

Ceiling on Interest Rate on NRE Deposits with NBFCs

September 17, 2003

The Reserve Bank of India has stated that the rate of interest on Non-Resident External (NRE) deposits taken by non-banking finance companies (NBFCs) should be the same as applicable to scheduled commercial banks i.e. not exceeding 100 basis points above the LIBOR/SWAP rates for US dollar deposits. Other terms and conditions contained in Notification No.FEMA 5/2000-RB dated May 3, 2003 remain unchanged. It may be recalled that the banks have already been directed on September 15, 2003 in the matter.

The relative notifications and detailed circular is available on the RBI web site <http://www.rbi.org.in>

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