

**April 24, 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 modification of the directive DBOD.No.Dir.BC.54 /13.03.00/2006-07 dated January 31, 2007 on Interest Rates on Deposits held in Non-Resident (External) (NRE) Accounts and 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 Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and FCNR(B) deposits shall be as under:

**Interest Rates on Deposits held in Non-Resident (External) Rupee (NRE) Deposits**

" With effect from close of business as on April 24, 2007, 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 (as against LIBOR / SWAP rates plus 50 basis points effective from close of business on January 31, 2007). 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."

**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 April 24, 2007, interest shall be paid within the ceiling rate of LIBOR / SWAP rates for the respective currency / corresponding maturities minus 75 basis points (as against LIBOR/ SWAP rates effective from close of business minus 25 basis points on January 31, 2007). On floating rate deposits, interest shall be paid within the ceiling of SWAP rates for the respective currency / maturity minus 75 basis points. For floating rate deposits, the interest reset period shall be six months."

**(Anand Sinha)**  
Executive Director