

RBI/2008-09/289
RPCD.CO.RF.BC.No.68/07.38.01/2008-09

November 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.52/07.38.01/2008-09 dated October 15, 2008 on Interest Rate on NRE Rupee Deposits. In view of prevailing market conditions, it has been decided that until further notice and with effect from close of business in India as on November 15, 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 175 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR / SWAP rates plus 100 basis points effective from close of business on October 15, 2008). 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.

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.67/07.38.01/2008-09 dated November 17, 2008 is enclosed.

Yours faithfully,

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

November 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 November 15, 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 175 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR /SWAP rates plus 100 basis points effective from the close of business on October 15, 2008). 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."

(Anand Sinha)
Executive Director