

RBI/2008-09/180
RPCD.No.RRB.BC.35/ 03.05.33©/2008-09

September 18, 2008

All Regional Rural Banks

Dear Sir,

Interest Rate on FCNR(B) Deposits

Please refer to our circular RPCD.No.RRB.BC.106/03.05.33©/2006-07 dated June 28,2007 on authorization to open /maintain Non-Resident (Ordinary / External) accounts in rupees and to accept FCNR deposits. On a review, it has been decided that until further notice and with effect from the close of business in India as on September 16,2008, the interest rates on FCNR (B) Deposits will be as under:

In respect of FCNR (B) deposits of all maturities contracted effective from the close of business in India as on September 16, 2008, interest shall be paid within the ceiling rate of LIBOR / SWAP rates minus 25 basis points for the respective currency / corresponding maturities (as against LIBOR /SWAP rates minus 75 basis points effective from close of business on April 24, 2007). On floating rate deposits, interest shall 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 shall be six months.

2. A Directive RPCD.CO.RRB BC.Dir.No.34/03.05.33© / 2008-09 dated September 18, 2008 is enclosed.

Yours faithfully,

(G.Srinivasan)
Chief General Manager-in-Charge

September 18, 2008

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

In exercise of the powers conferred by Section 35 A of the Banking Regulation Act, 1949 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 from the close of business in India as on September 16, 2008, interest shall be paid within the ceiling rate of LIBOR / SWAP rates minus 25 basis points for the respective currency / corresponding maturities (as against LIBOR / SWAP rates minus 75 basis points effective from close of business on April 24, 2007). On floating rate deposits, interest shall 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 shall be six months.

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