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friends apart.

NRI  **BANKING
SERVICES**

NRI Sampark

A Quarterly Newsletter for esteemed NRI clients by IDBI Bank – Vol. 15, January – March 2017

Dear NRI friends,

May 5, 2017

Season's greetings from IDBI Bank.

At the outset, I take this opportunity to share with you about the developments in January – March 2017 quarter across a gamut of topics ranging from banking, economic outlook and NRI Products & regulations. I am pleased to present the 15th edition of Bank's quarterly newsletter "NRI Sampark". Trust you shall find the same useful.

Suggestions, as always are welcome and may be shared on e-mail Id nri@idbi.co.in

Warm regards,
Ranjan Kumar Rath
General Manager – Retail Banking Group
IDBI Bank



IDBI Bank in News

1. Shri Mahesh Kumar Jain has assumed charge as Managing Director & CEO of IDBI Bank Ltd on April 3rd 2017. Prior to the current assignment, Mr. Jain was Managing Director & CEO of Indian Bank.
2. IDBI Bank has been conferred “NetApp Innovation Award 2017” under Trend Setter Category for Facebook Banking for the year 2016-17
3. IDBI Bank received the MSME Excellence Award 2017 for outstanding contribution in funding to MSME sector instituted by Federation of Industry Trade and Service. The award was given by Shri Haribhai P Chaudhary, Hon’ble Union Minister of State, Ministry of MSME, Govt of India.
4. IDBI Bank conducted MSME Customer meet at 68 centers pan India on January 6, 2017. The main objective of the event was to reconnect the field functionaries with the existing and prospective MSME customers. The meet as conducted to acknowledge and facilitate SME customers with good track record and other dignitaries who are contributing in overall growth in the economy and employment generation.



Interest Rates on NRI Deposits

Non Resident Ordinary - NRO Deposit rates (Effective May 05, 2017)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
15 - 30 days	4.25
31 days to 45 months	4.50
46 months to 60 days	5.00
61days to 90 days	5.25
91 days to 6 months	6.00
6 months 1 days to 270 days	6.00
271 days to 1year	6.25
1 year	6.40
> 1 year to - 2 years	6.25
> 2 year to < 3 years	6.00
3 years – 10 years	6.00

Recurring NRO Deposits (Effective May 05, 2017)

Tenure	Interest rate (% p.a.)
1 year	6.40
> 1 year – 2 years	6.25
> 2 Years to 10 years	6.00

Non Resident External - NRE Deposit rates (Effective May 05, 2017)

Tenure	Interest rate (% p.a.) for deposit less than Rs 1 Cr
1 year	6.40
> 1 year – 2 years	6.25
> 2 years to < 3 years	6.00
3 years to < 5 years	6.00
5 years	6.00
> 5 years - 10 years	6.00

Recurring NRE Deposits (Effective May 05, 2017)

Tenure	Interest rate (% p.a.)
1 year	6.40
> 1 year – 2 years	6.25
> 2 Years to 5 years	6.00

Important Points:

The rates mentioned are subject to change from time to time. Please verify the rates on our website www.idbi.com

No interest is payable on NRE / FCNR (B) deposit closed prematurely in less than a year

DTAA benefit available for TDS on NRO Deposits

Foreign Currency Non Resident (Bank) - FCNR (B) deposit rates (% p.a.) (Effective May 1, 2017)

Maturity Slab	USD	GBP	EUR	AUD	CAD	JPY	SGD	HKD	CHF
1 Year - less than 2 Years	2.14	0.99	0.11	2.54	1.49	0.04	1.73	1.70	0.00
2 Years - less than 3 Years	2.33	1.06	0.17	2.62	1.64	0.04	2.00	1.95	0.00
3yrs - less than 4yrs	2.47	1.12	0.24	2.76	1.79	0.04	2.14	2.16	0.00
4yrs - less than 5yrs	2.57	1.20	0.31	3.04	1.91	0.04	2.24	2.29	0.00
5yrs only	2.67	1.31	0.42	3.20	2.03	0.04	2.33	2.41	0.00



Interest Rates on loans for NRIs

The Bank offers Home Loans, Loan against property and Auto Loans to Salaried NRIs. Bank also offers Education Loan to students enrolling for various courses. The interest rates for various loans across loan amounts and tenure are as under:

Products	Loan Amount	Rate of Interest (per annum)	Max Tenure	NRI Category
Home Loan(Floating)	For all loan amounts	8.55% (3M MCLR+0.00%) PSL 8.60% (MCLR+0.05%)NPSL	30 years	Salaried
Home Loan-Interest Saver(Floating)	For all loan amounts	8.70% (MCLR+0.15%)	30 years	Salaried
Home Loan(Fixed) (From 3 years to 10 years)	For all loan amounts	10.10% (For 3 Years) 10.35% (For >3 year)	30 years	Salaried
Home Loan Balance Transfer Facility + Top-up	For all loan amounts	Balance Transfer: Prevailing Home Loan Rates. Top-up: Amount up to 100% of the original sanction. Prevailing Home Loan Rate + 10 BPS for PSL Prevailing Home Loan Rate + 20 BPS for Non PSL	Applicable Home Loan Tenure	Salaried
Loan against Property	For all loan amount	9.95%-10.70% (MCLR+1.40% to 2.15%)	10 - 15 years	Salaried
Loan against rent receivables.				
Loan against Property-Interest Saver				
Auto Loan	For all loan amount	9.95% (fixed)	7 years	Salaried
Education Loan (Floating)	For studies in India Rs. 20 Lakh For studies abroad Rs. 30 Lakh	Non-Vocational Courses 9.70% to 10.70% (MCLR+1.15 % to BR+2.15%)	10 to 15 years	Student should be Indian National
		Vocational Courses 9.70% (MCLR+1.15 %)		
		Studies in Premier Education Institutes (including ISB) 8.70% (MCLR+0.15%)		
		Studies with Admission under Management Quota 11.60 % (MCLR+3.05%)		

MCLR (Marginal Cost of Funds Based Lending Rates) = 8.55 (3 month) & 8.80 (1 year)

PSL: Priority Sector Lending as defined by Reserve Bank of India (RBI) guidelines.

Note : The interest rates are subject to change from time to time. Please verify the rates on our website www.idbi.com

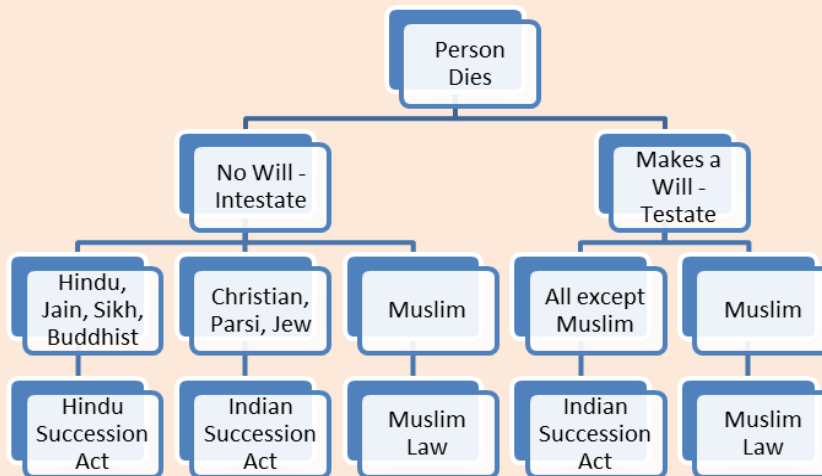
Inheritance

What is Inheritance?

Any assets / wealth devolving on to the beneficiaries by virtue of succession on demise of a person is Inheritance. Following are the 3 legal statutes that deal with the devolution of the property on the death of a person:

- Hindu Succession Act
- Indian Succession Act
- Muslim Law

The applicability of the above statutes is summarized below for easy understanding:



Whether a NRI can acquire property by way of Inheritance?

Any person, whether or not resident / citizen of India is eligible to receive property by inheritance. However, Transfer / holding of the said property shall be subject to exchange control regulation in India.

Taxation on:

a) Inheritance of Assets / Property held in India:

- ❖ Currently in India, there is no Inheritance / Estate tax
- ❖ Several countries however, levy Inheritance / Estate tax. In this regard, a NRI shall also have to keep in mind the tax implications of inheritance in his / her country of Residence.

Disclaimer: - The content of the above topic "Inheritance" is compiled by our Tax Consultant for the benefit of NRIs. The information contained herein is intended to provide general information and is not an exhaustive treatment of this particular subject. The views as discussed above are purely personal and may or may not find acceptance of others and therefore, the author cannot be held responsible for any personal or professional liability arising out of the same. IDBI Bank or its empanelled professionals are not, by means of this material, rendering any professional advice or recommendation or services and the information is not intended to be a substitute for specific professional advice. IDBI Bank or its empanelled professionals will not be liable for any liability / dispute arising out of any reliance on such subject matter. You must make your own investigation and assessment before taking any decisions. For any further assistance / information regarding this matter you may write to our empanelled professional @helpline@nriservices.com.

Inheritance

- ❖ Further, for your information kindly find below the rates that may be applicable in the US and UK:

Resident / Citizen	Remarks (subject to exemptions, reporting, etc. as per the domestic law of the country)
US	Estate duty upto approx. 40%
UK	Estate duty upto approx. 40%

b) Income earned from Property inherited:

- ❖ Income earned from property inherited is taxed in India as under:
 - **Upto the date of death** - taxed in the hands of the deceased. However, the same would be leviable and recoverable from the legal representatives of the deceased in a like manner and to the same extent as the deceased (liability restricted upto the value of property inherited).
 - **After the date of death** - taxed in the hands of beneficiaries / executor(s) in their individual capacity.

WILL:

- ❖ A WILL is a legal document which expresses a person's wishes as to the distribution of his / her property upon death.
- ❖ A person who makes the WILL is termed as a "Testator". The property of the deceased is called the "Estate". A person who inherits all or part of an estate under a WILL is called a "Beneficiary".
- ❖ Until the person dies, WILL is only an expression of his intention. Therefore, it may be changed as many times as he wishes.
- ❖ A person may dispose off any of his property during his / her lifetime, even if the property is mentioned in the WILL.
- ❖ The WILL only applies to those assets, right and interest which are owned at the time of death and any future or contingent interests.

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Inheritance

Administration of the WILL (Probate, Letter of Administration and Succession Certificate):

Probate:

- ❖ After the death of the Testator, the grant of Probate by court establishes the Executor's right to represent the estate.
- ❖ Probate is an official evidence of the Executor's right to dispose off the property of the Testator as per the terms of the WILL.
- ❖ Under the Indian Succession Act, a Probate can be granted only to an executor appointed under a WILL.
- ❖ A Probate is mandatory in case of:
 - WILLS by Hindus executed within areas under the jurisdiction of Bombay, Madras and Calcutta High Courts;
 - WILLS by Hindus outside these areas if they relate to immovable property situated within the jurisdiction of Bombay, Madras and Calcutta High Courts

Letter of Administration:

- ❖ Where the Executor is not named in the WILL, an application can be filed in the court for grant of Letter of Administration of the property.
- ❖ Letter of Administration is a certificate granted by the competent court to an administrator authorizing him to administer the Estate of the deceased in accordance with:
 - WILL, in case of Testate;
 - Law of Succession, in case of Intestate

Succession Certificate:

- ❖ In case where Probate or Letter of Administration is not mandatory, Succession Certificate can be granted by the court to realize the debts and securities of the deceased and to give valid discharge.
- ❖ However, holder of the Succession Certificate is required to dispose off the amount so realized in accordance with the rights of the person entitled thereto.

Inheritance

JOINT OWNERSHIP:

- ❖ Where the assets are held in joint names, the interest of the deceased in that asset devolves on his / her legal heirs.
- ❖ The respective authority may transfer the assets in the name of the surviving joint holder by deleting the name of the deceased.
- ❖ However, we understand that the rules of succession will supersede the survivorship and the rights of the legal heirs to demand his / her interest in the assets of the deceased from the surviving joint holder shall not be adversely affected.
- ❖ It is advisable to make a WILL and to file appropriate nominations and applications for joining second name to various assets, in order to avoid the necessity of obtaining Probate or Letters of Administration or Succession Certificate for the sake of expediently dealing with the property of the deceased.

NOMINATION:

- ❖ Nomination has become a standard feature for various assets like Bank Deposits, Shares, LIC Policies, Accident Insurance Policies, PPF, Immovable Property, or other assets.
- ❖ In the eyes of law, the position of a Nominee is that of a Trustee.
- ❖ The Nominee need not necessarily be the Beneficiary under the WILL. He is legally bound to transfer the nominated property to the Beneficiary of the WILL or if there is no WILL, the legal heirs.
- ❖ Nomination coupled with a WILL in favor of Nominee, where the Nominee is intended to be made the Beneficiary, can avoid disputes and make the distribution process smooth, efficient and effective.
- ❖ The effect of the nomination is only to facilitate collection of the amount due to the Estate of the deceased without the production of a Succession Certificate or Proof of Title.
- ❖ However, in view of the judicial interpretation by the courts of Sec. 72 of the Companies Act, legal heirs / Beneficiary under the WILL may not be eligible to claim their interest against the nominee in case of shares of a company.

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Banking Updates



- ❖ On February 2, 2017, RBI notified that Non Resident Indians (NRIs) are permitted to access Exchange Traded Currency Derivatives (ETCD) market to hedge the currency risk arising out of their investments in India under FEMA, 1999 subject to conditions. This will provide additional hedging products for NRIs to hedge their investments in India and help in deepening the domestic ETCD market.
- ❖ RBI has published a booklet titled FAME (Financial Awareness Messages) in various local languages to provide **basic financial literacy message for the information of the general public**. The booklet contain 11 financial awareness message, which include information pertaining to KYC documents, importance of budgeting, saving and responsible borrowing, maintaining good credit score by repaying loan on time, banking at doorstep or at vicinity, process of lodging complaints at a bank and with the Banking Ombudsman, usage of electronic remittances, investing money only in registered entities, etc. The objective is to create awareness about financial products and services, good financial practices, awareness about digital channels and protect consumer interests.
- ❖ RBI has notified that the week June 5-9, 2017 will be observed as Financial Literacy Week across the country. The literacy week will focus on four broad themes, viz KYC, Exercising Credit Discipline, Grievance Redressal and Going Digital (UPI and *99#)
- ❖ The Union Cabinet, on March 20, 2017 has approved the following four Goods and Services Tax (GST) related bills:
 - The Central Goods and Services Tax Bill 2017 (CGST Bill)
 - The Integrated Goods and Services Tax Bill 2017 (IGST Bill)
 - The Union Territory Goods and Service Tax Bill 2017 (UTGST Bill)

With the Cabinet approval of these four bills, the GST regime in India is in the final stages of culmination and the GST law is expected to be implemented from July 01, 2017. The passage of these four GST related bills is expected to pave the way for the reform in the area of Indirect Taxes in the country.

Frequently asked Questions & Answers (FAQs)



Q.1 Can a resident Indian be co-applicant in NRE / NRO / FCNR(B) deposit?

A. Yes. A resident Indian can be a co-applicant in NRE / NRO / FCNR(B) deposits provided the mode of operations is "Former or Survivor". In such cases, the 1st applicant who is a NRI would only operate the account. On the death of the 1st applicant the 2nd applicant can claim the funds or operate the account after transferring the account to resident account.

Q.2 Can a Non Resident Indian be co-applicant in resident accounts?

A. Yes. A NRI can be a co-applicant in resident account with any mode of operations. However, the NRI has to submit a declaration stating that the amount in the resident account would not be used for any transaction in contravention of the provisions of the Foreign Exchange Management Act (FEMA) 1999.

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