of persons resident in Nepal and Bhutan, who are citizens of India or Indian origin, provided the funds for opening these accounts are remitted in free foreign exchange. However, interest earned in NRE /FCNR (B) accounts can be remitted only in Indian rupees to NRIs/PIOs resident in Nepal and Bhutan.

**2. Joint Accounts:**

- a. Permitted in the name of two or more non-resident individuals only if all the account holders are persons of Indian nationality or origin.
- b. Resident close relative\* can also be a joint holder of the account on “Former or Survivor” basis.

**3. Repatriability:** Deposit and interest amount is freely repatriable.

**4. Taxation:** Interest earned on balances held in NRE/FCNR accounts is exempted from Income Tax and Wealth Tax.

**5. Nomination:** In respect of individual NRI account holder, nomination in favour of a Resident Indian or a Non-resident Indian is permitted.

**6. Operations by Power of Attorney:** The account operations by a power of Attorney holder are restricted to withdrawals for permissible local payments or remittance to the account holder himself through normal banking channels.

**7. Loans in India in Indian Rupees to the Account holder/s and to Third Parties:**

- a. Loans are permitted without any ceiling subject to usual margin requirements for following purposes.
  - (i) Personal purposes or for carrying on business activities.
  - (ii) Direct Investment in India on non-repatriation basis by way or contribution to the capital of Indian firms/Companies.
  - (iii) Acquisition of flat/house in India for his own residential use subject to relevant regulations under FEMA 1999.
- b. Loans cannot be utilized for the purpose of on lending or for carrying on agriculture or plantation activities or for investment in real estate business.

**8. Loans outside India to the Account holder/s and to Third Parties:** Loans are permitted, if the loan proceeds are used abroad and are not remitted back to India.

**9. Change of Status: NRE/FCNR (B) accounts shall be re-designated** as resident accounts or the funds held in these accounts can be transferred to RFC accounts (subject to eligibility of account holder) at the option of the account holder immediately upon change of status from non-resident to resident.

**NRE-Resident External (NRE) Accounts:**

- a) Currency of the account: Indian Rupees
- b) Types of Accounts: Savings, Current, Recurring and Term Deposit accounts

- c) Period for Term Deposits: Minimum One year – Maximum normally up to Three years. Individual Banks may choose to accept deposits for longer period, as per their own policies.
- d) **Rate of interest:** Rate of interest shall be in accordance with the directions/instructions issued by RBI from time to time. Present Guidelines are as under.
  - (i) **Current Account: NIL**
  - (ii) **Savings, Recurring, Term Deposits:** Banks are free to determine the interest rates
- e) **Forward cover:** Forward Exchange Cover facility is permitted to hedge the exchange rate risk on
  - (i) **The market** value on investment made under the portfolio scheme in accordance with provisions of FERA, 1973 or FEMA, 1999 and
  - (ii) **The amount of dividend** due on shares held in Indian companies and
  - (iii) **Balances** held in NRE account.
- f) **Loans in India in Foreign currency to the Account holder/s and to Third Parties:** Loans are permitted without any ceiling subject to usual margin requirements for the permissible purposes.

**Note: AD** category-I banks and authorized banks are permitted to credit the proceeds of account payee cheques/demand drafts/bankers' cheques issued against encashment of foreign currency to the NRE account of the NRI account holder provided the instruments issued to the Nre account holder are supported by the encashment certificate issued by AD category I/Category II banks.

**Foreign Currency Non-Resident – FCNR (B) accounts:**

- a. Currency of the account: Any permitted freely convertible foreign currency
- b. Types of Accounts: Term Deposit accounts only
- c. Period for Term Deposits: Not less than one year and not more than five years
- d. Rate of Interest: Rate of interest shall be in accordance with the directions/Instructions issued by RBI from time to time. Present guidelines on interest ceilings are as under:

<b>Maturity</b>	<b>Fixed / Floating Interest Rate Ceiling</b>
1 year to less than 3 years	LIBOR/SWAP + 200bps
3 years to 5 years	LIBOR/SWAP + 400bps

For floating rate deposits, the interest reset period shall be six months

- e. **Forward Cover: NRI** may enter into forward contract with Rupee as one of the legs with an AD bank in India to hedge the exchange rate risk on the amounts held in FCNR (B) deposits. NRI also can enter into cross currency (non involving rupee) forward contracts for converging the balances in one foreign currency to another foreign currency.
- f. **Loans in India in Foreign Currency to the Account Holder/s and to Third Parties:** Loans are permitted without any ceiling subject to usual margin requirements for permissible purposes

**Non-Resident Ordinary (NRO) Accounts:**

- (a) **Eligibility:** Any person resident outside India (other than a person resident in Nepal and Bhutan) subject to compliance of following conditions:

- (i) Individuals/entities of Pakistan nationality/ownership require prior approval of RBI for opening the accounts.
- (ii) AD banks are permitted to open NRO accounts of individuals of Bangladesh nationality holding valid visa and residential permit issued by foreign registration office. However opening of accounts by entities of Bangladesh ownership continue to require approval of RBI
- (iii) Account should be opened by the account holder himself. Power of attorney holder is not permitted to open the account.

**(b) Indians in Nepal & Bhutan**

- (i) ADs can opened and maintain domestic Rupee accounts for a person resident in Nepal/Bhutan.
- (ii) When a person resident of India leaves India for Nepal and Bhutan for taking up employment or for carrying on business or vocation or for any other purpose indicating his intention to stay in Nepal or Bhutan for an uncertain period, his existing account will continue as a resident account. Such account should not be designated as Non-resident (Ordinary) Rupee Account (NRO).

**(c) Joint Accounts:** Can be held jointly with residents.

**(d) Currency of the Account:** Indian rupees

**(e) Types of Accounts:** Current, Savings, Recurring and Term Deposit Accounts

**(f) Period of Term Deposits:** As applicable to resident accounts

**(g) Rate of Interest:** Rate of interest shall be in accordance with the directions/instructions issued by RBI from time to time. Present guidelines are as under.

- (i) Current Account – NIL
- (ii) Savings, Recurring, Term Deposits: Banks are free to determine the interest rates. However, the interest rates on these NRO accounts cannot be higher than those offered by banks on comparable domestic rupee deposits.

**(h) Repatriability:** Balances in NRO accounts other than the cases indicated below are not eligible for remittance outside India without approval of RBI.

- (i) Current Income in India (like rent, dividend, pension, interest earned by NRI/PIO) of the account holder net of applicable taxes.
- (ii) Up to USD 1 (One) million per financial year (April-March) out of balances in the account for any bonafide purpose like sale proceeds of assets (financial as well as immovable) in India acquired by way of purchase/inheritance/legacy or settlement subject to certain conditions.

**(i) Nomination:** In respect of Individual NRI account holder nomination in favour of a Resident Indian or a Non-Resident Indian is permitted.


**(j) Taxation:** Interest income earned on balances standing to the credit of NRO accounts is taxable as per the prevailing directives.

**(k) Operations by power of Attorney holder:** Operations in the account by a power of attorney holder are restricted to withdrawals for permissible local payments in rupees, remittance of current income to the account holder outside India or remittance to the account holder himself through normal banking channels.

**(l) Loans:**

**(i) Loans in India in Indian Rupees to the Account Holder/s and to Third Parties:**

**a. Loans are permitted for following purposes:**

-  Personal purposes or for carrying on business activities

- ✚ Direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/companies.
  - ✚ Acquisition of flat/house in India for his own residential use subject to relevant regulations under FEMA 1999
- b. Loans cannot be utilized for the purpose of on lending or for carrying on agriculture or plantation activities or for investment in real estate business.
- (ii) Loans outside India to the account holder/s and to Third Parties:**  
Not permitted.
- (iii) Loans in India in foreign currency to the Account holder/s and to third Parties:**  
Not permitted

### **Investment facilities for NRI/PIO**

**(a) Investments on Repatriation basis:** NRIs/PIOs are permitted to purchase the following without limit on repatriation basis:

1. Government dated securities/Treasury bills
2. Units of domestic mutual funds
3. Bonds issued by a public sector undertaking (PSU) in India
4. Non-convertible debentures of a company incorporated in India
5. Perpetual debt instruments and debt capital instruments issued by banks in India
6. Shares in Public Sector Enterprises being disinvested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.
7. Shares and Convertible debentures of Indian companies under the FDI scheme (including automatic route and FIPB), subject to the terms and conditions specified in Schedule 1 to the FEMA Notification No.20/2000-RB dated May 3, 2000, as amended from time to time.
8. Shares and convertible debentures of Indian Companies through Stock exchange under portfolio investment Scheme, subject to the terms and conditions specified in Schedule 3 to the FEMA Notification No.20/2000-RB dated May 3, 2000, as amended from time to time.

**(b) Investments on non-repatriation basis:**

NRIs/PIOs are permitted to purchase the following without limit on non-repatriation basis:

1. Government dated securities/treasure bills
2. Units of domestic mutual funds
3. Units of Money Market Mutual Funds
4. National Plan / Savings Certificates
5. Non-convertible debentures of a company incorporated in India.
6. Shares and convertible debentures of Indian companies through stock exchange under Portfolio investment scheme, subject to the terms and conditions specified in Schedule 3 and 4 to the FEMA Notification No.20/2000-RBI dated May3, 2000, as amended from time to time.
7. Exchange traded derivative contracts approved by the SEBI, from time to time, out of INR funds held in India on non-repatriable basis, subject to the limits prescribed by the SEBI.

**(c) Prohibited Investments:**

NRIs/PIOs are not permitted to invest in small savings or Public Provident Fund.

**(d) Investment in immovable property:**

NRI/PIO can acquire immovable property in India other than agricultural land/plantation property or a farm house, out of repatriable and / or non-repatriable funds. Citizens of Pakistan, Bangladesh, Sri Lanka Afghanistan, China, Iran, Nepal and Bhutan require prior approval of Reserve Bank for acquiring immovable property in India. Payment for purchase of immovable property can be made out of funds received in India through normal banking channels by way of inward remittance or out of funds held in any non-resident account. Payment of purchase price for acquisition of immovable property cannot be made either by traveler's cheque or by foreign currency notes.

NRI/PIO can acquire immovable property in India other than agricultural land/plantation property or a farm house, by way of gift or inheritance or settlement.

NRI can transfer any immovable property in India to a person resident in India. However, NRI can transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

NRIs are eligible to repatriate the sale proceeds of immovable property, not exceeding the amount paid for the property in foreign exchange received through normal banking channel or by debit to his NRE/FCNR(B) account. NRI/PIO is permitted to repatriate the sale proceeds of not more than two residential properties during his life time.

If the property was acquired out of Rupees sources or by way of gift/inheritance/settlement, NRI/PIO can remit an amount up to USD one million per financial year out of the balances held in the NRO account, subject to tax compliances.

NRIs/PIOs are eligible to repatriate refund of (a) application/earnest money/ purchase consideration made by house-building agencies / seller on account of non-allotment of flats /plots and (b) cancellation of booking / deals for purchase of residential / commercial.

Properties, together with interest, net of taxes provided original payment is made out of NRE/FCNR (B) account/inward remittances.

Housing Loans in Rupees availed of by NRIs/PIOs from ADs/Housing Financial Institutions in India can be repaid by the close relatives of the borrower in India.

**Other facilities for NRI/PIO:**

**(a) Lending by NRI to Resident Indian:** NRI can lend to an individual resident Indian who is his close relative (as defined under Section 6 of Companies Act, 1956) an amount not exceeding USD 250,000 or its equivalent subject to following conditions:

 **Minimum maturity period of the loan should be one year**

- ✚ **Loan is free of interest and**
- ✚ **Amount of loan is received by inward remittance in free foreign exchange through normal banking channel or by debit to the NRE/FCNR(B) account of NRI**

- (b) Borrowing by NRI from Resident Indian:** NRI can borrow from an individual resident by way of crossed cheques/electronic transfer within the overall limit of USD 75,000 per financial year under Liberalized Remittance scheme for an individual resident Indian. NRI can borrow for meeting his personal or business requirements in India. The borrowing should be interest free, should have a maturity of minimum one year and should not be remitted outside India.
- (c) Repayment of NRI loan in India by Resident Indian:** Where an authorized dealer in India has granted loan to a Non-Resident Indian, such loans can also be repaid by resident close 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.
- (d) Receiving gift of shares/securities/convertible debentures:** NRI close relative\* is permitted to receive a gift of shares/securities/convertible debentures etc. up to USD 50,000 per financial year from a resident individual, subject to certain conditions. NRI close relative\* is also permitted to receive a rupee gift from a resident individual by way of crossed cheque/electronic transfer within overall limit of USD 75,000 per financial year for the resident individual. The gift amount should be credited to the NRI beneficiary's NRO account.

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