

Master Circular
Interest Rates on Rupee Deposits

**Rate of Interest on Deposits
(NRE Deposits)***

[Vide para 1, 4.1, 6.2(i) & 6.3(i)]

Category of Account	Per cent per annum
(i) Current	Nil
(ii) Savings	@
(iii) Term Deposits	@@

*** Non-Resident (External) Rupee deposits may be accepted only by such of the banks as have been authorised by RBI in this regard.**

@ (i) With effect from the close of business in India on November 17, 2005, the interest rates on NRE savings deposits should be the same as applicable to domestic savings deposits instead of the LIBOR/SWAP rate for six months maturity on US dollar deposits.

(ii) Advance against NRE Savings Deposits: It is clarified that since the account holder of NRE savings deposits can withdraw savings deposits at any time, banks should not mark any type of lien, direct or indirect, against these deposits.

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(i) The maturity period of fresh NRE deposits, with effect from 29 April, 2003 will normally be one year to three years. This will also apply to NRE deposits renewed after their present maturity period.

In case a particular bank, from its Asset Liability Management point of view, wishes to accept such deposits with maturity of more than 3 years, it may do so provided the interest rate on such long term deposits is not higher than that applicable to 3 year NRE deposits.

- (i) The interest rates on fresh repatriable NRE deposits for one to three years :

Sr No	With effect from the close of business as on	Interest rate not to exceed
1	September 16, 2008	LIBOR / SWAP rates <u>plus 50 basis points</u> , as on the last working day of the previous month, for US dollar of corresponding maturities.
2	October 15, 2008	LIBOR / SWAP rates <u>plus 100 basis points</u> as on the last working day of the previous month, for US dollar of corresponding maturities.
3	November 15, 2008	LIBOR / SWAP rates <u>plus 175 basis points</u> as on the last working day of the previous month, for US dollar of corresponding maturities.

(a) Contracted effective from April 24, 2007 should not exceed the LIBOR/ SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity. Such rates will be applicable even for maturity periods beyond three years and also in respect of NRE deposits renewed after their present maturity period;

(b) Contracted effective from January 31, 2007 should not exceed the LIBOR/ SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity plus 50 basis points. Such rates will be applicable even for maturity periods beyond three years and also in respect of NRE deposits renewed after present maturity period;

(c) Contracted effective from April 18, 2006 should not exceed the LIBOR/ SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity plus 100 basis points. Such rates will be applicable even for maturity periods beyond three years and also in respect of NRE deposits renewed after present maturity period;

(d) Contracted effective from November 17, 2005 should not exceed the LIBOR/ SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity plus 75 basis points. Such rates will be applicable even for maturity periods beyond three years and also in respect of NRE deposits renewed after present maturity period;

- (e) Contracted effective from November 1, 2004 should not exceed the LIBOR/ SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturity plus 50 basis points. Such rates will be applicable even for maturity periods beyond three years and also in respect of NRE deposits renewed after present maturity period;
- (f) Contracted effective close of the business in India on April 17, 2004 should not exceed the LIBOR/ SWAP rates for US dollar of corresponding maturity;
- (g) Contracted effective close of the business in India on October 18, 2003 should not exceed 25 basis points above the US dollar of corresponding maturity
- (h) Contracted effective close of the business in India on September 15, 2003 should not exceed 100 basis points above the LIBOR/SWAP rates of corresponding maturity
- (i) Contracted effective July 17, 2003 should not exceed 250 basis points above the LIBOR/SWAP rates of corresponding maturity) points above the LIBOR/SWAP rates of corresponding maturity
- (ii) The LIBOR/SWAP rates as on the last working day of the preceding month would form the base for fixing ceiling rates for the interest rates that would be offered effective from the following month. LIBOR/SWAP rates quoted by FEDAI would be used as the reference rate in arriving at the interest rates on NRI deposits.
- (iii) For purposes of operational convenience, the interest rates could be rounded off to nearest decimal point. For example, a computed interest rate of 3.67 per cent would become 3.7 per cent, and 3.64 per cent would become 3.6 per cent.
- (v) The abovementioned interest rates would also apply to renewal of NRE deposits.
- (vi) The interest rates as determined above for 3 years deposits would also be applicable in case the maturity period exceeds 3 years.