

**A STUDY ON NRI DEPOSITS IN NATIONALISED BANK OF KERALA  
WITH SPECIAL REFERANCE TO STATE BANK OF TRAVANCORE**

**Executive Summary**

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## **Executive Summary**

### **A STUDY ON NRI DEPOSITS IN NATIONALISED BANK OF KERALA WITH SPECIAL REFERANCE TO STATE BANK OF TRAVANCORE**

#### **Introduction**

The term NRI (Non - Resident - Indian) , refers to a section of people of Indian origin but residing outside India .NRI banking is done to attract NRI's carry out financial transaction , like depositing amounts and other remittance into India through banking channels . NRI banking was introduced by government of India in 1970 , to bolster the balance of payments between Indian banks and NRI through non-resident (external) Account rules which are governed by the exchange control regulations . The funds in these kinds of accounts enjoy certain provisions like tax exemptions , free repatriation facilities etc . A Non - Resident – Indian (NRI) as per FEMA 1999 is an Indian citizen or foreign national of Indian origin resident outside India for purpose of employment , carrying on business or occasion in circumstances as would indicates an intention to stay outside India for an indefinite period. An individual will also be considered as NRI if his/her stay in India is less than 182days during the proceeding financial year.

NRI banking in India is maintained by banks that holds official authorized dealers license from the reserve Bank of India. The financial budget for2008-2009 extends NRI Accounts to regional rural Banks (RRBs) as well. This would boost the economical growth in areas like Bihar,Kerala , and Central India where the financial regulation as now has been stagnant.

NRI-Banking facilitates the NRI customer open the following accounts: 1) NRE (Non residential external) account, 2) NRO (Non Residential Ordinary) account and 3) FCNR (Foreign Currency Non Residential Bank) Accounts. All NRIs are permitted by RBI to open all these accounts except for people residing in Pakistan or Bangladesh , as they would need special permission .Join accounts of two or more Non residents and nomination facility are permitted . The NRE accounts open in the form of savings ,current or fixed deposits in Indian rupees. The funds in this account is fully repatriated. The NRO accounts can be open in the same manner as a NRE account, the only difference the funds

here are not repatriated FCNR account can be opened using a US \$, Euro and Japanese yen . the fund in these account are also repatriated.

## NEED AND SIGNIFICANCE

FDI reforms in India have been progressive and successful in attracting much needed foreign exchange ,especially in a period of negative balance of payments. Between 2000 and 2012 India received \$ 2,53,502 million as total FDI inflows ,of which the contribution by NRIs was \$ 83,216 million .The percentage contribution of NRIs was 33% of the total. In 2009 the inflows from NRIs stood at 6% of the FDI whereas in 2010 it fell to 1.37%.The Government has not been able to analyse the reason for the shortfall in NRI inflows. The major reason was that the Government and society began to ignore them for inflow of foreign capital. The government may frame effective policies that encourage channelization of NRI funds.

The NRI funds seem to disseminate better into the rural areas than many of the FDIs. NRIs have a very strong sense of bonding with the motherland and this help India. Most of the capital sent to India by NRIs was personal transfers to family and friends. The remittance was largely utilized for improving the quality of life by way of access to good housing , quality water, modern amenities, good health practices, etc.

### 1.3 OBJECTIVES OF THE STUDY

- To examine the present status of NRI deposits in Kerala
- To analyze the different NRI deposits in State Bank of Travancore.
- To compare the growth of NRI deposits with the growth of total deposits of State Bank of Travancore
- To analyze different loans scheme of State Bank of Travancore available to NRI.

### Methodology of The Study

The study is based upon secondary data covering the period from 2014-2015.The study is related to State Bank Of India. The proposed study will aim at examining the present status State Bank Of India. The data over four years were collected from various sources inside , various journals (annual issue), statistical table related to State Bank Of India annual report of financial performance, banks in India performance highlights of public sector banks , and

the RBI reports on trends and progress of banking and studies done by various department in Kerala.

#### Limitations of The Study

- This study is primary based on secondary data. Different tools used for the study may suggest different results as the approach differs. Some changes in accounts procedure by concern may often make financial analysis misleading
- Secrecy of Bank data and hence lack of access to some data
- Lack of computerized data base in the bank.
- Only NRI growth study has been taken for the analysis of SBT
- The study considers data of only limited duration of time
- It is based on only on monetary information and non-monetary factors are ignored.
- It is only study of interim reports of the concern.
- The study is based on selected schemes therefore limiting the area of research.
- This analysis is carried on certain assumptions hence the assumptions would be biased

#### Summary of Findings of the Study

1. The NRI deposit of SBT shows an increasing trend during the period 2014-2017 The NRE & NRO Savings in 2015 and 2016 shows a negative of Rs.94 and 58 respectively but it increased by Rs.255 crore in the last year 2017 which shows an increasing percentage of 5.26. The over all performance shows an increasing trend.

2. The decrease of NRO account in 2015 shows a negative growth of Rs.148 crore, but it increase in the year 2016 & 2017 by Rs 498 and 595 Crores in respective years, which shows an increase of 45.1% growth in the year 2017. The overall figure shows an increasing trend.

3. The decrease of NRE deposits . In all the three years and showing a negative growth of Rs.760 crores and negative growth % of 23.12 in 2017, the figure shows an overall decreasing trend.

4. The FCNR shows an increase in 2015 and negligible decrease in 2016 of negative 7, but it increased by Rs.626 crores in 2017, which shows a % growth of 45.16 in the year 2017. The over all figure shows an increasing trend.

5. Break up of total deposits into domestic and NRI deposits ,In NRI deposits in each year but when we comparing with total deposits . It shows an increase in 2015 and increase in 2016 and constant in 2017. The overall figure not showing a high increasing trend or high decreasing trend it showing almost constant in each years.
6. The NRI deposits in each year but when we comparing with total deposits . It shows an increase in 2015 and increase in 2016 and constant in 2017. The overall figure not showing a high increasing trend or high decreasing trend it showing almost constant in each years. So, we find that NRI deposit contributes a major part in total deposit of the bank.
7. The region wise performance the Kozhikode region shows more NRI deposit growth.we find out that average deposit under this region was Rs 2929.01 crore from March 2014-2017. The maximum deposit figure was Rs 3539.62 crores in March 2015. The minimum deposit was Rs 2203.66 Crores in March 2014
8. The region wise performance the Kottayam Region was Rs .2881.32 Crores from March 2014 to March 2017 maximum deposits figures Was Rs 177.03 Crores,In March 2017 the minimum deposits was Rs 2462.24 Crore in March 2014.
9. The average deposit under the Trivandrum region was Rs.2145.77crores from March 2014 to March 2017,the maximum deposit figure was Rs 2304.03 Crores, in June 2015, and the minimum deposits was Rs 1734.06crores in March 2014.
10. The average deposit under the Ernakulam region was Rs.1914.39 crores from March 2014 to March 2017,the maximum deposit figure was Rs.2204 crores,in March 2017 the minimum deposit was Rs.1527 crores in March 2014
11. The growth in NRI clients over the years in 2014 it shows around 520000 clients were it increases to more than 900000 which shows a increases to more than 400000 clients in 4 years
12. From the study we able to find different facilities provided by the bank to NRIs.

#### Suggestions

1. Interest rates of NRI should be increased so that it attracts more NRI deposits.
2. The government regulations over NRI deposits should be minimized for better NRI participation.

3. The paper works relating to NRI must be made easier.
4. Seperate customer service counters should be maintained in each branch, to provide better service.
5. Time lag in money transactions should be minimized.
6. Non Resident Indians are permitted to trade in shares listed on the Stock exchange under the Portfolio Investment Scheme (PIS).
7. Non Resident Indians are also permitted to invest in Bonds issued by public sector undertakings (PSUs) in India from Non Resident Indians NRE account and credit the proceeds back into the NRE account.

### Conclusions

The complete range of NRI banking services available in all major parts of the world. The SBT is one of the major nationalized banks which providing NRI services in India. They provide many deposit schemes for NRI's and NRI's who returns to home. They having highest amount of NRI deposits in the state of Kerala.

From analysis of NRI growth it is found that SBT having growth over years. The growth shows that the NRI customer's are satisfied with the facilities provided by the bank. But there is fluctuation in growth is seem in some years care to be taken to avoid such decrease in growth.

It can be concluded that SBT play a major role in economic development of our country by helping NRI's to flow currency of another countries to our country. Their contribution in banking sector is an unavoidable. It's growth will help both the banking sector as well as economy.