

April 19, 2006

All State Co-operative Banks (StCBs) and  
District Central Co-operative Banks (DCCBs)

Dear Sir,

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

Please refer to our Circular RPCD.CO.RF.BC No. 48/07.38.01/2005-06 dated November 22, 2005 on Interest Rates on NRE Rupee Deposits. In the Annual Policy Statement for the year 2006-07, announced on April 18, 2006 (extract of paragraph 112 enclosed), it has been decided that until further notice and with effect from close of business on April 18, 2006, the interest rates on Non-Resident (External) Rupee (NRE) Term Deposits will be as under:

The interest rates on fresh repatriable 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 maturity **plus 100 basis points (as against 75 basis points effective since November 17, 2005)**. The interest rates as determined above for three year deposits should 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.

2. The other instructions as contained in our Circular RPCD.No.RF.Dir.BC 54/D.1-87/88 dated November 2, 1987 shall remain unchanged. An amending directive RPCD RF.Dir.75A/07.38.01/2005-06 dated April 19, 2006 is enclosed.

Yours faithfully,

**(C.S.Murthy)**  
**Chief General Manager In-Charge**

Encl: As above

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

In exercise of the powers conferred by Section 35 A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and in partial modification of Directive RPCD No.Dir.BC.53/D.1-87/88 dated November 2, 1987, as amended from time to time, 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 undernoted changes in the interest rates on NRE term deposit accounts:

“The interest rates on Non-Resident (External) Rupee (NRE) deposits for one to three years’ maturity contracted with effect from close of business in India on April 18, 2006 shall not exceed the LIBOR/ SWAP rates of the last working day of the previous month for US dollar of corresponding maturities **plus 100 basis points**. The interest rates as determined above shall also be applicable in case the maturity period exceeds three years. The above changes in interest rates shall also apply to NRE term deposits renewed after their present maturity period”.

**(V.S.Das)**  
**Executive Director**

**Paragraph 112 of the Annual Policy Statement for the year 2006-07:**

**(d) Interest Rate on NRE Rupee Deposits: Increase in Ceiling**

112. Interest rates on non-resident (external) rupee deposits for one to three years maturity should not exceed 75 basis points above LIBOR/SWAP rates for US dollar of corresponding maturity. On a review of current monetary and interest rate conditions, it is considered appropriate:

- to increase the ceiling by 25 basis points to 100 basis points above LIBOR/SWAP rates for US dollar of corresponding maturity with immediate effect.