

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

RPCD.CO.RF.BC.No.34/07.38.01/2003-04

October 18, 2003
Ashwina 26, 1925(Saka)

To
All State Co-operative Banks and District
Central Co-operative Banks

Dear Sir,

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

Please refer to our Circular RPCD.RF.BC.No.25/07.38.01/2003-04 dated September 15, 2003 on the above subject.

2. On a review, it has been decided that, **until further notice**, the interest rates on fresh repatriable Non-Resident (External) Rupee (NRE) deposits for one to three years contracted effective close of business in India on October 18, 2003 should not exceed 25 basis points (as against 250 basis points announced on July 17, 2003 and 100 basis points on September 15, 2003) above the LIBOR/SWAP rates for US dollar of corresponding maturity.
3. The maturity period of repatriable NRE deposits would continue to be one to three years, and the interest rates as determined above for three year deposits would also be applicable in case the maturity period exceeds three years.
4. The changes in interest rates will also apply to repatriable NRE deposits renewed after their present maturity period.
5. Amending directive RPCD.RF.Dir.35/07.38.01/2003-04 dated October 18, 2003 is enclosed. It may be seen therefrom that the LIBOR SWAP rates as on the last working day of the preceding month would form the base for fixing ceiling rates for the interest rates that would be offered effective from the following month.
6. All other instructions contained in our circular RPCD.RF.DIR.BC54/ D.1/1987-88 dated November 2, 1987 as amended from time to time shall remain unchanged.
7. Kindly acknowledge receipt to our concerned Regional Office

Yours faithfully,

(C.S. Murthy)
Chief General Manager in-Charge

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RPCD.RF.DIR.35/07.38.01/2003-04

October 18, 2003

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(External) Rupee Account (NRE Accounts)**

In exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949 and in modification of our Directive RPCD.RF.Dir.BC26/07.38.01/2002-03 dated September 15, 2003 relating to interest rate on deposits accepted under Non-resident (External) Rupee Accounts Scheme, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that, until further notice, the interest rates on fresh repatriable NRE deposits for one to three years contracted effective close of business in India on October 18, 2003 should not exceed 25 basis points (as against 250 basis points announced on July 17, 2003 and 100 basis points on September 15, 2003) above the LIBOR/SWAP rates for US dollar of corresponding maturity.

2. The LIBOR/SWAP rates as on the last working day of the preceding month would form the base for fixing ceiling rates for the interest rates that would be offered effective from the following month.
3. The above changes in interest rates will also apply to repatriable NRE deposits renewed after their present maturity period.

(A.V. Sardesai)
Executive Director