

OBCommunique

N ₹ NEWS BULLETIN



Oriental N ₹ \$ SERVICE\$

Facilities For NRIs

- Remittances to India • Deposit Accounts • Loan Schemes
- Investment and Insurance Schemes • Portfolio Investment Schemes

Honorable Finance Minister of India, Smt. Nirmala Sitharaman presented Union Budget for FY-19-20 on 5th July, 2019.



Key highlights of the budget are as follows:

- ❖ To make Aadhaar, PAN interchangeable to file tax returns.
- ❖ India ranked 6th largest economy and will become \$3-trln economy in FY20 from the present \$2.7-trln and moves forward to achieve \$5 trln economy in the next five years.
- ❖ Government to launch "Study in India" scheme to make India an attractive education destination for international students.
- ❖ To start scheme for foreign companies in advanced technology sector and to invite foreign companies in sunrise sectors.
- ❖ Launching national common mobility card-"One Nation one Card".
- ❖ Announced a cut in corporate tax for companies with annual turnover of up to ₹. 400 crore to 25 per cent from 30 per cent earlier.
- ❖ Government will provide a one-time partial credit guarantee to PSBs to buy high-rated pooled assets of financially sound NBFCs, amounting to a total of Rupees One lakh crore during the current financial year.
- ❖ Strategic sales of some CPSEs will continue and set a target of rupees 1.05 lakh crore.
- ❖ Proposes 100% FDI in insurance intermediaries and to mull hiking FDI limit in media, insurance, animation sector.
- ❖ Govt to reinstate process of Air India divestment and also proposes to examine suggestions to further open up FDI in aviation and make India a more attractive FDI destination.
- ❖ Propose 2% TDS on 10 mln rupee/yr cash withdrawal from banks.
- ❖ Raising customs duty on precious metals and gold to 12.5% from 10%.
- ❖ 5% customs duty being imposed on imported books.
- ❖ Tax deduction of 150,000 rupees on e-vehicle loan interest.
- ❖ To give PSU banks 700 bln rupees capital
- ❖ NPAs of Banks reduced by more than 1 trln rupees last year.
- ❖ To raise cap on foreign shareholding in some PSUs.
- ❖ To start TV programme exclusively for startups.
- ❖ Zero-budget farming to be promoted which can help double farmers' income.
- ❖ 35% is the minimum public shareholding in listed firms proposed by the finance minister to SEBI, against the current 25%. This will result in share sales worth as much as ₹4 trillion.
- ❖ ₹1.95 crore houses proposed to be provided to eligible beneficiaries under the PMA Y-Gramin.

Non Residents Indians in Budget-2019

NRI's Aadhar on Arrival



Budget 2019 proposes to consider issuing aadhaar card to NRIs holding Indian passports, without waiting for 180 days. This will facilitate NRIs in getting KYC done quickly and use the card for expediting financial transactions within the country. Issue of quick Aadhaar to NRIs may allow them to use the card number for filing ITRs also.

Proposed changes in the definition of 'Assessee'

Finance Minister has proposed a change in the definition of an 'assessee' retrospectively from 1 July 2015, to include a non-resident or resident but not ordinarily resident who was resident in India either in the previous year to which the foreign sourced income relates or in the previous year in which the undisclosed asset located outside India.

Conducive Environment for the NRIs Investors

Budget-2019 has also proposed merger of the non-resident Indian (NRI) and foreign portfolio investor (FPI) routes of investment. In addition to the above, the Budget also proposed for simplification of the documentation process and increase of the statutory FPI investment limits.



Budget 2019 has proposed to increase the deduction that can be claimed for interest paid on loans taken for affordable housing by ₹. 1.5 lakh to ₹. 3.5 lakh per annum for houses valued up to ₹. 45 lakh.

"GAON, GARIB AND KISAN AT CORE OF NDA'S GOVERNANCE MODEL"- Honorable Finance Minister Smt. Nirmala Sitharaman

OBC IN NEWS:-

ORIENTAL BANK OF COMMERCE FINANCIAL RESULTS FY-2018-19:-

₹. in Crore

Parameters	FY-18-19	FY-17-18	Variance
Deposits	232645	207346	12.20%
Gross Advances	171549	148206	15.75%
Total Business	404195	355552	13.68%
Net profit	55	(5872)	-
Net NPA	5.93%	10.48%	(455)bps
Recovery & Upgradation	6597	3161	109%
NIM	2.73%	2.18%	55bps
Fresh Slippages	7066	12429	(43)%
CRAR	12.73%	10.50%	223bps
PCR	75.84%	64.07%	1177bps

Capital raising Plans:

As on date, the GOI has 87.58% shareholding in OBC. The Board of Directors in the meeting held on 01/06/2019 has approved the plan for raising capital for an amount upto ₹ 3,000 crore through QIP or such other mode.

The main objective of capital raising from public markets is to bring down the GOI Holding to 75% to comply with SEBI's minimum public shareholding norms for listed entities.

Oriental Bank of Commerce Analyst meet

Oriental Bank of Commerce organized an Analyst meet at Hotel Trident, Mumbai on 16.05.2019 post declaration of Q4 and FY'18-19 results of the Bank. The meet was addressed by the Top Management of the Bank and the response of the analysts has been highly positive:



FINANCIAL NEWS

RBI RELEASES FINANCIAL STABILITY REPORT

The Reserve Bank of India on June 27,2019 released the 19th issue of the Financial Stability Report (FSR). The FSR reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability, as also the resilience of the financial system. The Report also discusses issues relating to development and regulation of the financial sector. The highlights of the FSR is as follows:-

Systemic risks

- India's financial system remains stable in the backdrop of improving resilience of the banking sector, even though the emerging trends in global economic as also geopolitical environment pose challenges.

Domestic macro-financial risks

- Domestic economy hit a soft patch recently as private consumption, the key driver of GDP, turned weak. This along with subdued new investment pipeline and a widening current account deficit have exerted pressure on the fiscal front.
- Reviving private investment demand remains a key challenge going forward while being vigilant about the spillover from global financial markets.

Financial Institutions: Performance and risks

- Credit growth of scheduled commercial banks (SCBs) picked up, with public sector banks (PSBs) registering near double digit growth. Capital adequacy of the SCBs improved after the recapitalisation of PSBs.
- With the bulk of the legacy non-performing assets (NPAs) already recognised in the banking books, the non-performing asset (NPA) cycle seems to have turned around.
- Provision Coverage Ratio (PCR) of all SCBs rose sharply to 60.6 per cent in March 2019 from 52.4 per cent in September 2018 and 48.3 per cent in March 2018, increasing the resilience of the banking sector.
- Macro-stress tests for credit risk indicate that under the baseline scenario, SCBs' gross nonperforming asset (GNPA) ratio may decline from 9.3 per cent in March 2019 to 9.0 per cent in March 2020.
- Recent developments in the Non-banking financial companies (NBFC) sector have brought the sector under greater market discipline as the better performing companies continued to raise funds while those with ALM and/or asset quality concerns were subjected to higher borrowing costs.

Lowering leverage ratio threshold can offer leeway to expand balance sheet of banks

The RBI lowered the minimum leverage ratio (LR) against which banks are monitored from 4.5 percent to 4 percent for Domestic Systemically Important Banks (DSIBs) and 3.5 percent for other banks. This allows some leeway for banks to take additional exposure (vis-à-vis capital) and expand their balance sheets.

Given that an underlying cause of the global financial crisis was the build-up of excessive on- and off-balance sheet leverage, despite strong risk-based capital ratios, Basel-III framework introduced a simple and non-risk-based leverage ratio to supplement risk-based capital requirements.

India's Forex Reserves at New Heights

India's foreign exchange reserves swelled by USD 1.262 billion to scale a fresh high of USD 427.678 billion in the week to June 28, boosted by higher foreign portfolio investments and a stable rupee, RBI data showed Friday.

In the previous reporting week, the reserves had surged by USD 4.215 billion to USD 426.42 billion. During the week, foreign currency assets, which are major component of the overall reserves, increased by USD 1.252 billion to USD 299.902 billion. The reserves nearing USD 428 billion can take care of imports for almost 10 months, according to market experts. Gold reserves remained unchanged at \$22.958 billion, according to RBI data.

Launch of New Forex retail trading platform

The Reserve Bank of India said the currency trading platform for retail trading is ready for roll-out by the Clearing Corporation of India (CCIL) on August 5 to enable transparent and fair pricing for retail users, such as individuals and micro, small and medium enterprises. According to sources, the customer orders would be bunched up to make marketable lots of \$5 million and above, which can be directly traded by the CCIL platform in the interbank market, which will help the customer avail of superfine interbank rates. This will significantly cut down on exorbitant exchange rates that the banks charge for foreign currency needs.

RBI panel recommends doubling collateral-free loans for MSMEs

An expert committee of the Reserve Bank of India on Micro, Small and Medium Enterprises (MSMEs) has suggested doubling collateral-free loans for these units. This should be applicable to Micro Units Development and Refinance Agency (Mudra) and Self-Help Groups, too, the committee said. The committee, headed by former SEBI Chairman UK

Sinha, submitted its report to RBI Governor Shaktikanta Das on Monday. The RBI is expected to put up the report in public domain. Sources told that the committee has suggested hiking the ceiling of collateral-free loans for MSME units to ₹ 20 lakh from ₹ 10 lakh now.

RBI Deputy Governor Sh.Viral Acharya Resigns

Reserve Bank of India (RBI) Deputy Governor Sh. Viral Acharya has resigned from his post of Deputy Governor at the central bank, six months before the his term was supposed to end. Acharya cited personal reasons for his exit.

Shri N.S.Vishwanathan re-appointed as Deputy Governor:

The central Government has re-appointed Shri N.S.Vishwanathan as Deputy Governor, Reserve Bank of India for a further period of one year beyond his currently notified period of appointment of three years that expires on July 3,2019 i.e.till July 3,2020 or until further orders, whichever is earlier.

PSB stake sales through ETFs

Aiming to garner a major chunk of disinvestment receipt in FY20 from exchange-traded funds (ETFs), the Centre on Thursday said it will launch a financial sector ETF through which it will disinvest shares in listed public sector banks, insurance companies and financial institutions such as SBI, Bank of Baroda, GIC Re and New India Assurance. The Centre garnered a whopping ₹ 45,080 crore via two extant ETFs – ₹ 26,350 crore from CPSE ETF and ₹ 18,730 crore from Bharat-22 ETF – helping it mobilise 53% of the total disinvestment receipt in FY19. The CPSE ETF was conceptualised in 2014 and Bharat-22 ETF in 2017 as an asset class, offering the benefits of diversification, risk management and lower expenses to investors.

Tighter Norms for Mutual Fund Investment

The Securities and Exchange Board of India (Sebi) on Thursday tightened the norms for liquid schemes. Liquid schemes, the capital markets watchdog said, should hold at least 20% in liquid assets, like gilts, and debt and money market instruments must reflect the market value. From now onwards, liquid and overnight schemes shall not be permitted to invest in short-term deposits, debt and money market instruments that have structured obligations or credit enhancements.

A graded exit load shall be levied on investors of liquid schemes, who exit the scheme, within seven days. The sectoral cap has been trimmed to 20% from 25% to minimise risk. Additionally, debt schemes cannot have an exposure to HFCs of more than 10% and more than 5% to securitised debt based on retail housing loan and affordable housing loan portfolios.

Rising defaults: SEBI unveils wider disclosure guidelines for credit rating agencies

With rising instances of debt defaults and credit rating agencies (CRAs) failing to forewarn the investors of the deteriorating credit profiles of firms, the Securities and Exchange Board of India (SEBI) on Thursday came out with a set of wider disclosure norms for the CRAs.

Under the new framework, these agencies will be required to disclose a matrix on the probability of default (PD) for various rated instruments. The CRAs will also have to comply with a uniform Standard Operating Procedure (SOP) in respect of tracking and timely recognition of default.

Important Information

- ❖ *Contact your branch for updation of PAN / Form 60 in your account.*
- ❖ *Register your Email & Mobile No. in your account to avail better service.*
- ❖ *Update your KYC/Passport Details for smooth operations in account. Further for any clarifications please feel free to write us at nricell@obc.co.in.*



Self-User Creation Facility for Internet Banking

Using this facility, customers would be able to register for OBC's Internet Banking Services online, without visiting branch. The facility is available only for self operated saving and current account customers. Only customers who are registered for SMS Alerts facility with our Bank can avail this facility.

How to Register

Step 1. Please keep following information ready before using the facility of online registration

- Account Number (For which Internet banking is to be registered)
- Date of Birth or PAN No. as available in bank records
- Debit Card No. and ATM PIN (Linked with the account number for which Internet banking is being registered)
- Your Mobile (registered with the bank) for receiving One Time Password (OTP)

Step 2. Visit <https://www.obconline.co.in/> and Click on Self-User Creation option.

Post successful registration for Internet banking services, the user would be instantly activated and can login to internet banking. However, complete data and account related information will be available only after 24-48 hrs.

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Interest Rates on NRO Deposits (as on 31.05.2019)			
Maturity Period (Buckets)	less than ₹2 Cr	> ₹2 Cr & < ₹10 Cr	> ₹10 Cr
7 days to 14 days	5.75%	5.25%	5.25%
15 days to 30 days	5.75%	5.75%	5.75%
31 days to 45 days	5.75%	6.25%	6.25%
46 days to 90 days	6.05%	6.25%	6.25%
91 days to 179 days	6.30%	6.75%	6.75%
180 days to 269 days	6.50%	6.90%	6.90%
270 days to < 1 year	6.50%	6.90%	6.90%
1 year to < 2 year	6.85%	7.15%	7.15%
2 year to < 3 years	6.75%	7.15%	7.15%
3 years to < 5 year	6.70%	6.50%	6.50%
5 years to 10 years	6.75%	6.25%	6.25%

Interest Rates on Non-Resident (External) Rupee Deposits (as on 31.05.2019)			
Maturity Period (Buckets)	less than ₹2 Cr	> ₹2 Cr & < ₹10 Cr	> ₹10 Cr
1 year to < 2 years	6.85%	7.15%	7.15%
2 years to < 3 years	6.75%	7.15%	7.15%
3 years to < 5 years	6.70%	6.50%	6.50%
5 years to 10 years	6.75%	6.25%	6.25%

Interest Rates for FCNR (B) (11.06.2019)						
Deposit Period	USD	GBP	EUR	AUD	CAD	JPY
1 year to < 2 years	3.16	1.40	0.24	1.77	2.70	0.51
2 years to < 3 years	3.00	1.39	0.23	1.72	2.33	0.51
3 years to < 4 years	2.88	1.41	0.29	1.73	2.30	0.51
4 years to < 5 years	2.88	1.43	0.30	1.87	2.29	0.51
5 years only	2.80	1.45	0.30	1.92	2.30	0.51

Other terms and Conditions:

- 1% penalty shall be levied on withdrawal of NRE/NRO Term Deposits of Rs 1.00 Crore and above accepted/renewed
- 1% penalty shall be levied on premature withdrawal of NRE/NRO Term Deposit above Rs 15.00 lakh issued/renewed.
- 1% penalty shall be levied on premature withdrawal of NRE/NRO Term Deposit above Rs 15.00 lakh issued/renewed.

In case of FCNR/NRE deposit, no interest shall be payable if the deposit has not run for minimum stipulated period, which is present one year as per RBI guidelines.