

RBI/2005-06/344
RPCD.CO.RF.BC. 72/ 07.38.01 / 2005-06

March 31, 2006

The Managing Director
Maharashtra State Co-operative Bank Ltd.
9, Nagindas Master Road Extension, Fort
Mumbai-1

Dear Sir,

Interest Rate on FCNR(B) Deposits

Please refer to our circular RPCD.CO.RF.BC 54/07.38.01/2004-05 dated November 1, 2004 on the above subject. In terms of the above guidelines, you were free to accept FCNR(B) deposits and pay interest within the ceiling rate of LIBOR / SWAP rates for the respective currency / corresponding maturities minus 25 basis points. On floating rate deposits, interest was to 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 would be six months.

2. The matter has been reviewed and it has been decided that in respect of FCNR(B) deposits of all maturities contracted effective close of business in India on March 28, 2006, interest shall be paid within the ceiling rate of LIBOR / SWAP rates for the respective currency / corresponding maturities. On floating rate deposits, interest shall be paid within the ceiling of SWAP rates for the respective currency / maturity. For floating rate deposits, the interest reset period shall be six months.

3. An amending Directive RPCD.RF.DIR 3376 /07.38.01/2005-06 dated March 31, 2006 is enclosed.

Yours faithfully,

(G.Srinivasan)
Chief General Manager

March 31, 2006

Foreign Currency (Non-Resident) Accounts (Banks) Scheme

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs the following:

Interest rates applicable to deposits accepted under Foreign Currency Non-Resident Accounts (Banks) Scheme

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

(V.S.Das)
Executive Director