

**ANNEX 2**

**Interest rates applicable to deposits held in  
Non-Resident (External) Accounts  
[paragraph 2.2B(i)]**

(i)	Current	Nil
(ii)	Savings Account	With effect from the close of business in India on November 17, 2005, the interest rates on NRE savings deposits should be the same as applicable to domestic savings deposits instead of the LIBOR/SWAP rate for six months maturity on US dollar deposits.
(iii)	Term Deposits	(a) With effect from the close of business in India on November 15, 2008, interest rates on NRE deposits for one to three years 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).
		(b) The LIBOR/SWAP rates as on the last working day of the preceding month would form the base for fixing ceiling rates for the interest rates that would be offered effective from the following month.
		(c) The above changes in interest rates will also apply to repatriable NRE deposits renewed after their present maturity period.
		(d) With effect from 29.04.2003, the maturity period of fresh NRE deposits should normally be one year to three years. This will also apply to NRE deposits renewed after their present maturity period. In case, a particular bank, from its Asset Liability Management point of view, wishes to accept deposits with maturity of more than 3 years, it may do so provided the interest rate on such long term deposits is not higher than that applicable to 3 years NRE deposits.
		(e) For the purposes of operational convenience, the interest rates should be rounded off to the nearest two decimal points. For example, a computed interest rate of 3.676 per cent would become 3.68 per cent, and 3.644 per cent would become 3.64 per cent.
		(f) FEDAI quotes/displays the LIBOR/SWAP rates on the last working day of each month using a web page that can be accessed by all the subscribers to the Reuters Screen. The rates should be taken as the base rates for fixing ceiling on the interest rates that can be offered effective from the following month.