



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2011-12/323

UBD.BPD.(PCB)CIR No. 16 /13.01.000/2011-12

December 28, 2011

The Chief Executive Officers
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

**Deregulation of Interest Rates on Non-Resident (External)
Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts**

Please refer to our [circular UBD.BPD.\(PCB\)CIR No.12/13.01.000/2011-12 dated November 24, 2011](#) on Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and paragraph 4 of our [circular UBD.BPD.\(PCB\) CIR. No.13 /13.01.000/2011-12 dated November 25, 2011](#) on Deregulation of Savings Bank Deposit Interest Rate.

2. With a view to providing greater flexibility to banks in mobilising non-resident deposits and also in view of the prevailing market conditions, it has been decided to deregulate interest rates on Non-Resident (External) Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Deposit Accounts (the interest rates on term deposits under Ordinary Non-Resident (NRO) Accounts are already deregulated). Accordingly, banks are free to determine their interest rates on both savings deposits and term deposits of maturity of one year and above under Non-Resident (External) Rupee (NRE) Deposit accounts and savings deposits under Ordinary Non-Resident (NRO) Accounts with immediate effect. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

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शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेंट हाऊस, पहली मंज़िल, डॉ ए बी रोड, वरली, मुंबई- 400018 भारत

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3. Prior approval of the Board/Asset Liability Management Committee (if powers are delegated by the Board) may be obtained by banks while fixing interest rates on such deposits. At any point of time, individual banks should offer uniform rates at all their branches.

4. The revised deposit rates will apply only to fresh deposits and on renewal of maturing deposits. Further, banks should closely monitor their external liability arising on account of such deregulation and ensure asset-liability compatibility from systemic risk point of view.

5. An amending directive UBD.BPD.DIR. No. 5 /13.01.000/2011-12 dated December 28, 2011 is enclosed.

Yours faithfully,

(A.Udgata)
Chief General Manager-in-Charge

Encl: As above.



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December 28, 2011

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Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts**

In exercise of the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949, and in modification of the directive [UBD.BPD.DIR.No.2 /13.01.000/2011-12 dated November 23, 2011](#) on Interest Rates on Non-Resident (External) (NRE) Deposits and in continuation of the directive [UBD.BPD.DIR.No.4 /13.01.000/2011-12 dated November 25, 2011](#) on Deregulation of Savings Bank Deposit Interest Rate, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that banks are free to determine their interest rates on both savings deposits and term deposits of maturity of one year and above under Non-Resident (External) Rupee (NRE) Deposit accounts and savings deposits under Ordinary Non-Resident (NRO) Accounts with immediate effect. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

(S. Karuppasamy)
Executive Director

शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेंट हाऊस, पहली मंज़िल, डॉ ए बी रोड, वरली, मुंबई- 400018 भारत

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