

**Interest Rate on Deposits under Non-Resident  
(External) Rupee Accounts (NRE Accounts)**

**Ref.No.MPD.BC.237/07.01.279/2003-04**

**July 17, 2003  
Aashadha 26, 1925(S)**

To

All Scheduled Commercial Banks  
(excluding RRBs and LABs)

Dear Sirs,

**Interest Rate on Deposits under Non-Resident  
(External) Rupee Accounts (NRE Accounts)**

Please refer to our Circular DBOD.No.Dir.BC.102/13.01.09/2002-03 dated April 29, 2003 on the captioned subject.

2. At present, banks can offer FCNR(B) deposits in foreign currency and non-resident external (NRE) deposits in domestic currency to non-resident Indians. NRE deposits are now fully repatriable. The interest rates on FCNR(B) deposits are subject to a ceiling of LIBOR/SWAP rates for the corresponding maturities minus 25 basis points, and generally conform to global interest rates in foreign currency deposits in US dollar, pound sterling, euro etc.
3. In order to provide consistency in the interest rates offered to non-resident Indians, it has been decided that, until further notice, the interest rates on fresh repatriable NRE deposits for one to three years contracted effective July 17, 2003 should not exceed 250 basis points above the LIBOR/SWAP rates for US dollar of corresponding maturity. 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.
4. The maturity period of repatriable NRE deposits would continue to be one to three years, and the interest rate as determined above for three year deposits would also be applicable in case the maturity period exceeds three years.
5. The above changes in interest rates will also apply to repatriable NRE deposits renewed after their present maturity period.
6. Banks are requested to advise their overseas branches and Indian branches dealing with NRE deposits the revised interest rates (effective July 17, 2003) based on the above formula at the earliest.
7. The detailed instructions in this regard are being issued separately.
8. Kindly acknowledge receipt.

Yours faithfully,

**(D. Anjaneyulu)**  
**Principal Monetary Policy Adviser**