

RBI. No. 2008-09 /472
DBOD. No. Dir. BC. 132/13.03.00/2008-09

May 7, 2009

**All Scheduled Commercial Banks
(excluding RRBs)**

Dear Sir

**Asian Clearing Union (ACU) -
Payment of interest on ACU USD/EUR Accounts**

In terms of our circular DBOD. No. Dir. BC. 58/13.01.09/2000 dated December 19, 2000 banks operating in India have been allowed to pay interest, at their discretion, on ACU Dollar Vostro Accounts.

2. Pursuant to a decision taken by the Board of Directors at the 37th Board meeting of the Asian Clearing Union (ACU) in June 2008, the EURO has been adopted as a settlement currency under the ACU mechanism with effect from January 1, 2009. Further, it was also decided at the above meeting that central banks of the ACU member countries would allow commercial banks under their respective jurisdictions to pay interest, at their discretion, on the balances in ACU Dollar accounts as also the ACU Euro accounts of correspondent banks of other ACU member countries maintained by them.

3. Accordingly, it has been decided to allow banks operating in India to pay interest, at their discretion, on ACU Euro Vostro accounts in addition to ACU Dollar Vostro accounts maintained by them. The decision to pay interest and the rate at which it will be paid and other conditions will, however, be left to the discretion of each bank.

Yours faithfully

(P.Vijaya Bhaskar)
Chief General Manager