



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2011-12/325

RPCD.CO.RCB.Dir.BC.No.49 /07.38.01/2011-12

December 28, 2011

All State and Central 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 paragraph 1 of our [circular RPCD.CO.RCB.BC.No.38/07.38.01/2011-12 dated November 24, 2011](#) on Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and paragraph 2 of our [circular RPCD.CO.RCB.BC.No.65/07.38.01/2010-11 dated May 3, 2011](#) on Interest Rates on Deposits.

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) 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.

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

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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 RPCD.CO.RCB.Dir.BC.No.48/07.38.01/2011-12 dated December 28, 2011 is enclosed.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



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

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and in modification of the directive [RPCD.CO.RCB.BC.Dir.No.37/07.38.01/2011-12 dated November 24, 2011](#) on Interest Rates on Non-Resident (External) (NRE) Deposits and [RPCD.CO.RCB.BC.Dir.No.64/07.38.01/2010-11 dated May 3, 2011](#) on Interest Rates on Deposits, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that State Co-operative Banks (StCBs) and District Central Co-operative Banks (DCCBs) 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.

(V.K.Sharma)
Executive Director