

**January 31, 2007**

**Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and FCNR(B) deposits**

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and in partial modification of the Master Circulars DBOD.No.Dir.BC.6 /13.03.00/2006-07 dated July 1, 2006 on Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts and DBOD.No.Dir.BC.7 /13.03.00/2006-07 dated July 1, 2006 on Interest Rates on Deposits held in FCNR(B) Accounts, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that item (iii)(b) of Annexure II to Master Circular no. 6 and item (a) of the Annexure to Master Circular no. 7 shall be substituted by the following:

**Item (iii)(b) of Annexure II to the Master Circular relating to Interest Rates on Rupee Deposits - NRE Term Deposits**

"The interest rates on fresh Non-Resident (External) Rupee (NRE) Term deposits for one to three years should not exceed the LIBOR / SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturities plus 50 basis points (as against LIBOR / SWAP rates plus 100 basis points effective from close of business on April 18, 2006). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period."

**Item (a) of Annexure to the Master Circular relating to Interest Rates on Deposits held in FCNR(B) Accounts**

"In respect of FCNR(B) deposits of all maturities contracted effective close of business in India as on January 31, 2007, interest shall be paid within the ceiling rate of LIBOR / SWAP rates for the respective currency / corresponding maturities minus 25 basis points (as against LIBOR/ SWAP rates effective from close of business on March 28, 2006). On floating rate deposits, interest shall be paid within the ceiling of SWAP rates for the respective currency / maturity minus 25 basis points. For floating rate deposits, the interest reset period shall be six months."

**(Anand Sinha)**  
Executive Director