

**Non-Banking Financial Companies (NBFCs) Miscellaneous Non-Banking Companies
(MNBCs) and Residuary Non-Banking Companies (RNBCs) – Interest rate on NRE
Deposits**

DNBS (PD) C.C. No.32 / 02.01 / 2003-04

October 28, 2003

To

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

Dear Sirs,

**Non-Banking Financial Companies (NBFCs)
Miscellaneous Non-Banking Companies (MNBCs) and
Residuary Non-Banking Companies (RNBCs) –
Interest rate on NRE Deposits**

Please refer to our company circulars

- (i) DNBS (PD) C.C. No.30 / 02.01 / 2003-04 dated September 17, 2003; and
- (ii) DNBS (PD) C.C. No.31 / 02.01 / 2003-04 dated September 19, 2003

on the above subject in terms of which the NBFCs, MNBCs and RNBCs were directed that the rate of interest on fresh repatriable Non-Resident (External) Rupee (NRE) deposits accepted by them shall be not more than 100 basis points above LIBOR / SWAP rates for US dollar of corresponding maturity. In terms of paragraph 3 of the above circulars, they were advised that in future also, the rate of interest payable by them on fresh repatriable Non-Resident (External) Rupee (NRE) deposits shall be the same as is payable by the scheduled commercial banks on these deposits.

2. Reserve Bank of India has since revised the interest rate payable on the above deposits accepted by scheduled commercial banks and it has been decided that the rate of interest should not exceed 25 basis points (as against 100 basis points) above LIBOR / SWAP rates for US dollar of corresponding maturity.

3. Accordingly, it is advised that the the rate of interest on the above category of deposits payable by NBFCs, MNBCs and RNBCs shall not exceed 25 basis points above the

LIBOR/SWAP rates for US dollar of the corresponding maturity on fresh repatriable NRE deposits. The maturity period of repatriable NRE deposits would continue to be one to three years. The change in interest rate will also apply to repatriable NRE deposits renewed after their present maturity period.

4. You are requested to ensure strict compliance with the above mentioned ceilings.

Yours faithfully,
(P. V. Subba Rao)
Chief General Manager-in-Charge