

**Non-Banking Financial Companies, Miscellaneous Non-Banking Companies and  
Residuary Non-Banking Companies - Interest rate on NRI Deposits**

DNBS. (PD) C.C. No.33 / 02.01 / 2003-04

October 30, 2003

To  
All Non-Banking Financial Companies,  
Miscellaneous Non-Banking Companies and  
Residuary Non-Banking Companies

Dear Sirs,

**Non-Banking Financial Companies,  
Miscellaneous Non-Banking Companies and  
Residuary Non-Banking Companies -  
Interest rate on NRI Deposits**

In supersession of our circulars DNBS(PD) C.C. No.30, 31 and 32/02.01/2003-04 dated September 17, 19 and October 28, 2003 respectively on the above subject, it is clarified that the rate of interest payable on fresh deposits accepted from Non Resident Indians (NRIs) on repatriation basis contracted in India for one to three years, by

- (i) the Non Banking Financial companies (NBFCs) and Miscellaneous Non-Banking Companies (MNBCs) effective from September 17, 2003; and
- (ii) the Residuary Non-Banking Companies (RNBCs) effective from September 19, 2003,

will be same as payable by the scheduled commercial banks on such deposits as mentioned in paragraph 2 below.

2. It may be recalled that scheduled commercial banks have been advised that the interest rates on fresh repatriable Non Resident (External) Rupee (NRE) Deposits for one to three years should not exceed -

- (i) 100 basis points above the LIBOR/SWAP rates for US dollar of corresponding maturity effective from September 15, 2003;
- (ii) 25 basis points above the LIBOR/SWAP rates for US dollar of corresponding maturity effective from October 18, 2003.

A copy each of the circular DBOD No.Dir.BC.25/13.01.09/2003-04 dated September 15, 2003 and circular DBOD.No.Dir.BC.36/13.01.09/2003-04 dated October 18, 2003 addressed to scheduled commercial banks is enclosed for ready reference.

3. Other terms and conditions contained in Notification No.FEMA.5/2000-RB dated May 03, 2000 remain unchanged for NBFCs, MNBCs and RNBCs. It may be clarified that all the above types of NBFCs are not allowed to accept NRI deposits on repatriation basis for a period less than one year. However, the maximum period of NRI deposits would be three years as specified in the FEMA Notification, *ibid*.

4. The changes in interest rates will also apply to repatriable NRI deposits renewed after their present maturity period.

5. In future also, as and when the interest rate for NRE deposits is revised by the Reserve Bank of India for scheduled commercial banks, that rate would ipso-facto be applicable to NRI deposits on repatriation basis accepted by NBFCs, MNBCs and RNBCs.

6. You are requested to ensure compliance with the above directions.

Yours faithfully,

**( D. S. Nagi )**  
**Chief General Manager-in-Charge**