

**RBI/2008-09/171**  
**RPCD.CO.RF.BC.No.29/07.38.01/2008-09**

**September 17, 2008**

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.79/07.38.01/2006-07 dated April 26, 2007 on Interest Rate on NRE Rupee Deposits. On a review, it has been decided that until further notice and with effect from close of business in India as on September 16, 2008, the interest rates on Non-Resident (External) Rupee (NRE) Term Deposits will be as under:

The interest rates on fresh Non-Resident (External) Rupee (NRE) Term deposits for one to three years' maturity should not exceed the LIBOR/SWAP rates plus 50 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR / SWAP rates effective from close of business on April 24, 2007). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The change 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.CO.RF.BC.Dir.No.28/07.38.01/2008-09 dated September 17, 2008 is enclosed.

Yours faithfully,

**(B.P.Vijayendra)**  
**Chief General Manager**

**September 17, 2008**

**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 Non-Resident (External) Rupee (NRE) deposits:

"With effect from the close of business as on September 16, 2008, the interest rates on fresh Non-Resident (External) Rupee (NRE) Term deposits for one to three years' maturity should not exceed the LIBOR /SWAP rates plus 50 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR /SWAP rates effective from close of business on April 24, 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."

(V.S.Das)  
Executive Director