Report of the IDF Project on Non-Resident Deposits

October 2000

भारतीय रिज़र्व बैंक
अन्तर्राष्ट्रीय वित्त प्रभाग
आर्थिक विश्लेषण और नीति विभाग
केन्द्रीय कार्यालय, मुंबई - 400 001.

निदेशक
Director

RESERVE BANK OF INDIA
DIVISION INTERNATIONAL FINANCE
DEPARTMENT OF ECONOMIC ANALYSIS & POLICY
CENTRAL OFFICE, MUMBAI - 400 001.

October 17, 2000

The Convenor,
Monitoring Group on External Debt.

Dear Sir,

We are forwarding herewith a copy of the Report of the IDF Project on Non-Resident Deposits.

Yours faithfully,

Deepak Mohanty
(Co-ordinator)

(K. Karthikeyan)
Member

(Venu Parameshwar)
Member

(M. R. Sardar)
Member

(Arindam Roy)
Member

(Prithwis Jana)
Member

Sd/-
(Sumit Basu)
Member

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FOREWORD

Introduction

We have great pleasure in placing in the public domain, the reports prepared by eminent experts of our country in various subject areas of the financial system. These reports have made critical assessment of India's status and compliance with prescribed international financial standards and codes and suggest means for achieving the best international practices. In view of the importance of the subject, and the far reaching initiatives that have been taken by the international community in the adoption and implementation of financial standards and codes, we would like to put forth a general overview of this enterprise, particularly, focusing on key concepts and the developments that have taken place in this area in the recent years. We also highlight the ongoing efforts in India in this direction, expecting them to contribute in their own significant way in the overall task of promoting a sound and stable global financial system.

We would, however, like to emphasize that the recommendations contained in these reports are the product of independent evaluation and assessment of standards and codes undertaken by non-official experts, and do not reflect the views of the Reserve Bank or the Government of India or other concerned regulatory agencies.

The international community has emphasised the need for strengthening the architecture of the international financial system in the wake of the recent financial crises. The initiatives have been directed towards preventing the recurrence of such crises and safeguarding global financial stability. In this context of achieving a sound basis for domestic and international financial stability, the on-going efforts in development, adoption and implementation of international standards for the financial system are considered crucial.

What are Standards?

Standards set out by international financial institutions and other standard setting bodies are generally accepted as good principles, practices and guidelines for relevant areas in the financial system. Standards have developed mostly as a result of the recognition and understanding of the weaknesses that precipitated financial crises. Standards are classified by their degree of specificity and reckoned on the basis of their sectoral or functional attributes. They cover a broad range of areas in the financial system and are, therefore, interdependent or sometimes functionally overlapping.

Why are Standards Important?

Standards help to promote sound financial systems domestically and financial stability internationally. They play an important role in strengthening financial regulation and supervision, enhancing transparency, facilitating institutional development and reducing vulnerabilities. Standards also facilitate informed decision making in lending and investment and improve market integrity and, thereby, minimize the risks of financial distress and contagion. Standards are not ends in themselves but a means for promoting sound financial fundamentals and sustained economic growth. The adoption of standards in itself, however, is not sufficient to ensure financial stability. The implementation of standards must fit into a country's overall strategy for economic and financial sector development taking into account the stage of development, level of institutional capacity and other domestic factors.

What is New about Standards?

The standards devised by standard setting bodies are widely accepted as promising benefits in strengthening financial systems and helping in achieving sustained economic growth. Standards also promote convergence of practices among countries in various areas of the financial system, thereby, allowing clear assessment methodologies for comparability across jurisdictions. For ease of implementation, standards are distinguished by their degree of specificity covering (i) principles or general fundamental rules that offer flexibility in implementation to suit country priorities and circumstances, (ii) practices that are more specific and demonstrate practical applications, and (iii) specific methodologies/guidelines which provide detailed guidance on steps required for relative objective assessment of the degree of compliance. In providing this choice of prioritization and methodological guidance, countries can have effective implementation plans under different economic circumstances.

For Whom are Standards Relevant?

Standards serve many purposes and are of special interest to market participants. They can serve as a means of providing some kind of benchmark for market participants to operate efficiently. They are important to the regulators concerned with the financial system, central bank and Government as they are key components of efforts to strengthen domestic economic and financial systems and preserve financial stability.

What are the Key Standards?

The Financial Stability Forum (FSF) was initiated by members of G-7 in February, 1999 with the mandate to promote international financial stability by improving the functioning of markets and reducing systemic risk through information exchange and international cooperation in supervision and surveillance of financial markets. The FSF has drawn together various standard-setting bodies constituted by means of cooperation among central banks, international financial institutions, national authorities and international supervisory and regulatory bodies. The FSF has posted The Compendium of Standards, which serves as a common reference for various standards. This is basically an initiative of the Financial Stability Forum and is a joint product of the various standards setting bodies represented on the Forum. Currently there are 69 standards cited in the Compendium, which are organised under three broad headings and fifteen subject areas, viz., macroeconomic policy and data transparency (covering monetary and financial policy transparency, fiscal policy transparency, data dissemination and data compilation), institutional and market infrastructure (covering insolvency, corporate governance, accounting, auditing, payment and settlement, market integrity and market functioning) and financial regulation and supervision (covering banking supervision, securities regulation, insurance supervision and financial conglomerate supervision).

Who are the International Standard Setting Bodies?

International standards setting bodies had existed for a long time, but in the light of the growing degree of global interdependence and linkages, the world economy can be exposed to potential threat of contagion from problems in financial markets. It has, therefore, become imperative to strengthen financial systems through intensified coordination and cooperation among regulatory bodies, international regulatory bodies and international financial institutions charged with fostering standards and codes. There are various international organizations which have made significant contribution to raising standards of soundness and risk-awareness in financial systems.

The International Monetary Fund (IMF) has developed international standards for data dissemination and transparency practices in fiscal, monetary, and financial policies, and has contributed to the development of international standards for banking supervision.

Basle Committee on Banking Supervision (BCBS) has formulated the 'Core Principles of Effective Banking Supervision' which ensure best supervisory practices in the area of banking supervision.

Committee on Payment and Settlement System (CPSS) has advocated 'Core Principles for Systemically Important Payments Systems' that are aimed at enhancing the efficiency and stability of payment, clearing, settlement and related arrangements.

International Accounting Standards Committee (IASC), an independent private sector body, is charged with the responsibility of developing and approving International Accounting Standards (IAS).

International Association of Insurance Supervisors (IAIS) is responsible for setting standards that are fundamental to developing effective insurance regulation and supervisory practices.

International Organisation of Securities Commissions (IOSCO) has established core standards for effective surveillance of international securities transactions and promotes integrity of markets through rigorous application of standards and effective enforcements against offences.

The Organisation for Economic Cooperation and Development (OECD) promotes policies for efficient functioning of markets and encourages convergence of policies, laws and regulations covering financial markets and enterprises.

Standards Setting Bodies in India

In India, we have standard setting bodies which are, in practice, the national regulators, who have the legal authority to set and implement regulatory rules and procedures in the financial sector. For example, the Reserve Bank of India (RBI) is responsible for regulation and supervision of banks and other financial institutions and money, foreign exchange and Government securities markets. The Securities and Exchange Board of India (SEBI) is charged with the duty to protect the interests of investors in securities and to promote the development of, and to regulate the securities market by measures as it deems fit. The Insurance Regulatory and Development Authority (IRDA) is entrusted with the task of protecting the interests of the policy holders, to regulate, promote and ensure orderly growth of the insurance industry and for matters therewith or incidental thereto. The Department of Company Affairs (DCA) of the Ministry of Law, Justice and Company Affairs, *inter alia*, provides legal framework for incorporation and proper functioning of companies, surveillance over the working of corporate sector to ensure financial health and compliance with statutory provisions, prescribing cost audit rules and appointment of cost auditors, investigation of complaints, coordination with other regulatory bodies such as other Government departments and autonomous institutions like SEBI, RBI and stock exchanges and monitoring the development of professional bodies i.e., Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries (ICS) and Institute of Cost and Work Accountants of India (ICWAI).

Further, we have self regulatory organizations such as the Indian Banks Association (IBA), Fixed Income Money Market and Derivatives Association of India (FIMMDA), Association of Merchant Bankers of India (AMBI), Association of Mutual Funds of India (AMFI), Foreign Exchange Dealers Association of India (FEDAI), Primary Dealers Association of India (PDAI), clearing house associations and stock exchanges, among others, which play a critical role in developing codes of conduct and setting and maintaining standards for different segments of the financial system with a view to promoting and protecting interests of institutions, investors and depositors in India.

India's Standing Committee on International Financial Standards and Codes

With a view to promote and assist in the task of adoption and implementation of international financial standards in India, a Standing Committee on International Financial Standards and Codes was set up on December 8, 1999. The Committee has been entrusted with the task of monitoring developments in global standards and codes being evolved by standard setting bodies as part of the effort to create a sound international financial architecture and to consider all aspects of applicability of these standards to Indian financial system. The Committee is also assigned with the task of periodically reviewing the progress in regard to the codes and practices and making available its reports to all concerned organizations in public and private sectors with an aim of sensitizing public opinion and creating awareness for the concerned subject areas.

Advisory Groups in India

To assist the Standing Committee, Advisory Groups were constituted in different areas of the financial system under the Chairmanship of eminent experts, generally not holding official positions in government or other regulatory bodies in ten major areas - accounting and auditing, banking supervision, bankruptcy, corporate governance, data dissemination, fiscal transparency, insurance regulation, transparency of monetary and financial policies, payments and settlement system and securities market regulation. The Advisory Groups had, in general, the following terms of reference :

(i) to study present status of applicability and relevance and compliance of relevant standards and codes,

(ii) to review the feasibility of compliance and the time frame over which this could be achieved given the prevailing legal and institutional practices,

(iii) to compare the levels of adherence in India, *vis-a-vis* in industrialized and also emerging economies particularly to understand India's position and prioritize actions on some of the more important codes and standards, and

(iv) to chalk out a course of action for achieving the best practices.

About this Report

The Advisory Group on "Corporate Governance" chaired by Dr.R.H.Patil, former Managing Director, National Stock Exchange of India with Dr. V.V.Desai, Sarvashri Deepak M. Satwalekar, M.G.Bhide, Nandan M. Nilenkani and Rajendra P.Chitale as Members submitted the Report to Dr.Y.V.Reddy, Chairman of the Standing Committee on International Financial Standards and Codes on March 24, 2001. Good corporate governance practices not only serve as a recognised benchmark, but it also facilitates globally the process of convergence in corporate governance in view of the growing integration of international financial and product markets. In this Report, the Group comprehensively reviewed the models of corporate governance prevailing in East Asian countries, U.S., U.K., and other European Countries. The Report has observed that since most of the Indian companies belong to the "insider" model of East Asia, it is very essential to bring quick reforms in the corporates/banks/financial institutions/public sector enterprises to make them more autonomous and professional. The recommendations of the Group cover areas of responsibilities of the Board to stakeholders/shareholders, selection procedures for the appointment of directors of banks, various committees to oversee the practice of corporate governance, disclosure and transparency standards, role of shareholders, etc.

We are grateful to the Chairman and Members of the Advisory Group for the efforts they have undertaken in preparing the Report. The Report of the Group can also be accessed on the Reserve Bank web site <www.rbi.org.in>.

Purpose of this Report

We are publishing the report with the objective of inviting comments from the widest section of market participants and other interested observers on the issues addressed by the Advisory Group. We shall be grateful to receive views and comments on the Report which may be addressed to the Secretariat, Standing Committee on International Financial Standards and Codes, 24th Floor, Central Office, Reserve Bank of India, Fort, Mumbai- 400001 (cpc@bom2.vsnl.net.in).

What Next ?

Although, not taking any particular view on the recommendations of the Advisory Group, the Standing Committee would prepare a summary and highlight key aspects of the recommendations of the Report as also identify action points requiring attention by regulatory authorities/agencies concerned so that the follow up could be undertaken. The Standing Committee would help organize seminars and workshops to enhance awareness and concretize views on recommendations of the Report and seek comments/feedback from both private and public sector organizations, international institutions and experts. We hope to review and complete these tasks in the next few months. However, it is proposed that an annual review of status and progress regarding compliance with and implementation of standards and codes will also be subsequently prepared and submitted to the Ministry of Finance.

(Y.V Reddy)
Chairman
Standing Committee on International Financial Standards and Codes

(Ajit Kumar)
Alternate-Chairman
Standing Committee on International Financial Standards and Codes

EXECUTIVE SUMMARY

There has been a perceptible change in the pattern and composition of external financing over the years. The 1970s witnessed additional sources of external finance in the form of commercial borrwoings and deposits from non-resident Indians (NRIs) *albeit* on a moderate scale. The NRI deposits have since increased significantly and policy initiatives towards attracting such funds consisted of offering a menu of options comprising facilities for current transfers, investments and deposit schemes. Against this background, in order to implement the recommendations of the Technical Group on External Debt, 1998 in relation to non-resident deposits and to study the international experiences, a Project Group with support under the Institutional Development Fund (IDF) grant facility of the World Bank was constituted under the aegis of the Monitoring Group of External Debt (MGED) in August 1999. The Project Group had representatives from the Reserve Bank of India, the Ministry of Finance and commercial banks.

The major recommendations of the Group are as follows :

- Non-resident Indians are allowed to invest in India in both domestic currency denominated as well as foreign currency denominated deposits. The maturity profile of deposits is of crucial importance to the recipient entity. The concept of repatriability has some important implication to the foreign exchange market and compilation of BoP and external debt statistics. Analysis of external debt statistics should be synchronous with the international investment position (IIP) since the latter captures both the liability as well as assets of residents vis-a-vis non-residents. There is thus a need to monitor (as a memo item to the external debt statistics) the size and proportion of the foreign currency deposits that are not swapped into domestic currency and retained or held abroad and the loans extended to the non-residents out of their deposits in India.

- The group feels that a Comprehensive Single Return (CS Return) for all NRI deposit accounts may be devised in the same line as recommended by the Working Group on International Banking Statistics (WGIBS) which may be submitted by head offices of the banks, after collecting details from their branches, to RBI on a quarterly basis. This is in tune with the suggestions of streamlining the various related Statistical Returns from the banks as recommended in the *Chandrasekhar Committee Report* (Reserve Bank of India, 2000). This new CS Return may replace the existing Stat Returns 5, 8 and 9.

- The CS Return would be the same as that in locational banking statistics/consolidated banking statistics (LBS/CBS) with an Additional Module providing the flow information regarding NRI deposits. Inflow data should include fresh inflows from abroad, renewals and transfer credits and interest credited. Outflow data should comprise principal remitted abroad, local withdrawals, interest remitted abroad, interest paid locally and renewals and transfer debits.

- There is a need to move towards a computerized reporting arrangement wherein information could be centralized at the head office level of each bank and the floppies submitted to the Reserve Bank. This would enable faster reporting by the banks, lower time lag in publication on the part of the Reserve Bank and at the same time result in considerable reduction in the degree of reporting error. Software should be distributed to all banks dealing with such deposits so as to facilitate preparing the data floppy as it was done in the case of the reporting under BoP statistics viz., FET-ERS.

- The new CS Reporting by the banks should be floppy-based similar to that of LBS/CBS Returns. The Group is of the opinion that the coverage of this statistics may be confined, at least in the initial phase of two years, to the critical branches of the Authorised Dealers (ADs) that are furnishing BoP data to the RBI on floppies. Once the floppy based reporting system stabilises, the existing hard copy returns could be discontinued. In due course it would be desirable to move onto on-line reporting by banks to the extent feasible.

- The Group suggests capturing both original maturity and remaining maturity of NRI deposits.

- The Group suggests presenting the data by geographic region of non-residents on a quarterly basis.

- At the RBI one software module needs to be developed for reading relevant floppies from ADs and for centralised management of data on non-resident deposits. It is suggested to use the Commonwealth Secretariat Debt Recording and Management system (CS-DRMS) Version 2000 + for maintenance of all non-resident deposits data. Thus, at the RBI level, the new module would read the data from floppies as supplied by head offices of the reporting banks and convert this information into the desired format for CS-DRMS profile. Required output would be generated from the CS-DRMS as it is being done for other components of external debt. For projection purposes, a facility to repeat figures from recent past, or blowing the same by a given proportion, or a seasonal pattern of the recent past period may be followed in the module.

- It is suggested that CS Return data be sent from bank head offices to DESACS, RBI. The monitoring of receipt of data from banks to RBI may be done by DESACS and ECD jointly. However, data may be maintained by DESACS using CS-DRMS. As it is being done for ECB data, DESACS may prepare required estimate for this component of external debt and forward the same to DEAP for further use.

- Several important issues arise in the analysis of non-resident deposits in the context of overall external debt management. At a conceptual level the inclusion of certain categories of non-resident deposits in external debt statistics assumes importance. Strictly going by the 'residency' criterion, all non-resident deposits should form part of external debt. However, country practices differ. Many countries including India do not include non-repatriable non-resident deposits in their external debt statistics. There is, therefore, a need for consistency in the treatment of non-repatriable deposits in the overall debt analysis.

A number of lessons emanate from the Indian experience of non-resident deposit scheme. First, the central bank or the government should refrain from providing exchange guarantee to the depositor. Second, there needs to be an alignment of interest rates of both domestic and foreign currency denominated deposits with that of domestic and international rates. Third, the focus of these deposits should be on sustainable maturity and maintenance of steady maturity stream with an accent towards sustainability and stability. Fourth, assessment of the degree of substitution between NRI deposits and normal flows from non-residents in the form of private transfers, workers' remittances and other non-debt creating flows from NRIs assumes importance while devising these schemes. Finally, at a more fundamental level, the exchange rate management has to be realistic and in consonance with economic fundamentals, since a misaligned rate is bound to create a wedge between foreign currency denominated deposits and domestic currency denominated deposits.

CHAPTER I

OVERVIEW

1.1 Introduction

1.1 There has been a perceptible change in the pattern and composition of external financing in India over the last five decades. From a general inward oriented economy in pursuit of self-reliance through "export bias" and "import substitution", wherein capital flows mostly took the form of official assistance, there has been a steady movement towards external borrowings under commercial terms. While the foreign savings in the 1950s and the 1960s largely emanated from concessional external assistance flows in the form of official aid/multilateral and bilateral credits, the 1970s witnessed additional sources of external finance in the form of commercial borrowings and deposits from non-resident Indians (NRIs) albeit on a moderate scale. With the labour migration boom in West Asia that followed in the wake of the first oil shock, remittances from expatriate Indians emerged as a potential source of balance of payments support.

1.2 Policy initiatives towards attracting such funds consisted of offering a menu of options to NRIs comprising facilities for current transfers, investments and deposit schemes. Consequently, NRI deposits formed a substantial part of external savings since the mid-1980s. The 1990s witnessed a radical transformation in capital account as a part of stabilisation and long-term structural reforms initiated during the period. There was a marked shift in the composition of capital account - from debt to non-debt creating flows. Concomitantly, management of non-resident flows through interest rate regulations, reserve requirements, fiscal concessions, deployment avenues and other monetary measures assumed great importance in the overall macroeconomic management.

1.2 Non-Resident Indians and Overseas Corporate Bodies

1.3 An Indian Citizen or a foreign citizen of Indian origin who stays abroad for employment/ carrying on business or vocation outside India or stays abroad under circumstances indicating an intention for an uncertain duration of stay abroad is a non-resident. Persons posted in United Nations organizations and officials deputed abroad by Central/State Governments and Public Sector undertakings on temporary assignments are also treated as non-residents.

1.4 Foreign citizens of Indian Origin are treated at par with non-resident Indian citizens (NRIs) for the purpose of certain facilities under bank deposits and investments in India. For the purposes of availing of the facilities of opening and maintenance of banks accounts and investments in shares/securities in India, a foreign citizen (other than a citizen of Pakistan, Sri

Lanka or Bangladesh) is deemed to be of Indian origin if, (i) she/he, at any time, held an Indian passport, or (ii) she/ he or either of her/his parents or any of her/his grand parents were citizens of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). It may be noted that a spouse (not being a citizen of Pakistan, Sri Lanka or Bangladesh) of an Indian citizen or of a person of Indian origin is also treated as a person of Indian origin for the above purposes provided the bank accounts are opened or investments in shares/securities in India are made by such persons only jointly with their NRI spouses.

1.5 Overseas Corporate Bodies (OCBs) are bodies predominantly owned by individuals of Indian nationality or origin resident outside India and include overseas companies, partnership firms, societies and other corporate bodies which are owned, directly or indirectly, to the extent of at least 60 per cent by individuals of Indian nationality or origin resident outside India as also overseas trust in which an least 60 per cent of the beneficial interest is irrevocably held by such persons. Such ownership interest should be actually held by them and not in the capacity of nominees. The various facilities granted to NRIs are also available with certain exceptions, to OCBs as long as the ownership beneficial interest held in them by NRIs continues to be at least 60 per cent.

I.3 Facilities Available for NRIs/OCBs

1.6 Indians/Overseas Corporate Bodies are allowed to open and maintain bank accounts in India under special deposit schemes – both rupee denominated as well as foreign currency denominated. At present there are five such special schemes- Non-Resident (External) Rupee Accounts [NR(E)RA], Foreign Currency Non-Resident (Banks) [FCNR(B)] Accounts, Non-Resident (Non-Repatriable) Rupee Deposits [NR(NR)RD] Accounts, Non-Resident Ordinary (NRO) Rupee Accounts and Non-Resident (Special) Rupee Account [NR(S)RA]. In addition to these special deposit schemes, two dollar-denominated non-repatriable NRI bond series were issued in 1988 and 1989. These were followed by two more repatriable bond issues viz. the India Development Bonds (October 1991) and the Resurgent India Bonds (August 1998). Apart from these special deposit schemes, there are other conduits through which NRIs/OCBs, can, at present, channelise funds in to India. NRIs/OCBs can avail any of the following facilities:

I. Investments in securities/shares of, and deposits with, Indian firms/companies- both government and non-government- with or without repatriation benefits;

   i. Under this facility, investment is permitted in government securities, units of Unit Trust of India (UTI) and National Savings Certificates (NSCs) as well as shares disinvested by the Government of India in Public Sector Enterprises (PSEs);

   ii. Direct investment in company shares/debentures are permitted;

a. Without repatriation benefits of the principal in

- New issues and existing shares of proprietary/partnership concerns engaged in all activities except for agricultural/plantation and real estate business;
- Domestic public/private sector Mutual Funds or Money Market Mutual Funds floated by commercial banks and public/private sector financial institutions;
- Non-convertible debentures of Indian companies;
- Commercial Papers (CPs) issued by Indian companies;

b. With repatriation benefits

- Up to 100 per cent in the new issues of high priority industries listed in Annexure III to the Statement on Industrial Policy, 1991 of the Government of India;
- Up to 51 per cent of new issues of equity/preference shares and convertible debentures of any new and existing company for setting up new manufacturing projects or for expansion/diversification of their existing manufacturing activities provided that the company is not listed in any stock exchange and not specified in Annexure III to the Statement on Industrial Policy, 1991 of the Government of India (or any of its amendment);
- Up to 24 per cent in shares/debentures of new issue in any company engaged or proposing to engage in any activity including finance, hire purchasing, leasing, trading or services, establishment of schools/colleges, etc. (except agricultural/plantation activities, chit fund and not in Nidhi company).
- Up to 100 per cent in sick industrial units, in 100 per cent Export Oriented Units (EOUs), for real estate development in India and in Air Taxi operations;
- Schemes of domestic mutual funds floated by public/private sector institutions/ companies and in non-convertible debentures;

iii. Portfolio investment in company shares/debentures of Indian companies or units of domestic mutual funds through the stock exchange/s in India are permitted to NRIs/OCBs with individual ceiling of 5 per cent and collective share of 10 per cent (extendable up to 30 per cent with special Board resolution) of paid-up equity share capital of the company/paid-up value of each share of convertible debentures;

iv. Company deposits in Indian companies including non-bank financial companies (NBFCs) registered with the Reserve Bank of India;

II. Investments in immovable properties in India;

III. Private remittances; and

IV. Special scheme for import of gold and silver into India under which returning NRIs can bring up to 10 kgs. of gold and 100 kgs. of silver in to India as part of their luggage once in six months.

1.4 Terms of Reference of the Report

1.7 In order to implement the recommendations of the Technical Group on External Debt, 1998 in relation to non-resident deposits and to study the international experiences, a project group with support under the Institutional Development Fund (IDF) grant facility of the World Bank was constituted under the aegis of the Monitoring Group of External Debt (MGED) in August 1999. The project group has representatives from the Reserve Bank of India, the Ministry of Finance and commercial banks. The Group was required to look into issues such as (i) capturing of these deposits with attendant break-up, in a timely manner, consistent with new requirements and suggest necessary institutional changes in reporting and computerization aspects, (ii) laying out the conceptual issues regarding these deposits schemes and assessing the costs and benefits of these deposits to the banks in India, (iii) correcting the infirmities in reporting system, existing at present, relating to NRI deposits and (iv) studying the international experience with regard to such deposit schemes with a view to strengthening NRI deposit base. The Group comprised the following members:

Coordinator

1.	Shri Deepak Mohanty	Director, DIF, DEAP, RBI

State Bank of India

2.	Shri K. Karthikeyan	Deputy General Manager, NRI Services

Citibank N.A.

3.	Shri. Venu Parameshwar	Treasurer

Ministry of Finance, Government of India

4.	Shri. Arindam Roy	Assistant Adviser, EDMU

Reserve Bank of India

5.	Shri. M.R.Sardar	General Manager, ECD
6.	Shri Prithwis Jana	Assistant Adviser, BPSD, DESACS
7.	Shri Sumit Basu	Assistant Adviser, DEAP

1.8 Division of International Finance, Department of Economic Analysis and Policy, Reserve Bank of India provided secretarial support for the Project.

1.5 Outline of the Report

1.9 Chapter 2 of the Report addresses the conceptual issues regarding the design, management and monitoring of the schemes with respect to its composition, maturity, and interest rate and currency pattern. Chapter 3 sets out the present and proposed institutional arrangements and enumerates the computerisation issues regarding NRI deposits data. Behavior of NRI deposits in India, their cost-return parameters and macro-management of such deposits are addressed in Chapter 4 Cross-country practices on non-resident schemes are presented in Chapter 5. A summary of recommendations is contained in Chapter 6.

1.10 The Group had the benefit of discussions with officials from a few central banks, international institutions and foreign branches of commercial banks and also received assistance from a number of professionals in India (names in Annexure 1). A number of central banks had responded to a questionnaire on non-resident deposits which formed the basis for the cross-country survey (names in Annexure 2). The summary of the cross-country survey is in Annexure 3. Annexure 4 presents the results of pilot project on testing of the software (CS Return) for the proposed reporting of the NRI deposits. Annexure 5 contains details of operationalisation of the CS Return software. The historical time series data on non-resident deposits are presented in the Statistical Appendix.

1.11 The Group places on record its appreciation for the World Bank for providing financial support for the Project under its Institutional Development Fund (IDF). The Group also immensely benefited from technical comments received from time to time from the members of the Monitoring Group on External Debt (MGED), particularly Shri M.R. Nair, Officer-in-Charge, Department of Economic Analysis and Policy, Reserve Bank of India and Dr.Tarun Das, Economic Adviser, Ministry of Finance, Government of India.

CHAPTER II

CONCEPTUAL ISSUES

II.1 Currency Denomination of Non-Resident Deposits

2.1 Non-resident Indians are allowed to invest in India in both domestic currency denominated as well as foreign currency denominated deposits. A wide range of options is provided to the non-residents so as to attract these deposits by giving greater freedom to the depositors to decide their choice of portfolio. At present, there is one foreign currency deposit, namely, FCNR(B). On the other hand, there are four domestic currency denominated deposits: NR(E)RA, NR(NR)RD, NRO and NR(S)RA. While all these deposits are intended to attract funds from abroad, they are designed to target non-residents with diverse motives, interest, risk behavior and saving preferences. At the same time, the distinction between domestic currency denominated deposits and foreign currency denominated deposits have different ramification to the recipient commercial banks, the central bank and domestic foreign exchange market.

2.2 In the case of FCNR(B), deposits can be made not only by the NRIs but also by the OCBs. These deposits are permitted in four major currency denominations: the US dollar, the Pound Sterling, the Deutsche Mark (to be terminated by December 2000) and the Japanese Yen. With the introduction of Euro since January 1999, deposits in this currency denomination were also allowed. At present, banks are permitted to offer interest on such deposits, fixed or floating, at prevalent matching LIBOR plus 50 basis points in respect of deposits of maturity of one year and above. As a part of prudential debt management policy to discourage short term debt, FCNR(B) deposits of maturity of less than one year were withdrawn effective October 1999.

2.3 It may be noted that the interest rates of FCNR(B) deposits, may appear low in comparison to other rupee deposits, are competitive with interest rates available to the NRIs/OCBs from other comparable sources in currency of the same denomination. Moreover, the tax exemptions and other loan facilities make this deposit scheme considerably attractive to the NRIs/OCBs. In the case of FCNR(B) scheme, currency risk is borne by the recipient commercial banks in India.

2.4 On the other hand, NR(E)RA is a rupee denominated deposit scheme wherein NRIs could receive higher interest rates on their deposits as compared to foreign currency denominated deposits. This scheme allows NRIs not only to park their funds in term deposits but also avail of the transaction benefits of savings accounts. At the same time the funds, both principal and interest, can be repatriated at the prevailing exchange rate. In order to hedge against any currency fluctuations, NRIs are allowed to avail of forward cover. A stable domestic exchange rate environment coupled with expectations of orderly rupee exchange rate engenders greater appeal of these deposits to the NRIs.

2.5 NR(NR)RD scheme is designed towards the NRIs who are not inclined to take the funds out of the country. Repatriation of interest received on such deposits is, however, allowed. Given that the interest rate on this deposit scheme for most part of the nineties' was slightly higher that other rupee deposit schemes, this scheme has been generally favored by NRIs wishing to remit funds back to India. Another special feature of this scheme is that it can be availed by any non-resident.

2.6 The third rupee denominated deposit, NR(S)RA, is targeted towards the NRIs who would like to avail of the deposit facilities applicable to residents. These accounts have the same facilities as well as restrictions as are applicable to domestic resident accounts of individuals in respect of repatriation of funds held in these accounts, with the exception that investment in funds held in these accounts in shares/ securities and immovable property would be governed by the extant exchange control regulations as applicable to non-resident Indians. Such persons would voluntarily undertake not to seek repatriation of funds held in such accounts and/or income/interest accrued thereon.

2.7 NRO account gets opened automatically when a resident Indian becomes a non-resident. This account can be maintained by non-resident Indians or held jointly with residents and this scheme has the same facilities as available under general domestic accounts. Funds due to non-resident accountholders which do not qualify, under the extant exchange control regulations, for remittance outside India are required to be credited to NRO accounts. Interest received on this deposit scheme can, however, be repatriated. Temporary overdrawing for a specified period and up to a given amount is also allowed under this scheme.

2.8 The relative control of the recipient economy over non-repatriable rupee deposits has vital implications to the economy as a whole. There is less pressure through demand in the foreign exchange market and this in turn acts as an additional lever in insulating the exchange rate gyrations in the forward markets in times of adverse expectations. Even in the case of repatriable rupee deposits, pressure on the foreign exchange market is neutralized because any large demand of foreign exchange out of repatriation of such deposits is reined by the fact that the additional demand is met through domestic currency at the extant rate and the exchange risk is borne by the non-resident. It may, therefore, be observed that there has been a concerted policy endeavor towards a shift to rupee denominated deposits and away from foreign currency deposits.

II.2 Maturity of Deposits

2.9 Maturity of a deposit can be defined in two ways: (i) original maturity and (ii) residual maturity. Original maturity is defined as the period from the date of receipt to final repayment of the deposits. Residual maturity, on the other hand, may be defined as the time remaining until the final repayment of the deposit from the reference date.

2.10 The maturity profile of deposits is of crucial importance to the recipient entity. Liquidity position of commercial banks is directly related to the nature of tenure of their liabilities. Therefore, original maturity i.e. the maturity of deposits at the time of contract needs to be properly assessed and banks need to encourage deposits with commercially tenable maturity. This may, at times, involve conjectural variation between the recipient banker and the depositors. During times of high interest rate, commercial banks are likely to encourage deposits with shorter maturity (and depositors would like to go for longer maturity) whereas when interest rate is low, banks are likely to encourage lengthening of the maturity structure of the deposits as against the depositors conjecture. Residual maturity i.e. the time remaining in the termination of original contract, are also of significant import to avoid any serious asset-liability mismatch that may arise on account of bunching of payments. It is because of this reason that matching of asset-liability in balance sheet analysis needs to be undertaken with respect to residual maturity.

2.11 It may be noted that the importance of maturity schedule has implications to the economy as a whole. Problems of liquidity may arise even though the economy is solvent. A serious mismatch or any heavy bunching can disrupt the exchange rate and foreign exchange market and, thereby, trigger adverse expectations. Deposits should, therefore, be encouraged in such a fashion so as to enable a smooth repayment.

2.12 Deposits by non-resident are permitted both in current, savings account and in term deposit account in NR(E)RA, NRO and NR(S)RA as per the design of the schemes. On the other hand, deposits in FCNR(B) and NR(NR)RD are permissible only with respect to term deposits. The term deposit for FCNR(B) ranges from 1 year to 3 years in three different categories viz. (i) 1 year and above and up to 2 years, (ii) 2 years and above and up to 3 years, and (iii) 3 years only while that in NR(S)RA and NR(NR)RD ranges from 6 months to 3 years broken down into four categories with maturity break-up of 6 months-1 year, 1 year-2 years, 2 years-3 years and 3 years only. The term deposit under NR(E)RA are divided into five categories according to its maturity: 6 months-1 year, 1 year-2 years, 2 years-3 years, 3 years -5 years and 5 years & above.

2.13 An important consideration in disaggregating of maturity profile of savings account is the behavioral pattern of such deposits. At present, the non-residents deposits statistics in India capture the entire savings deposits as long-term deposits.

II.3 Issue of Repatriability

2.14 Non-resident deposits are permissible in both repatriable schemes as well as non-repatriable schemes. Again there are schemes wherein both principal and interest are repatriable (as ir FCNR(B) and NR(E)RA) or only the interest component is repatriable (as in NR(NR)RD anc NRO) or both principal and interest components are not repatriable (as in NR(S)RA). Thc concept of repatriability has some important implication to the foreign exchange market anc compilation of balance of payments (BoP) and external debt statistics. For a deposit that i: non-repatriable, there is no outgo of foreign exchange on maturity of such deposits and a: such there is no direct pressure on the exchange rate of the rupee and the foreign exchang(reserves of the country. These deposits are, therefore, at par, for all practical purpose, witl domestic deposits. In such circumstances, even though there exits a liability of the resident: vis-à-vis the non-residents, one, therefore, needs to clearly distinguish between the liabilitie: that are repatriable and that which are not repatriable.

II.4 Reporting Mechanism

2.15 Non-resident deposits are compiled by the Department of Economic Analysis and Polic) (DEAP), Reserve Bank of India, on the basis of information received from the Monetar) Policy Department (MPD), Exchange Control Department (ECD) and the Department of Statistica Analysis and Computer Services (DESACS) of the Reserve Bank of India. In addition, informatioı from the Department of External Investments and Operations (DEIO), Reserve Bank of Indi: is periodically used in analyses of these data.

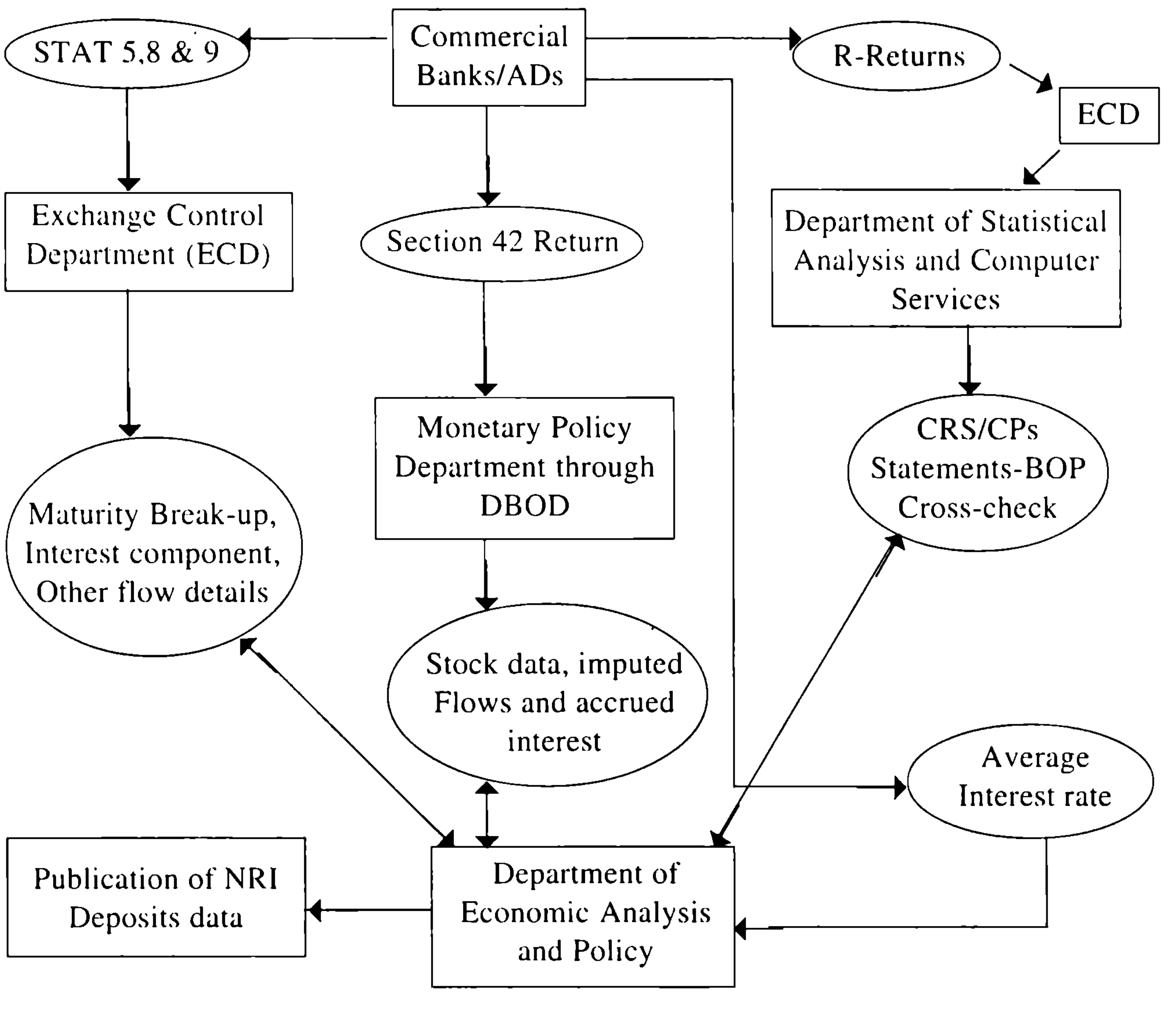
2.16 At present, the monthly outstanding balances and flows under the existing Non-Residen Deposit schemes are compiled on the basis of statement on external liabilities from the MPI which is in turn based on the returns received from the Department of Banking Operations an(Developments (DBOD) under Section 42(2) of the Reserve Bank of India Act. This statemen is received every fortnight from the MPD with a time lag of less than a month from the date o reference.

2.17 These data are supplemented by the information received from monthly Stat Returns a given by the ECD for calculating the maturity structure and comparing the balances unde various deposits. The Stat- 8 [NR(E)RA] format provides a detailed break-up of the outstandin; opening and closing balances and the flows in terms of fresh inflows (including flows fron other non-resident accounts), interest credited, remittances abroad (both principal and interest) local withdrawals, interest remitted and other debits and credits in terms of original maturit of such deposits. In the case of NR(E)RA deposits, detailed break-up of savings and tern deposits are also indicated. Stat-9 [NR(NR)RD] format provides the maturity-wise break-u] (original maturity) of the opening and closing balances, fresh inflows, renewals/transfers creditec interest credited, principal paid locally, interest remitted abroad, interest paid locally and renewals transfers debited. In the reporting of FCNR(B) deposits through Stat-5 format, the data ar furnished in terms of both original currency and in US dollars with the corresponding origina maturity profile.

2.18 Information regarding interest accrued was earlier compiled on the basis of the bi-annual Credit Policy Review conducted by the MPD. With the freeing of the interest rate structure, information regarding the same is now received by the DEAP direct from the major Authorised Dealers (ADs).

2.19 The net flow figures are finally compared with the data received every quarter under the Consolidated Receipts Statement (CRS) and Consolidated Payments Statement (CPS) from the DESACS based on R-Returns by ADs.

Chart 2.1: Flow Chart Showing the Present Reporting Mechanism of NRI Deposits



2.20 The figures on NRI deposits are published separately in the Reserve Bank of India Bulletin on a monthly basis. It is also published every quarter in the Table on BoP of the Bulletin. While the flow data gets reflected in the capital account under a specific heading- "Banking Capital- NRI Deposits", interest component is shown in the current account under investment income payments of invisibles transactions.

II.5 Discrepancy in Non-Resident Deposits Data – Various Sources

2.21 There has been a wide difference in NRI deposits data as reported in Section 42 Returns and Stat Returns.[1] Table1 presents a comparative position.

Table 2.1

(in Rs crore)

Schemes	Section 42 Returns - March 1998	Stat Returns- March- 1998*	Difference (in per cent) between Section 42 and Stat	Section 42 Returns - March 1999	Stat Returns March- 1999**	Difference (in per cent) between Section 42 and Stat
(1)	(2)	(3)	(4)	(5)	(6)	(7)
FCNR(B)@	8,467	8,526	-	8,323	7,628.	8.4
NRE(R)A	22267	18485	17.0	26371	13078	50.4
NR(NR)RD	24735	13265	46.4	28655	12363	56.9

* Statement received from 79 banks for NR(NR)RD and 78 banks for NRE(R)A

** Statement received from 77 banks

@ FCNR(B)is expressed in US dollar terms.

2.22 Comparison of these two sets of figures reveals major differences in them. These discrepancies are more evident in the data for rupee denominated deposits. For March 1998, Stat Return figures were 83 per cent of Section 42 Return data with respect to NR(E)RA deposits and under 54 per cent with respect to NR(NR)RD deposits. Similarly, for the month of March 1999, Stat Return figures are below 50 per cent of Section 42 Return data with respect to NRE(R)A deposits and about 43 per cent with respect to NR(NR)RD deposits. However for FCNR(B) deposits, Stat Return data were 101 per cent[2] of Section 42 Return data for the month of March 1998 and 92 per cent for the month of March 1999 (Table 2.1).

[1] A part of such discrepancy is because (i) Section 42 Returns are based on last reporting Friday of the month while Stat Returns show position as at the end of the month, (ii) not all banks submit the Stat Returns regularly on time and (iii) wide-spread branch network.

[2] Stat Returns are also received from co-operative banks that are authorised to accept NRI deposits but are not authorised dealers themselves.

2.23 While the degree of under-reporting in the Stat Returns appear to be more serious, there are large unidentified items under "other debits" and "other credits" in the Stat Returns with respect to NR(E)RA deposits (Table 2.2). Normally, the items "other debits" and "other credits" should include miscellaneous items such as gifts, donations, taxes paid on these deposits, local redemptions under NR(NR)RD and NR(E)RA etc. But it is observed that some banks also erroneou.ly include figures on transfers to other NRI deposit accounts, renewals etc. as well under this heading. Moreover, the effective interest rate when calculated from the Stat Returns tends to be anomalous. Moreover, valuation effects of inflows under various currencies other than that of the currency of compilation tend to distort the extent of stocks and flows in the face of currency fluctuations.

Table 2.2

(Amounts in Rs crore)

Scheme	Other credits	Total inflows	Proportion of other credits items in total credits(%)	Other debits	Total outflows	Proportion of other debits items in total debits (%)
NRE(R)A	867	2179	39.8	789	1637	48.2

II.6 Estimation of Stock vis-à-vis Flow : Treatment in External Debt and Balance of Payments

2.24 Flows under non-resident deposits form part of capital account in the BoP statistics. The credit items of the capital account includes (i) fresh inflow of deposits from abroad, (ii) amount transferred to other deposit scheme within the economy or channeled to other domestic avenue of the economy e.g. investment (but not private transfer), (iii) amount matured under the deposit scheme which has not been withdrawn and (iv) total renewal amount of the deposit. The debit items of capital account would include the principal matured during the period as well as principal withdrawn during the period before its scheduled maturity. The total interest payments including accrued interest on NRI deposits forms a part of investment income payments under invisibles account in the current account of BoP statistics. On the other hand, credit item under the current account would include any private transfer, gifts, donations etc. out of these deposits.

2.25 The outstanding balances of the repatriable deposits are included under external debt statistics. At present, the entire deposits under FCNR(B) and NR(E)RA form part of India's debt statistics. The deposits are disaggregated into short term and long term as per its original maturity. In the case of debt statistics, the outstanding stock of NRI deposits is inclusive of the interest accrued under such deposits.

2.26 Debt service payments on the other hand include the interest payments during the period under consideration. The principal payments under NRI deposits are conventionally not included as part of debt service payments. The proportion of renewal and roll-over are large and including the entire principal matured during any particular period may give a distorted picture of the overall debt servicing requirements during that period.

2.27 The total foreign currency balances under FCNR(B) form a part of India's external debt. Banks accepting such deposits could either utilize the funds for normal foreign exchange transactions, swap it into rupees for domestic use, on-lend in foreign currency to the resident clients or invest the funds in permissible instruments abroad. It is observed that a sizeable proportion of these deposits are held abroad as assets of the banking sector and as such the net liabilities are considerably lower. Similarly, loan facilities are available to the NRIs in lieu of their deposits in India. These loans therefore, form part of the assets of the resident sector to non-residents and thereby reduce the net liabilities. External debt statistics are, however, compiled on a gross basis and may overestimate the actual net liability of the resident institutions. Analysis of external debt statistics should, therefore, be synchronous with the international investment position (IIP) since the latter captures both the liability as well as assets of residents vis-à-vis non-residents. There is thus a need to monitor (as a memo item to the external debt statistics) the size and proportion of the foreign currency deposits that are not swapped into domestic currency and retained or held abroad and the loans extended to the non-residents out of their deposits in India.

II.7 Use of Exchange Rate and Valuation Factor in Currency Transactions

2.28 Information on non-resident deposits is collected and compiled in both domestic currency and original currencies of its denomination. The currency conversion of these deposits involves important accounting consideration. Information received from the commercial banks every fortnight through Section 42(2) Returns is in domestic currency. For foreign currency deposits, conversion into a numeraire currency (US dollar) is done on the basis of end-period exchange rate. The difference in the stock data so calculated includes accrued interest as also the valuation factor arising out of movement in non-dollar currencies of deposits vis-à-vis US dollar. The actual net flow during the period is calculated only by deducting these two components from the difference in the stock data. For domestic currency deposits, compilation of the monthly net flow figures is done using the average rupee-US dollar exchange rate for the month over the difference in the stock figures in domestic currency. Accrued interest during the period gets included as part of the flows thus compiled. The stock data at the end of each month is, however, calculated on the basis of end-period exchange rate for the respective month. The difference between the two stock figures at the end of the respective periods and flows, thus compiled, is the valuation effects arising out of change in rupee-US dollar.

2.29 The average rate used may, however, not take into account the actual variations especially in times of extreme fluctuations in the rupee-US dollar rate or when the deposits are unevenly concentrated at one end of the month. It may be mentioned, however, that this averaging method is the closest approximation possible when figures are calculated on a monthly basis. The stock data at the end of each month are compiled using the month-end exchange rate. The valuation effects can arise out of change in rupee-US dollar rate as well as change in dollar-non-dollar rates. Accounting of stock and flows figures, therefore, takes into consideration the currency of denomination of such liabilities. The stock figures of NRI deposits may not be equal to the aggregate sum of flows when deposits are maintained in a currency other than the currency of data presentation. While the BoP and debt service payments data exclude all valuation factors from the NRI deposit flows, the external debt figures are compiled adjusting for conversion factors so as to represent the actual gross liability of India's banking sector to the non-residents.

II.8 Other Related Issues

2.30 With the gradual deregulation of interest rates on NRI deposits by the Reserve Bank, use of (i) reserve requirements for the commercial banks, (ii) taxation benefits and (iii) end-use guidelines regarding such deposits have assumed greater importance in modulation of such deposits. As regards reserve requirements, while commercial banks are, at present, required to maintain Statutory Liquidity Ratio (SLR) of 25 per cent of their deposits under FCNR(B), NR(E)RA and NR(NR)RD; deposits under all these schemes are exempted from Cash Reserve Ratio (CRR) requirements. At present, income from interest on funds held in NR(E)RA and FCNR(B) accounts are exempted from income tax and gift tax in India. This concession is, however, not available in respect of balances held in NRO accounts. As regards NR(NR)RD accounts, the account holder gets exemption of (i) income tax of the income from the deposits, (ii) gift tax for one-time gifting (in the case of NRIs only). Under this scheme, exemption from income tax is, however, not available to resident donee and those residents, who being joint holders, become owners of the deposit as survivors of the non-resident depositor. All NRI deposits are free from wealth tax in India. End-use criterion of non-resident deposits is another aspect that has considerable impact on the foreign exchange market. At present, ADs are allowed to deploy their foreign currency FCNR(B) deposits in permissible instruments abroad. Commercial banks are also allowed to extend unswaped foreign currency loans to residents out of these deposits. Modulation of these facilities has impact on the cost of funds of NRI deposits and acts as a stabilizing factor in maintaining orderly conditions in the foreign exchange markets. It is, however, observed that with a view to granting more functional autonomy to the commercial banks, these end-use criteria have gradually eased over time.

CHAPTER III

INSTITUTIONAL ARRANGEMENTS, COMPUTERISATION ISSUES AND DESIGNING OF STATISTICAL RETURNS

III.1 Feasibility of a Comprehensive Single Non-Resident Deposits Return

3.1 In India non-resident deposits are opened with the Authorised Dealers (AD) designated by the Reserve Bank of India. These ADs comprise mainly scheduled commercial banks. Rupee denominated deposits can, however, be also accepted by non-scheduled commercial banks and co-operative banks in India. These banks maintain account-wise details of all their non-resident deposits and are responsible for their management as they form a part of their demand and time liabilities. Moreover, the foreign currency liabilities are also managed with respect to the overall permissible open position, aggregate gap limit and other extant guidelines as specified by the Reserve Bank from time to time.

3.2 As a part of overall financial sector management, the RBI monitors the total NRI deposits-both stocks and flows, and fine-tunes its policies relating to these deposits as warranted by the domestic and international scenario. Banks are, therefore, required to report the necessary information on NRI deposits through various Statements and Returns designated for certain specified purpose e.g Section 42(2) Returns for monitoring of the net demand and time liabilities, R-Returns for the compilation of balance of payments statistics, MAT returns for maturity analysis of foreign exchange transactions (only foreign currency denominated deposits). Again as the foreign currency denominated deposits form part of the overall external liability, ADs also report these deposits (although not separately classified) in the POS Statement for monitoring of the open position, MAP Statement for monitoring of the aggregate gap limit and FXT Statement for monitoring the foreign exchange turnover.

3.3 In addition, banks are also required to submit Stat 5, Stat 8 and Stat 9 on a monthly basis specifically designed for capturing the stock and flow data on various NRI deposits. Information on residual maturity of these deposits is not included in these statements. This information, however, needs to be collected from banks for the revised classification of India's External Debt statistics as per the recommendations of the Report of the Technical Group on External Debt, RBI, 1998 (TGED). Moreover, because of India's commitment to the International Monitory Fund (IMF) under Special Data Dissemination Standard (SDDS) of the IMF and to the Bank for International Settlements (BIS) under International Banking Statistics, requirements of information from the banks regarding NRI Deposits have increased.

3.4 As part of India's participation in the International Banking Statistics and also from the point of view of developing sound risk management strategies, banks were required to submit, beginning December 1999, their total international liabilities and assets on quarterly basis in Locational Banking Statistics (LBS) and in Consolidated Banking Statistics (CBS) by March 2001, as per the recommendations of the Working Group on International Banking Statistics (WGIBS)(Reserve Bank of India, August 1999). This is being implemented only in critical ADs in the first phase. This new reporting system would collect the stock position of NRI deposits disaggregated account wise, country wise, maturity-wise (both residual and original) and currency wise balance at the end of every quarter separately for principal and accrued interest balance.

3.5 The Group feels that a Comprehensive Single Return (CS Return) for all NRI deposit accounts may be devised in the same line as recommended by the WGIBS which may be submitted by Head Offices of the banks, after collecting details from their branches, to RBI on a quarterly basis. This is in tune with the suggestions of streamlining the various related Statistical Returns from the banks as recommended in the **Chandrasekhar Committee Report** (Reserve Bank of India, 2000). This new CSR may replace the existing Stat Returns 5, 8 and 9.

3.6 The CS Return would be the same as that in LBS/CBS with an Additional Module providing the flow information regarding NRI deposits. Inflow data should include fresh inflows from abroad, renewals and transfer credits and interest credited. Outflow data should comprise principal remitted abroad, local withdrawals, interest remitted abroad, interest paid locally and renewals and transfer debits. The item "local withdrawal" should include debit from the accounts such as gifts, donations, taxes, local redemptions under NR(NR)RD and NR(E)RA and other miscellaneous items. Moreover, information on savings/current accounts of the NRI deposits should also be included in the same line as that of other term deposits with a specific code for the maturity period. This will enable stock-flow reconciliation of NRI deposits and bring about consistency in the external debt data with the corresponding items under BoP statistics. At the same time, this arrangement would meet the requirement under SDDS of IMF.

3.7 It is observed that reporting banks sometimes find it difficult in segregating fresh inflows from abroad from that which are renewed or transferred. Similarly, it may sometimes be difficult to accurately ascertain the various items under outflows. It is, therefore, suggested that banks develop internal codes to record these items separately.

III.2 Need for Computer Based Reporting Arrangement

3.8 Timely availability of information is extremely important from the point of view of analysis and policy actions. Although the present system of reporting has considerably improved over the years in terms of meeting demands of timely data, it still suffers from the shortcomings common to most paper based data collection systems.

3.9 Authorised Dealers (ADs) report detailed information on various non-resident deposits to Exchange Control Department (ECD) of the Reserve Bank on monthly basis in various Stat Returns for separate types of accounts. These are all paper based reporting. In ECD, the details of the information provided under these returns are entered in the computer. Summary tables of these Stat Returns received by the ECD are prepared and submitted to the DEAP that in turn incorporates these data for the compilation and presentation of BoP and external debt statistics. However, these paper-based statements take quite some time to reach the RBI. Again, monitoring of reporting of such statements, done manually by the RBI, turns out to be tedious at times. There is, therefore, a need to move towards a computerized reporting arrangement wherein information could be centralized at the head office level of each bank and the floppies submitted to the Reserve Bank. This would enable faster reporting by the banks, lower time lag in publication on the part of the Reserve Bank and at the same time result in considerable reduction in the degree of reporting error.

3.10 It is observed that data reporting takes the maximum time. Considering the time target for publishing estimates and previous experiences of the Reserve Bank from BoP data reporting by banks in computer media, the Group feels that, details of non-resident deposits can also be submitted by bank to RBI in computer media. Software should be distributed to all banks dealing with such deposits so as to facilitate preparing the data floppy as it was done in the case of the reporting under BoP statistics viz., FET-ERS.

3.11 The new CS Reporting by the banks should be floppy-based similar to that of LBS/CBS Returns. The Group is of the opinion that the coverage of this statistics may be confined, at least in the initial phase of two years, to the critical branches of the ADs that are furnishing BoP data to the RBI on floppies. It is estimated that about 500 large branches of commercial banks in India would account for over 85 per cent of the overall foreign exchange business including the NRI deposits. The Group recognizes that there may exist a few small braches of commercial banks, not under the critical branches as identified for foreign exchange transactions by the Reserve Bank, which, nonetheless, have significant NRI deposits liabilities These branches may be identified by the respective banks and reporting of NRI deposits from these branches to their head offices should also be instituted. Once the floppy based reporting system stabilises, the existing hard copy returns could be discontinued. In due course the banks should resort to online reporting.

III.3 The E-IBS Software

3.12 Software distributed by the WGIBS viz. E-IBS is a three Tier Software Package: branch level, head office level and at the level of the Reserve Bank of India (RBI).

- First, account-wise details of data are to be entered at bank branch level. While forwarding data by a branch to its head office, data are to be summarised for major details as per the requirement of the RBI.

- Second, floppies received from branches are to be clubbed together and summarised at the respective Head Offices as per the requirement of RBI. The Head Office of the banks would then forward the floppy to RBI.
- Third, the information received from the Head Office of the banks is to be copied from floppies and maintained suitably by the RBI. RBI would report this data to BIS on Locational Banking Statistics (LBS) and Consolidated Banking Statistics (CBS) format as specified by BIS.

3.13 Software at branch level would accept maturity date and generate maturity code as per the report of the WGIBS. The software would also check data validations and avoid duplication of entry at every stage. The software at bank head office level would maintain receipt of data for any quarter from its source that gets reported to the RBI. Data file forwarded by banks contain i) Asset/Liability Code, ii) Type of Assets/Liability Code iii) Currency Code iv) Country Code v) Sector Code vi) Country of Ultimate Risk Code vii) Remaining Maturity Code viii) Total Balance Amount and ix) Total Provision for Accrued Interest.

III.4 Modification in the E-IBS Software

3.14 Non-resident deposits form part of the liabilities under the type 'International Deposits' (Asset/Liability code is '51'). It is, however, necessary to incorporate, as noted earlier, the following flow details as an additional module for 'International Deposits' for the analysis of NRI deposits:

i) Amount deposited through fresh inflows,

ii) Renewals and other transfers,

iii) Interest credited,

iv) Amount of principal remitted abroad,

v) Amount of interest remitted abroad,

vi) Interest paid locally,

vii) Amount of local withdrawals (including all other debits from the account such as gifts, donations, taxes etc. and local redemptions under NR(NR)RD and NR(E)RA

viii) Amount of renewals and transfers.

3.15 Bank branches could provide all the additional details every quarter end from their record. So software may be suitably modified to accept those details in case of asset/liability code '51' as per the WGIBS. Opening balance may be calculated by the software package from the closing balance of the previous quarter and the closing balance may be calculated by the software package after considering above flow details. The software would automatically generate residual maturity code and original maturity code at the time of opening the account. The Group, therefore, suggests necessary changes in the file layout and data-entry screen to incorporate all the relevant data details in the additional module. The overall information required to be submitted in the proposed CS Return is presented in Attachment 3.1. For proper entry of relevant items in the new software package, E-IBS application has to be updated suitably to capture relevant information on non-resident deposits. Details of the system analysis and designing for upgradation are provided in Annexure V.

III.5 Need for Capturing Other Relevant Information

3.16 With a view to monitoring the impact of maturing deposits on foreign exchange market, the TGED has suggested that, maturity profile of NRI deposits may be compiled and monitored regularly. In view of the above, the group suggests capturing both original maturity and remaining maturity of NRI deposits. The CS Return software would collect the opening date and maturity date of each account. As the date of maturity is stored in the database, the software can also generate detailed data of NRI deposits by residual maturity as well as original maturity basis as required for external debt purpose.

3.17 The group suggests presenting the data by geographic region of non-residents on a quarterly basis. This is captured in the new CS Return reporting format. As a result, separate survey for capturing this information may not be necessary.

III.6 Reporting of Information to the Reserve Bank

3.18 There is a need to separate data at the Head Office level of the reporting banks and forward separate files to the RBI for the purpose of IBS Reporting and general NRI deposits reporting. Therefore, the E-IBS software at bank's head office level needs to be modified to satisfy the separate requirements whereby branch level information can be directly imported and aggregated. Data supplied by the Head Offices should contain the list of non-responding branches details for further monitoring. In this respect, the two divisions of DESACS, RBI - Banking Statistics Division (BSD) and Balance of Payments Statistics Division (BPSD) need to co-ordinate to ensure the accuracy and timeliness of data.

3.19 Monitoring of the data submitted by the banks to the RBI is very important to ensure the quality and consistency of data/estimates. The strategic mechanism being implemented for International Banking Statistics data reporting system follows state of the art monitoring features of reporting software. The IBS/CS Return software, would monitor reporting of data by branches to bank head offices and head office to RBI. Along with the data on floppy from bank head offices, an enclosure giving AD code number of branches which have not reported data during the quarter would also be required to be forwarded to RBI on the same lines as IBS Returns. Thus, RBI could subsequently pursue with the respective banks to get data from remaining branches in the next quarter so that quick estimate data can be modified suitably.

III.7 Management of Data at the Reserve Bank

3.20 At the RBI one software module needs to be developed for reading these floppies and for centralised management of data on non-resident deposits. It is suggested to use the Commonwealth Secretariat Debt Recording and Management system (CS-DRMS) Version 2000 + for maintenance of all non-resident deposits data. Thus, at the RBI level, the new module would read the data from floppies as supplied by head offices of the reporting banks and convert this information into the desired format for CS-DRMS profile. Required output would be generated from the CS-DRMS as it is being done for other components of external debt.

III.8 Feasibility of using CS-DRMS

3.21 Economic and Legal Advisory Services Division (ELASD) of Commonwealth Secretariat has developed a software using Informix Relational Database Management System (RDBMS) viz. 'Commonwealth Secretariat Debt Recording and Management System' (CS-DRMS). This is being used in DESACS, RBI and the Government for maintaining most transactions on external debt. CS-DRMS is versatile software for handling data entry, processing, report generation and analysis of external debt data. For analysis, management tools module of CS-DRMS is useful. This is a menu driven application which is easily accessible. ELASD is giving all technical support for maintenance of this software. New versions of the software are periodically released and distributed free to users. A new version of this software (CS-DRMS 2000+) is likely to be released in the second half of 2000 and is expected to be fully windows based with advanced features and data adjustment tools. The issue of adding new modules for non-resident deposits was taken up with the Commonwealth Secretariat which needs to be further pursued.

3.22 The related module on CS-DRMS 2000+ (at development stage as on July 2000), however, does not allow deposit instruments of maturity of more than a year whereas provisions for longer maturities exist for loans/bonds/notes etc. This needs to be suitably modified to meet the requirement of deposits which have maturity of more than a year. Similarly, the Commonwealth Secretariat needs to incorporate an additional column in the CS-DRMS 2000+ database and data entry screen to capture period of reporting for each transaction for transactions that are not reported on time. This facility is not, at present, available in the CSDRMS 2000+ module.

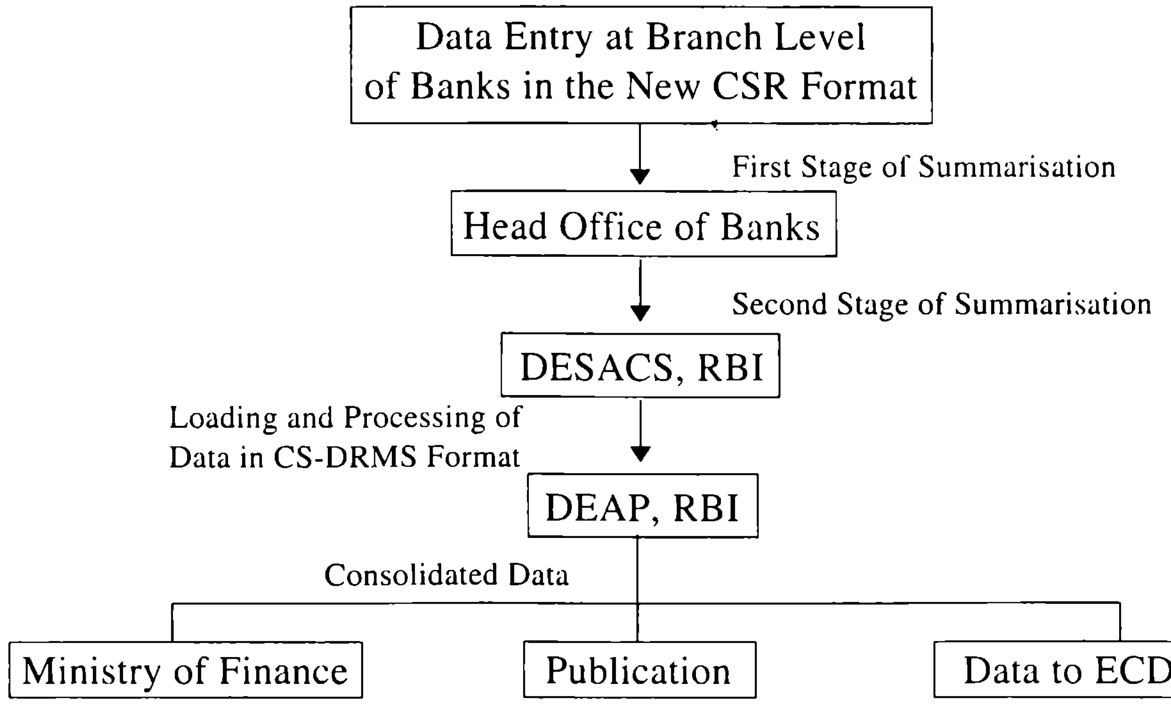
3.23 Data received from bank head offices on electronic media may be stored in a text file and inserted to the CS-DRMS 2000+database using the import facility of the system. The format of the text files would be devised by the Commonwealth Secretariat after finalisation of the database schema. A suitable interface (intelligent programme) is needed to keep track of category numbers corresponding to a combination of key information of a transaction. The interface should read data from bank sources and transcribe it appropriately to the CS-DRMS 2000+. It should also generate new category for any new combination of key information. For projection purposes, a facility to repeat figures from recent past, or blowing the same by a given proportion, or a seasonal pattern of the recent past period may be followed in the module.

3.24 Basic data requirements under CS-DRMS are i) date-wise drawals i.e. inflows, ii) date-wise principal repayments, interest payments and iii) repayment schedule for outstanding date. In the case of non-resident deposit it is suggested to collect data on inflows, outflows separately for principal and interest. About the repayment schedule, it may be estimated based on the remaining maturity code. This code provides a span of six months to up to the maximum maturity period of the deposits.

III.9 Institutional Arrangements for Data Capture and Consolidation

3.25 It is suggested that CS Return data be sent from bank head offices to the Department of Statistical Analysis and Computer Services Department (DESACS), Reserve Bank of India. The monitoring of receipt of data from banks to RBI may be done by DESACS and ECD jointly. CS-DRMS is also being used by DESACS for processing of External Commercial Borrowings data. Thus, data may be maintained by DESACS using CS-DRMS. As it is being done for ECB data, DESACS may prepare required estimate for this component of external debt and forward the same to the Department of Economic Analysis and Policy (DEAP) for further use.

Chart III.1: Flow Chart Showing the Proposed Reporting Mechanism of NRI Deposits



Attachment 3.1

Items of Data to be Reported under CS-Return on Non-Resident Deposits

Type of Maturity#			Country	Currency of denomination	Opening balance	Inflow			Outflow					Closing Balance
Account	Original	Residual				Fresh from abroad	Renewals and other transfers	Interest credited	Principal remitted abroad	Interest remitted abroad	Interest paid locally	Local withdrawals*	Renewals and transfers	
1	2	3	4	5	6.	7	8	9	10	11	12	13	14	15
FCNR(B)														
NR(E)RA														
NR(NR)RD														
NR(S)RA														
NRO														

 # Amount under saving/current accounts should be treated as unallocated.

*** Includes all other debits from the account such as gifts, donations, taxes etc. and local redemption under NR(NR)RD and NR(E)RA**

CHAPTER IV

NRI DEPOSITS: MANAGEMENT AND POLICY DEVELOPMENTS

IV.1 Trends in NRI Deposits

4.1 The outstanding balances under various NRI deposit schemes surged from US $ 40 million at end-March 1975 to over US $ 23.1 billion at end-March 2000. Of the total deposits as at end-March 2000, rupee denominated schemes accounted for more than half. Moreover, non-repatriable deposits gained significance during the 'nineties accounting, at present, for nearly one-third of the total deposits. Another significant development has been the decreasing share of the short-term component of NRI deposits during this period.

4.2 In the second half of 'eighties, the investor preferences were, however, clearly in favour of foreign currency denominated deposits. The growth rate of rupee denominated NR(E)RA slowed down from an average of 22 per cent per annum over the first half of the eighties to 11 per cent per annum over the second half while that of foreign currency denominated FCNR(A) increased from 41 per cent per annum to 66 per cent per annum over the same period (Box 4.17).[3] The spurt in the growth of these deposits during the latter half of the 'eighties could be attributed to the liberal interest rate differential over the prevailing international interest rates for various currencies, foreign exchange guarantee as provided by the Reserve Bank of India, fiscal concessions to NRI deposits apart from genuine savings of the Indians working abroad. These policy measures provided incentives to non-residents to hold deposits mainly in the form of foreign currency denominated deposits. This pattern was further exacerbated by banks' seeking arbitrage on account of significant interest rate differential[4]. Accordingly, at end-March 1991, the foreign currency denominated deposits formed 72 per cent of total NRI deposits.

4.3 The policies instituted in the subsequent period have tried to overcome the various weaknesses of these deposits through a series of short term and medium term measures. The external sector crisis during 1990-91 resulted in the introduction of Foreign Currency (Bank and Others) Deposits [FC(B&O)D] in November 1990 wherein deposits were garnered to finance the immediate balance of payments requirements. Under the FC(B&O)D scheme foreign currency deposits with Indian banks could be placed by non-resident banks, overseas corporations, pension funds and other similar institutions besides foreign citizens, NRIs and Overseas Corporate Bodies (OCBs). Exchange risk under this scheme, however, was borne by the Reserve Bank of India. Foreign Currency (Ordinary) Account (FCON) was introduced in June 1991 under

[3] It may, however, be noted that as data on FCNR(A) deposits were exclusive of accrued interest until March 1988, this would tend to give a slight – one time - upward bias to growth of FCNR(A) in the second half. Notwithstanding these adjustments, growth rate of FCNR(A) would have been still higher in the second period.

[4] Report of High Level Committee on Balance of Payments (Chairman: Dr. C. Rangarajan).

which deposits from non-residents, though non-repatriable, were denominated in foreign currencies thereby providing exchange guarantee to the non-residents. Beginning October 1994, interest components were, however, allowed to be repatriated in a phased manner. While the FC(B&O)D and FCON schemes were discontinued in July 1993 and August 1994 respectively, the policy decision on part of the Reserve Bank to refrain from exchange rate guarantee prompted the phased withdrawal of the FCNR(A) scheme. In order to provide depositors with an alternative to FCNR(A), a new scheme, i.e., FCNR(B) was introduced under which the foreign exchange risks were to be borne by banks based on their risk perception. The interest rate differential between FCNR(B) and international rates was kept very low. A new rupee denominated scheme, NR(NR)RD, was devised which provided for repatriation of interest income only[5]. Deposits under this scheme, given their non-repatriability, were encouraged by exempting them from SLR and CRR over most of the period.

[5] At the time this scheme was announced, interest was not repatriable. With the Indian rupee becoming convertible on the current account effective August 20, 1994 following the acceptance of obligations under Article VIII of the IMF's Articles of Agreement, interest payments were made repatriable in a phased manner: interest income of upto US $ 1,000 and one third of the balance amount was allowed to be repatriated in 1994-95; the limit of one-third was increased to two-third in 1995-96. Full repatriation was allowed from 1996-97 onwards.

Box 4.1: Foreign Currency Non-Resident (Accounts)

FCNR(A) scheme was introduced in November 1975 to provide an attractive deposit avenue for inward remittances from NRIs. Similar schemes are found in other countries e.g. Turkey. Under this scheme, commercial banks in India were permitted to accept term deposits from NRIs in four designated currencies- US Dollar, Pound Sterling, Deutsche Mark and Japanese Yen. Initially the deposits were accepted only in US Dollars and Pound Sterling but effective August 1988 they were extended to the other two currencies. The deposits were freely repatriable and accepted in varying maturities ranging from 6 months to 3 years. The RBI prescribed interest rates that the banks could offer to depositors corresponding to varying maturities. These interest rates were changed from time to time, keeping in view international interest rates. The exchange risk in this scheme was borne by the Reserve Bank of India although the liabilities incumbent in the acceptance of deposits under the scheme rested with the banks themselves. The transference of exchange risk from the commercial banks to the RBI was achieved through the mechanism of the notional exchange rate. Banks accepting deposits under the scheme sold the foreign exchange amount raised by them to the RBI and purchased rupees at a notional rate of exchange which was the exchange rate prevailing at the time of bringing in of foreign exchange by the banks to the RBI for sale. When the deposits matured or when withdrawals were authorized by the depositors, the commercial banks repurchased the foreign currencies earlier sold to the RBI by selling back rupees at the same notional exchange rate at which they had originally sold foreign currencies to the RBI and bought rupees in exchange. Thus, the foreign currency exposure of the banks was covered and the RBI bore the burden of exchange loss. The interest earned on this deposit scheme was also covered for exchange guarantee in the same manner as the principal.

The exchange guarantee had quasi-fiscal costs and implications for the central bank's balance sheet and hence the FCNR(A) scheme was withdrawn in a phased manner. Exchange guarantee for maturities of 6 months to less than 1 year was withdrawn from May 15, 1993 by not accepting deposits of these maturities. Maturities of one year to less than 2 years, 2 years to less than 3 years and that of 3 years only were withdrawn from October 12, 1993, February 15, 1994 and August 15, 1994, respectively. This scheme was finally wound up on August 15, 1994. Notwithstanding the closure of the scheme in August 1994, the maturing deposits continued to be a burden on the Reserve Bank's balance sheet till August 1997. Given the increasing size of these losses in a market determined exchange rate system, the Government of India agreed to take over the liabilities relating to exchange loss on FCNR(A) deposits with effect from July 1, 1993. Nonetheless, the Reserve Bank transferred additional profits to the government to meet these liabilities to the extent the Bank earned adequate profits. Consequently, the Reserve Bank transferred Rs.9,086 crores (equivalent to US $ 2.7 billion) to the Government over the period 1994-95 to 1997-98 to meet the losses. In effect, the amount transferred by the Reserve Bank was more or less sufficient to meet the losses without impacting the Union Budget. In effect, the agreement between the Reserve Bank and the Government turned out to be more in the nature of a contingency measure.

4.4 Flows under NRI deposits have been relatively stable since 1991-92. The balances under NRI deposits have increased from US $ 14 billion at end-March 1991 to US $ 23.1 billion at end-March 2000. A positive development has been the decline in the proportion of foreign currency denominated deposits from a high of 78 per cent at end-March 1992 to less than 40 per cent of total NRI deposits at end-March 2000. It may be emphasised that such a compositional shift has been achieved along side a steady increase in NRI deposits. Another significant development has been the increasing share of the non-repatriable rupee deposits which has positive implications for the foreign exchange markets; at end- March 2000, deposits under NR(NR)RD scheme formed about 30 per cent of total NRI deposits and around half of rupee denominated deposits. Moreover, the share of short-term NRI deposits in total external debt fell from 27 per cent as on end-March 1991 to less than 10 per cent as on end-March 2000 (Table 4.1). The earlier surveys on non-resident deposits provide interesting insights into the composition of such deposits (Box 4.2).

Table 4.1: Indicators of Non-Resident Deposits in India

(in US $ million)

Items	As at end-March					
	1991	1993	1995	1997	1999	2000
FCNR(A)	10103	10617	7051	2306	0	0
FCNR(B)	0	0	3063	7496	8323	9069
FC(B&O)D	265	1037	0	0	0	0
FCON	0	0	10	4	0	0
NR(E)RA	3618	2740	4556	4983	6220	6992
NR(NR)RD	0	621	2486	5604	6758	7037
NR(S)RA	0	0	0	0	0	0
Total NRI Deposits	**13986**	**15015**	**17166**	**20393**	**21301**	**23098**
Domestic Currency Denominated NRI Deposits	3618	3361	7042	10587	12978	14029
(% of total NRI deposits)	(25.9)	(22.4)	(41.0)	(51.9)	(60.9)	(60.7)
Foreign Currency Denominated NRI Deposits	10368	11654	10124	9806	8323	9069
(% of total NRI deposits)	(74.1)	(77.6)	(59.0)	(48.1)	(39.1)	(39.3)
Total External debt	83801	90023	99008	93470	97666	98435
of which:						
Long-term	75257	83683	94739	86744	93279	94392
Short-term	8544	6340	4269	6726	4387	4043
Proportion of NRI deposits in India's External debt (%)	16.7	16.0	14.8	15.8	14.9	16.3
Proportion of long-term NRI deposits in long-term external debt (%)	13.6	13.2	13.1	12.7	12.6	15.4
Proportion of short-term NRI deposits in short-term external debt (%)	43.8	53.3	53.4	56.1	50.1	36.6
Proportion of long-term repatriable NRI deposits in total repatriable NRI deposits (%)	73.2	76.7	84.5	74.5	84.9	90.8
Proportion of short-term repatriable NRI deposits in total repatriable NRI deposits (%)	26.8	23.3	15.5	25.5	15.1	9.2

Note: 1. This Table does not include amounts mobilized from non-resident Indians through issuance of bonds from time to time.

2. Foreign Currency Non-Repatriable (Account) [FCNR(A)] was withdrawn effective August 1994.

3. Foreign Currency Non-Resident (Banks) [FCNR(B)] was introduced in May 1993.

4. Foreign Currency (Banks and Others) Deposits [FC(B&O)D] were withdrawn with effect from July 1993.

5. Foreign Currency (Ordinary Non-repatriable) Deposit Scheme [FCON] was withdrawn from August 1994.

6. Non-Resident (External) Rupee Account [NR(E)RA] was introduced in February 1970.

7. Non-Resident (Non-Repatriable) Rupee Deposits was introduced in June 1992.

8. Non-Resident Special Rupee Account [NR(S)RA] was introduced in April 1999.

9. Repatriable non-resident deposits- both foreign currency and domestic currency denominated- Such as FCNR(A), FCNR(B), NR(E)RA and FC(B&O)D form part of India's external debt.

Box 4.2 : Survey on Non-resident Deposits

The first survey of deposits under FCNR(A) and NR(E)RA schemes covering the deposits opened in the period from July 1985-June 1988 was undertaken by the Reserve Bank of India in 1988 with a view to obtaining detailed information on the maturity pattern of deposits, sources of funds, mode of payments, size-class of deposits, rate of interest, time pattern of deposits and profile of deposits pledged as securities. The current and savings bank accounts of NR(E)RA deposits were excluded from the scope of the survey. The results based on the information furnished by a sample of 490 selected branches of commercial banks, were published in an article in the June 1991 issue of the RBI Bulletin. A second survey with the similar design, scope and objectives was conducted in November 1991 with a sample of 453 selected branches of commercial banks and covering the deposits opened in the period between July 1988-June 1991. In both the surveys, a two-stage stratified sampling design was formulated with the bank branches constituting the first-stage units and the FCNR(A)/NR(E)RA accounts the second-stage units.

According to the first survey, the maturity pattern of both FCNR(A)/NR(E)RA deposits were skewed towards the longer end. In the case of dollar deposits under FCNR(A) scheme, deposits with 1-2 year of maturity were also quite substantial. Nearly four-fifths of the FCNR(A) deposits were with interest rates of 9 per cent and above; in the case of NR(E)RA deposits almost three-fifths of the total deposits were with interest rates of 12 per cent and above and one-fourth in the range of 10-11 per cent. Non-residents of Indian origin owned four-fifth of the dollar deposits, around three-fourth of the pound deposits and almost 94 per cent of the NRE deposits outstanding as on end-June 1988. . The largest proportion of the flows was by way of 'inward remittances' followed by 'renewal of existing deposits' and major proportion of interest earnings were 'reinvested'.

As per the second survey there was a distinct shift in the maturity pattern during the survey period in favour of shorter maturities. However, the largest proportion of the flows continued to be by way of 'inward remittances' followed by ' renewal of existing deposits'. Similarly, a large portion of the interest was reinvested under the 'reinvestment plan'. While the average size of FCNR(A) deposits showed a decline, there was a rise in the case of NR(E)RA deposits. While the majority of FCNR(A) flows originated from industrial countries, South-East Asian countries and Middle-East countries, NR(E)RA flows emanated largely from the Middle-East countries. It may be noted that the maturity pattern of these deposits were such that a bulk of the amount outstanding as on end-June 1991 was to be repaid during 1991-92. Under FCNR(A) scheme, about 53 per cent of US dollar deposits, 48 per cent of pound sterling deposits, 88 per cent of deutsche mark deposits and 53 per cent of yen deposits was to be repaid during July to June 1991-92. This phenomenon offers, to some extent, an explanation for the BoP crisis of 1991-92.

IV.2 Bank-Wise Profile of Non-resident Deposits

4.5 Non-resident deposits are mobilized by banks in India either direct or through their overseas branches/subsidiaries/agents. In a few countries where banks in India do not have substantial presence, mobilization of such deposits is carried through private exchange houses/bodies (Box 4.3).

Box 4.3 : Role of Private Exchange Houses

Private exchange houses are financial institutions that operate on behalf of host country commercial banks for remitting funds and exchanging currencies for economic transactions. These companies are predominant in countries that have restrictions regarding opening of bank branches. Profit sharing is mainly restricted to the local sponsors and only minimal management fees are payable in those cases where the management of the company is provided by a correspondent bank in the recipient country. These exchange companies which operate in the niche market segment of money changing and remittances, catering to the huge demand of a voluminous but low value requirement fulfills the otherwise need for a representative banking structure in a number of countries whose expatriate population forms a significant part of workforce in the host country.

The existence of exchange houses provides benefits not only to the expatriates but also to the host country and correspondent banks. For the host country the need for elaborate infrastructure in the low end of the financial segment is minimized. Again with no element of credit and other complex banking transactions and with streamlining of this low end-multi transaction market through legal channel, it permits the banking system to focus on its core activities. At the same time, without having a full-fledged bank infrastructure and concomitant regulations, the correspondent bank gets a foothold in the market. The correspondent bank gets access to a diversified client base generating demand for other services and banking requirements of the expatriate in the home country. Similarly, expatriates are attracted to these exchange houses for its safety, familiarity, ease and market-related exchange conversion.

Private exchange houses have mushroomed all over the Gulf to cater to the requirements of the expatriate Indians. The lean structure of these companies endows an advantageous status to them in the form of low overheads. As a result these companies are able to handle their business much more competitively than normal bank branches. With strong correspondents to provide the back-up, these companies do not compromise on the quality of the services to their clientele. The customers are comfortable because of the backing of the strong banks, and view the facility at par with any other bank branch.

In India, private exchange houses are permitted to approach authorized dealers for opening rupee accounts for facilitating private remittances to India mainly on behalf of non-resident Indians. These exchange houses are allowed to issue demand draft in favour of Indian residents payable in India. At present, remittances through exchange houses for financing trade transactions are permitted up to Rs. 50,000 per transaction. Opening of rupee accounts in the names of such exchange houses in the books of authorized dealers requires approval of the Reserve Bank.

4.6 Banks under the scheduled commercial banking system in India can be broadly classified into State Bank and its subsidiaries i.e. the State Bank Group (SB), Other Nationalised Indian Banks (PUB), Indian Private Sector Banks (PVT) and Foreign Banks in India (FB). Bank-wise break-up of NRI deposits, as at end-March 1999, in terms of their stock as well as share are given in the following Table 4.2.

Table 4.2: Bank-wise Distribution of Outstanding Non-Resident Deposits - End-March 1999

(in Rs crore)

Banks		State Bank Group	Nationalised Banks	Indian Private Sector Banks	Foreign Banks in India	Total
1	2	3	4	5	6	7
FCNR(B)	Amount	10297	14657	2034	8299	35287
FCNR(B)	Per cent	29.2	41.5	5.8	23.5	100
NRE(R)A	Amount	6504	12362	2726	4777	26369
NRE(R)A	Per cent	24.7	46.9	10.3	18.1	100
NR(NR)RD	Amount	8930	14395	3913	1717	28955
NR(NR)RD	Per cent	30.8	49.7	13.5	5.9	100
Total	Amount	25732	41414	8673	14794	90612
Total	Percent	28.4	45.7	9.6	16.3	100

4.7 Table 4.2 shows that, as on end-March 1999, public sector banks (State Bank Group plus Nationalised Banks) accounted for almost 75 per cent of the total non-resident deposits followed by foreign banks in India (16 per cent) and Indian private sector banks (10 per cent). Scheme-wise balances of these banks indicate that foreign banks in India have higher relative share of foreign currency deposits as compared to rupee deposits.

4.8 Six major banks accounted for more than 53 per cent of the total NRE(R)A and NR(NR)RD outstanding as on end-March 1999. All of these six banks garnering rupee denominated non-resident deposits belonged to the nationalized and State Bank Group. Similarly, around 60 per cent of the total FCNR(B) deposits as on end-March 1999 were held by six banks in India. Two of the foreign banks in India were among the top six banks that attracted funds under this scheme (Table 4.3).

Table 4.3: Share of the Top Six Banks Attracting NRI deposits

Scheme	1995	1996	1997	1998	1999
(1)	(2)	(3)	(4)	(5)	(6)
FCNR(B)	48.6	53.0	55.1	59.7	59.3
NR(NR)RD	62.5	59.2	55.8	55.2	54.3
NR(E)RA	59.7	59.3	50.5	49.9	52.9

IV.3 Cost of Mobilisation and Return on Non-Resident Deposits

4.9 For a deposit scheme to be a sustainable, it needs to be, at least over the medium term, commercially viable. Non-resident schemes are no exception. A proper assessment of non-resident schemes in terms of costs and returns, both at the macro and micro-level, therefore, assumes critical importance. Non-resident schemes are so designed as to be viable and as an attractive avenue for deposits from the point of view of the depositors, commercial banks and the entire economy. There needs to be a clear distinction between foreign currency denominated schemes and domestic currency denominated schemes as the two involve different cost considerations and foreign exchange market operations. Moreover, within the foreign currency deposits, the total payments and total returns for each currency should be separately analysed. The cost-benefit analysis should also incorporate and properly disaggregate the maturity structure under each deposit scheme.

4.10 The cost-benefit scenario for local currency denominated schemes depends on the rate of interest paid to the customers under different maturity, the extant reserve requirements under SLR and CRR, the transaction costs and the prevailing domestic interest rate. For the foreign currency denominated deposit i.e. the FCNR(B), costs involved are interest payments to the depositor and transaction costs for acquisition and deployment of such funds. Reserve requirements on the deployment of funds through SLR and CRR have effective cost on the banks as remuneration on such preemption of funds could be less than the effective costs in foreign currency as the same could have been deployed to some other assets yielding higher returns to the banks. For arriving at the estimated cost, the rate of return on government securities with corresponding maturities and the rate of return on CRR should be taken into account. At the same time, the cost of forward cover of the foreign currency deposits i.e. the forward/ swap premia needs to be accounted in this regard. The returns on these deposits depend upon the demand for foreign currency loans from commercial banks in India by corporates and return on assets when deployed abroad (Box 4.4).

4.11 It may be noted that banks continue to hold a large part of these deposits abroad to avoid exchange rate risk[6] and a major part of the remaining deposits are lent in foreign currencies only. As regards the composition of foreign currency deposits, break-up of FCNR(B) deposits indicates that investors prefer to hold these deposits in US dollar (almost 60-70 per cent of total FCNR(B) deposits) followed by pound sterling (almost one-fourth).

Box 4.4 : Net Return on Foreign Currency Deposits to Commercial Banks

A hypothetical cost-benefit scenario for FCNR(B), is given below:

Let,

I_{ij} = interest rate paid by the commercial banks to the depositor on currency i for maturity period j; R_{ij} = return on deployment of the deposit = max[{(domestic interest rate for corresponding maturity, d_j) – (forward/ swap premia for the corresponding maturity, f_j)}, {interest rate on foreign currency loans to domestic corporates, dc}, {interest rate on deposits in permissible instruments, L_{ij}}]; C_1 = average cost of deployment of capital in per cent; C_2 = average cost of acquisition of funds in per cent; W_1 = reserve requirement under FCNR(B) for SLR purposes in per cent; W_2 = reserve requirement under FCNR(B) for CRR purposes in per cent; W_3= market deployment of FCNR(B) deposits;

Thus, $\mathbf{W_1+W_2+W_3= 100}$ ... ... (1)

The net spread on market deployment of capital is given by

$\mathbf{S_m = R_{ij}-I_{ij}-C_1}$ ... ... (2)

$\mathbf{RG_j}$ = average return on government securities in domestic currency for period j; Therefore, the net foreign currency return on government securities = $(RG_j - f_j)$;

The net spread on deployment on SLR is given by

$\mathbf{S_g = (RG_j - f_j) \sim I_{ij}}$ ... ... (3)

R_c = average interest received by commercial banks in domestic currency on CRR;

Thus, the net spread on deployment on CRR is given by

$\mathbf{S_c= (R_c- f_j) \sim I_{ij}}$ ... ... (4)

The average weighted spread on FCNR(B), AR, is, therefore, given by

AR= $S_c*w_1+S_g*w_2 +S_m*w_3$ ... ... (5)

The net return, NR = AR-C_2 ... ... (6)

[6] Since banks have kept a substantial part of these deposits abroad, this raises the question as to whether these deposits held abroad should be netted against the total FCNR(B) liabilities. Employing the concept of net debt however is problematic as there would be blurring of the maturity structure, currency composition etc. See the Report of the Technical Group on External Debt, op cit.

4.12 An illustrative example of net spread on various NRI deposits resembling the experience of a few sample banks is given in Table 4.3. It could be seen that the net spread on foreign currency deposits, i.e. FCNR (B), is much thinner compared to the counterpart deposits in rupees i.e. NR(NR) and NR(E)RA. It may also be indicated that the risk element for banks for mobilization of FCNR(B) deposits is much higher as against the other deposits.

Table 4.3 : Return on NRI deposits@

Deposit Schemes	6 MONTH	1 YEAR	2 YEARS	3 YEARS
1. FCNR(B)	**4.15**	**5.25**	**5.25**	**5.25**
CRR = 0%				
SLR = 25%				
RETURN ON DEPLOYMENT	6.2	6.35	6.5	6.65
(based on LIBOR/SWAP rates)				
COST OF CAPITAL	0.15	0.15	0.15	0.15
NET RETURN ON DEP.	**6.05**	**6.2**	**6.35**	**6.5**
SPREAD ON PCNR(B)				
ON SLR 25%	-0.5	-0.4	-0.5	-0.75
ON CRR 0%	0	0	0	0
ON FCY DEPLOYMENT 75%	1.9	0.95	1.1	1.4
WTD.AVG.SPREAD	1.3	0.6	0.7	0.9
LESS : COST OF ACQUISITION	0.5	0.5	0.5	0.5
NET SPREAD	**0.8**	**0.1**	**0.2**	**0.4**
2. NRNR	**8.5**	**9.5**	**10**	**11**
CRR = 0%				
SLR = 25%				
COST OF FUNDS	9.4	10.45	11	11.05
ADD : COST OF ACQUISITION	0.5	0.5	0.5	0.5
TOTAL COST	9.9	10.95	11.5	11.55
PLR*	13.5	13.5	13.5	13.5
NET SPREAD	**3.6**	**2.6**	**2.0**	**2.0**
3. NRE	**8.5**	**9.5**	**10**	**10**
CRR = 0%				
SLR = 25%				
TOTAL COST	9.4	10.45	11	11.05
ADD : COST OF ACQUISITION	0.5	0.5	0.5	0.5
TOTAL COST	9.9	10.95	11.5	11.55
PLR*	13.5	13.5	13.5	13.5
NET SPREAD	**3.6**	**2.6**	**2.0**	**2.0**

* Prime lending Rates relates to five major banks as on November 5, 1999.

IV.4 NRI Deposits: Monetary and External Debt Management

4.13 Following the 1991 BoP crisis, a series of measures were instituted to impart stability to such deposits without impinging on the stability and confidence in the economy. In the recent period the policy with respect to non-resident deposit schemes in India has, therefore, been to attract capital flows from abroad while bringing down the effective cost of borrowing in terms of interest outgo and the cost of macro-economic management. Similarly, as part of external debt management, careful monitoring of (i) currency portfolio especially in terms of denomination of deposits and (ii) maturity profile- both in terms of original and residual maturity, has assumed importance, especially in the wake of East Asian contagion. There was gradual deregulation of interest rates on NRI deposits, withdrawal of exchange guarantee by the Reserve Bank of India and introduction of non-repatriable deposit schemes. Apart from these measures, modulation in the flow of NRI deposits was effected through the use of monetary instruments of reserve requirements such as Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) for the commercial banks.

4.14 At the same time, the Reserve Bank of India has continually fine-tuned the end-use specifications and other concomitant factors influencing these deposits in order to modulate these flows consistent with the overall macroeconomic management. There has been a conscious movement towards domestic currency denominated schemes wherein exchange risks could be borne by the non-residents. Moreover, as part of overall management of the external sector, exchange rate was brought in alignment with the market rates, current account deficits were brought within sustainable levels, foreign direct investment was encouraged with a shift in emphasis towards non-debt creating flows and discouragement of short-term capital flows and reserve adequacy is continuously monitored to safeguard against sudden reversals of short-term flows.

4.15 As an immediate step to neutralize the 1991 crisis, IDBs were raised for a maturity period of 5 years in the US dollars and Pound sterling at an interest rate of 9.5 per cent and 13.25 per cent respectively. Total subscription under the IDBs amounted to US $ 1,627 million which more or less offset the large outflows under the FCNR(A) with an added advantage of lengthening of maturities. Of the total amount of US $ 2,104 million due in 1996-97 under this bond scheme, an amount of US $ 1,135 million were repaid in foreign currency whereas US $ 969 million were redeemed in rupees and held in India. On the other hand, as a measure to compensate for the repercussions following economic sanctions in 1998-99, a total amount of US $ 4,230 million were raised for a five year period under the RIBs in US dollar, Pound sterling and Deutsche marks at an internationally competitive interest rate of 7.75 per cent, 8 per cent and 6.25 per cent respectively. There has been limited substitution from the FCNR(B) to the RIBs and to the extent there has been substitution, it resulted in elongation of maturity while at the same time bringing into the country actual foreign exchange that were kept unswapped.[7]

[7] Reddy Y.V. (1998), " Managing Capital Flows", Reserve Bank of India Bulletin, January 1999.

4.16 As mentioned above, the Reserve Bank has continuously fine-tuned the reserve requirements under these deposits consistent with the overall macro-management. While the CRR over the 'seventies and in the early 'eighties on NR(E)RA deposits was the same as on domestic deposits, the 'eighties saw a preferential treatment to these deposits in the form of a significantly lower CRR, underlining the need to mobilise more deposits in view of the widening current account deficit. A similar preferential treatment to FCNR(A) was also provided. The CRR was, however, increased and brought more or less at par with domestic deposits from the late 'eighties onwards. While FCNR(B) and NR(NR)RD, which were introduced in early 'nineties, were initially exempted from CRR, reserve requirements were imposed in late 1994 and early 1995 respectively to bring these deposits at par with domestic deposits to counter the monetary impact of higher inflows. In late 1995 and early 1996, as volatility prevailed in the foreign exchange market, the CRR was reduced to make these deposits more attractive. With the easing of the foreign exchange market, CRR was imposed during April 1997 only to be again lifted in November 1999. In contrast, the variability in the use of statutory liquidity ratios (SLR) on these deposits has been rather limited.

4.17 The policy on reserve requirement on foreign currency deposits has a parallel in other countries that experience similar capital flows. A survey of seventeen emerging market economies by the Bank for International Settlements (BIS, 1999) on monetary policy operating procedures in emerging market economies finds a spectrum of policy in regard to the use of reserve ratios. The survey found that, since banks can shift deposits from one category to another to circumvent the regulations, the authorities usually apply such reserve requirements uniformly to all types of deposits. Nonetheless, differential ratios are applied to serve particular objectives. For instance, higher reserve requirements were sometimes imposed on foreign currency deposits compared with domestic currency deposits in Peru and Thailand on prudential and liquidity grounds; in Poland, on the other hand, the statutory ratio for foreign currency deposits was lower than that for domestic currency denominated deposits.

4.18 In line with the regulation of deposit rates in the period prior to the 'nineties, the interest rates on various NRI schemes were also regulated. As a part of financial sector reforms, interest rates were deregulated in the 'nineties and operational freedom was provided to banks to determine the interest rates they can offer on various deposit schemes. While prior to August 1985, interest rate on both NR(E)RA and FCNR(A), the schemes in vogue at that time, was 2 percentage points higher than that prescribed for domestic term deposits, interest rates on FCNR(A) in the subsequent period were revised taking into account trends in international interest rates. The differential in the case of the FCNR(A) deposits (maximum rate) vis-à-vis the US deposit rates which was over 3 percentage points in 1985 and 1986 was reduced to a little over one percentage point in 1989; the differential, however, widened again in the early 'nineties reflecting efforts to attract these deposits in view of the external payments crisis (Appendix Table 6). The differential of 2 percentage points in the case of NR(E)RA vis-à-vis domestic interest rates, however, continued; in fact, the differential widened to 3 percentage points, effective April 1987, as the maximum domestic term deposit rate was reduced to 10 per cent while the maximum rate on NR(E)R remained unchanged at 13 per cent. By 1991, the interest differential vis-à-vis domestic deposits, however, narrowed down to one percentage point reflecting tight monetary policy to counter the external payments crisis even though the maximum interest rate on NR(E)RA deposits was increased to 14 per cent.

4.19 As a first step towards more functional autonomy to the commercial banks, the detailed maturity-wise prescriptions were rationalised in the case of NR(E)RA deposits, on the lines of flexibility provided in the case of domestic deposits[8]. Banks were allowed to determine their own term structure, subject to a single prescription of interest rates 'not more than 13 per cent' (effective October 1992) and 'not more than 12 per cent (effective April, 1993). However, the differential vis-à-vis domestic deposits remained broadly unchanged at one percentage point. In order to moderate the flow of capital, the (maximum) interest rate was initially reduced to 10 per cent effective May 1994 (the same as on domestic deposits); as a further rationalisation, the interest rate, effective October 1994, was reduced to 8 per cent, i.e., two percentage points below the corresponding domestic deposit rate ceiling. Following the drying up of capital flows in response to volatility in the markets, interest rates were increased to 12 per cent (effective October 1995). With an objective to bring about an alignment of the maturity structure of these deposits with that on domestic term deposits, interest rates on term deposits of maturity of 2 years and above were, effective April 1996, freed while those of less than 2 years maturity continued to be governed by the Reserve Bank stipulations. As a further step, effective April 1997, interest rates on term deposits of maturity of 1 years and above were also left to the banks to decide. The banks were given full freedom across all maturities since September 1997.

4.20. Similarly, in the case of FCNR(B) deposits, banks were initially permitted, effective April, 1997, to determine interest rates subject to ceilings prescribed by the Reserve Bank. Subsequently, the banks were provided more freedom, by linking these rates to LIBOR; effective October 1997, banks were allowed to offer these deposits at rates not more than LIBOR of the relevant currency and maturity. To discourage short-term speculative flows, the guidelines were modified effective April 1998, wherein the banks were allowed to offer these deposits at 50 basis points above LIBOR for maturity of one year and above and at 25 basis points below LIBOR for deposits of less than one year maturity.

4.21 In line with the policy of minimizing the country's short term external borrowing liabilities, effective October, 1999, the minimum maturity for FCNR(B) deposits has been raised from six months to one year. Banks, however, continue to have the freedom to offer floating rate deposits (with a maturity of one year or more, and interest reset period of six months).

[8] The banks had been provided this flexibility in case of domestic deposits, *viz.* effective April 1992.

4.22 In cases where deposit rates were equal to or more than the Prime Lending Rate (PLR) or less than one percentage point below PLR, banks had the freedom to charge suitable rates of interest on advances against domestic/ NR(E)RA term deposits without reference to the ceiling of PLR. Rupee loans against NRE deposits to depositors were charged at less than PLR if the loans are repaid in foreign currency whereas loans and overdrafts against FCNR(B) deposits were subject to PLR norms. Effective October, 1999, banks were free to charge interest rates on loans against NR(E)RA/FCNR(B) deposits without reference to PLR.

4.23 In the case of NR(NR)RD scheme, the banks were allowed the flexibility to fix the interest rates from the inception of the scheme (June 1992) i.e., even before the freedom was granted to domestic deposits. On account of exemption from CRR and SLR, these deposits attracted higher interest rates and reflected the policy efforts to change the composition of the NRI deposits towards NR(NR)RD. The present regime allows banks the flexibility to determine the interest rates on NRI deposits on the basis of their own risk return perception while the policy aims at discouraging speculative short-term deposits.

4.24 Several important issues arise in the analysis of non-resident deposits in the context of overall external debt management. At a conceptual level the inclusion of certain categories of non-resident deposits in external debt statistics assumes importance. Strictly going by the 'residency' criterion, all non-resident deposits should form part of external debt. However, country practices differ. Many countries including India do not include non-repatriable non-resident deposits in their external debt statistics. There is, therefore, a need for consistency in the treatment of non-repatriable deposits in the overall debt analysis. In this context, disseminating data on NR(NR) RD, as a memo item in the external debt table, could lead to interpretation of different external debt figures. Accordingly, it would be better not to give data on NR(NR) RD as a memo item in the external debt table.

4.25 A number of lessons emanate from the Indian experience of non-resident deposit scheme. First, the central bank or the government should refrain from providing exchange guarantee to the depositor, since such guarantees take the form of contingent external liabilities and could pose a systemic threat when reserves are low and exchange rates depreciate very sharply. Commercial banks, too, need to be more active in their risk-management strategies especially with regard to deployment of foreign currency denominated funds. The accent should be towards domestic currency deposits whereby depositors have to bear exchange risks or alternatively schemes may have to be so devised that commercial recipient entities and the depositors are subjected to 'burden sharing'. Second, there needs to be an alignment of interest rates of both domestic and foreign currency denominated deposits with that of domestic and international rates. Third, the focus of these deposits should be on longer maturity and maintenance of steady maturity stream with an accent towards sustainability and stability. Fourth, assessment of the degree of substitution between NRI deposits and normal flows from non-residents in the form of private transfers, workers' remittances and other non-debt creating flows from NRIs would assume importance while devising these schemes. Finally, at a more fundamental level, the exchange rate management has to be realistic and in consonance with economic fundamentals, since a misaligned rate is bound to create a wedge between foreign currency denominated deposits and domestic currency denominated deposits.

4.26 India has systematically moved from control regime, into current account convertibility and market determined exchange rate. It has managed capital account to ensure growth with stability, consistently adding to its foreign exchange reserves. The policy of cautious movement towards capital account liberalisation continues to be valid. The coordinated policy framework and the careful calibration of instruments with market pressures has enabled an effective management of capital flows without any distortive shocks on the performance of the economy.

CHAPTER V

CROSS-COUNTRY PRACTICES IN NON-RESIDENT DEPOSIT SCHEMES

V.1 Overview

5.1 A number of developing and semi-developed economies mobilize a part of their external capital requirements through special schemes designed for non-residents. These schemes are especially popular and successful in countries such as Turkey, Israel, Egypt, Lebanon, Greece, Spain and some East European countries e.g. Czech Republic. In addition Columbia, Indonesia, Korea, Malaysia, Mexico, Pakistan, Sri Lanka and Thailand also have sizeable deposits from non-residents. A synopsis of deposit schemes in different countries is presented in Annexure 2.

5.2 These special non-resident deposits are generally opened with the commercial banks of these countries and are offered in both short-term and long-term original maturity. For example, in Turkey, commercial bank deposits are operated both by correspondent banks and other banks and are offered for a one-year maturity only. In Turkey, however, deposits could be opened with the Central Bank of Turkey by the Turkish workers residing outside the country. In the case of such deposits, interest rates are fixed by the Central Bank of Turkey.

5.3 In the case of Chile, non-resident deposits have no term limitations. Similarly, term-structure of non-resident deposits in Brazil is not specific and as such both non-resident foreign currency accounts and non-resident domestic currency accounts are treated as demand deposit accounts. There are no specific rules about non-resident saving accounts in Brazil. Most of these countries have instituted schemes in both foreign currency as well as their local currency. In almost all countries, the principal of the deposit along with the interest accrued are freely repatriable with no exchange rate guarantee provided by the central bank. In Korea, however, there exist both repatriable and non-repatriable schemes while for Chile, its central bank imposes a ceiling rate for non-bank irregular non-resident deposits. As regards non-resident's " Free Won" account in Korea (the account instituted to facilitate using of local currency in external transactions), the principal can be freely repatriated. Similarly, in Sri Lanka, there exist foreign currency accounts of their former residents that are not repatriable. In Colombia, local currency non-resident account can be opened only to pay for trade transactions. On the other hand, in Malaysia funds in the external account of non-residents are used only for purchases of ringgit instruments, security registered in Malaysia transacted through authorized depository or other assets in Malaysia. There are no specific rules about using the credit balance of such accounts for financial investment purposes in Brazil as also for the repatriation of principal, interest or both. In the case of domestic currency account for non-resident deposits in Brazil, credit balances held by natural and non-financial entities may be freely converted into any foreign currency and remitted abroad only if the funds have originated from previous sales of foreign currency and not been used for any other transaction. Advances/overdrafts against such deposits in Brazil, both foreign currency denominated and domestic, are, however, not permitted. While for foreign currency accounts in Brazil, there are incidence of Temporary Contribution on Financial Operations (CPMF), remittances from abroad to non-resident's domestic currency account are subjected to the Financial Operation Tax (IOF), currently with brackets reduced to zero per cent.

Table 5.1: Share of Non-Resident Deposits in Total External Debt- End-June 1999

(in per cent)

Country	NRI deposits as proportion of External debt
Czech Republic	20
Turkey	17
Spain	35*
Brazil	0.05**
Egypt	2.6#
Indonesia	0.19##
India	12.6##

* Includes the share of deposits by non-resident financial institutions and other non-resident sectors vis-à-vis liabilities to all non-resident as at end-December 1998.

** As at end-December 1998.

As at end-September 1999.

As at end-March 1999

5.4 It is also observed that in most countries, non-repatriable deposits are not included as part of their external debt statistics. In the case of Chile, non-resident deposits are excluded from external debt statistics whereas in Turkey only the foreign currency denominated deposits get included in external debt statistics. The share of non-resident deposits in total external debt for different countries is shown in Table 5.1. As for Spain, the proportion of non-resident deposits (including financial institutions and other non-resident sectors) formed around 35 per cent of its total liabilities vis-à-vis non-residents as on end-December 1998. Borrowings by credit institutions from abroad accounted for 7 per cent of GDP in 1998, almost double the amount as in 1997. It may, however, be noted that a portion of credit institutions' indebtedness abroad was incurred as a result of transactions through which residents' deposits in foreign subsidiaries of Spanish companies were channeled again towards these credit institutions and were recorded in their balance sheet as non-residents' deposits.

5.5 Although, as illustrated above, a number of countries garner external resources through deposits from their non-residents, we would, in the rest of this chapter, focus on deposit schemes offered by Turkey and Israel as these countries have deposit schemes and economic structure comparable to that of India.

V.2 Country Experience I: Turkey

5.6 Non-resident deposits which are denominated in foreign currencies are mainly targeted towards those individual (over eighteen years) having residence or working permits abroad or the right thereto, possessing valid Turkish passports or certificates of "right to work abroad". Persons authorised to work abroad for a long term by the public agencies and those employed at the representative offices and bureaus abroad of the public and private sector organisations are also entitled to open such accounts. Such accounts could be opened in Turkey, Germany, Holland, UK and France. Foreign currency non-resident deposits are offered both by commercial banks and by the Central Bank of the Republic of Turkey (CBRT).

Table 5.2: Balance in Non-Resident Foreign Exchange Deposit Account, 1984-1998

(end-December, US $ million)

		1998	1997	1996	1991	1990	1986	1984
1	**Deposits A/c. in Commercial Banks**	6647	4156	4579	2429	3280	1250	544
	A : Correspondent A/c.	3424	2137	1533	523	1476	271	44
	B : Other A/c.	3223	2019	3046	1906	1804	979	500
	Of which short-term	6647	4156	4579	2429	3280	1250	544
	Of which medium & long-term	0	0	0	0	0	0	0
2	**Deposits A/c. in Central Bank**	12579	11126	11662	6266	6950	3799	1778
	Of which short-term	898	859	942	553	695	730	452
	Of which medium & long-term	11681	10267	10720	5713	6255	3069	1326
3	**Total Deposits**	19226	15282	16241	8695	10230	5049	2322
	Of which short-term	7545	5015	5521	2982	3975	1980	996
	Of which medium & long-term	11681	10267	10720	5713	6255	3069	1326

Source : Data on "Foreign Exchange Deposit Accounts", Undersecretariat of Treasury, Turkey.

5.7 There has been a steady increase, since 1984, in the balance of non-resident deposits. These deposits increased from $ 2.3 billion at the end of December 1984 to US $ 19.2 billion in 1998 (Table 5.2). The short-term component, in terms of original maturity, of non-resident deposits at US $ 7.5 billion accounted for 39.2 per cent of the total non-resident deposits (Table 5.3).

Table 5.3 : Share of Balance in Total Non-Resident Foreign Exchange Deposit Account, 1984-1998

(end-December, US $ million)

		1998	1997	1996	1991	1990	1986	1984
1	**Deposits A/c. in Commercial Banks**	34.6	27.2	28.2	27.9	32.1	24.8	23.4
	A. Correspondent A/c.	17.8	14.0	9.4	6.0	14.4	5.4	1.9
	B. Other A/c.	16.8	13.2	18.8	21.9	17.6	19.4	21.5
	of which short-term	34.6	27.2	28.2	27.9	32.1	24.8	23.4
	of which medium & long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	**Deposits A/c. in Central Bank**	65.4	72.8	71.8	72.1	67.9	75.2	76.6
	of which short-term	4.7	5.6	5.8	6.4	6.8	14.5	19.5
	of which medium & long-term	60.8	67.2	66.0	65.7	61.1	60.8	57.1
3	**Total Deposits**	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	of which short-term	39.2	32.8	34.0	34.3	38.9	39.2	42.9
	of which medium & long-term	60.8	67.2	66.0	65.7	61.1	60.8	57.1

Source : Data on "Foreign Exchange Deposit Accounts", Undersecretariat of Treasury, Turkey.

5.8 The total non-resident deposits of Turkey, at the end of December 1998, constituted 18.5 per cent of the total external debt. The share of non-resident deposits amounted to nearly one-fourth of the total short-term external debt (Table 5.4).

V.2.1 Deposits with Commercial Banks

5.9 The total non-resident deposits in the commercial banks increased from US $ 0.54 billion at the end of 1984 to US $ 6.65 billion in 1998 and the share of such deposits in total non-resident deposit accounts increased from a low of 21.0 per cent at the end of 1990 to 34.6 per cent in 1998. Commercial banks deposits are operated both by correspondent banks and other banks and are offered for a one-year maturity only. Thus, non-resident deposits of the commercial banks have been entirely short-term deposits and as on end- December accounted for 88.1 per cent of the total short-term component of the non-resident deposits. The share of correspondent banks in the total non-resident deposits of the commercial banks rose from 8.1 per cent at the end of 1984 to 51.5 per cent at the end of 1998. During the nineties, there was a net outflow under these deposits in the years 1991, 1992, 1994 and 1997. The magnitude of such net outflows were, however, quite low (ranging between US $ 0.80 billion to US $ 0.15 billion). The annual average inflow amounted to US $ 1.07 billion during 1995 and 1998. This suggests that either most of such deposits were renewed or were more than compensated by the withdrawals.

5.10 Both the principal and interest amounts are freely repatriable by the depositors. Foreign exchange risks are borne by the respective banks maintaining the deposits and interest rates on such deposits in commercial banks are left to the decisions of these banks.

Table 5.4 : Non-Resident Deposits and External Debt

(end-December)

		1998	**1997**	**1996**	**1998**	**1997**	**1996**
		(US $ million)			(% of total external debt)		
1	Non-Resident Deposists	19226	15282	16241	18.5	16.8	19.3
	of which short-term	7545	5015	5521	7.3	5.5	6.6
	of which long-term	11681	10267	10720	11.2	11.3	12.8
2	Total External Debt	103956	91109	83962	100.0	100.0	100.0
	of which short-term	27236	22634	20517	26.2	24.8	24.4
	of which long-term	76720	68475	63445	73.8	75.2	75.6

V.2.2 Deposits with Central Bank of Turkey (CBRT)

5.11 Non-resident are also eligible to maintain deposits with the CBRT. It is also termed as the Dresdner Bank Scheme. Interest rates under this account are fixed by the CBRT. The deposit accounts can be opened in Foreign Currency Deposit Accounts with Credit Letter or Super FX Accounts by depositing money, either with CBRT in Turkey, or with designated banks in Germany (Dresdner Bank A.G.), Netherlands (United Garanti Bank International N.V. or Demir Hald Bank N.V.), United Kingdom (Turkish Bank, U.K. Ltd.) and France (Banque du Bosphore). Deposits can also be made in such accounts by making transfers into CBRT through the Turkish or foreign banks and the branches of post offices at the place where they are resident. Non-residents can also make transfers to their own accounts from their Credit Letters and Super FX Accounts by sending CBRT the originals of their Credit Letters or Super FX Account books along with photocopies of their passports. Citizens having credit letter and SFX accounts could continue their accounts under the prevailing legislation also after their final return to Turkey.

5.12 The total outstanding deposits with CBRT increased from US $ 1.78 billion at the end of 1984 to US $ 12.58 billion in 1998. The share of CBRT deposits in total non-resident deposits, however, declined from a peak of 79.0 per cent at the end of 1994 to 65.4 per cent at end-December 1998. Around three-fifths of such deposits were medium and long-term tenor. The share of CBRT deposits stood at only 11.9 per cent of the total short-term non-resident deposits at the end of 1998.

V.2.3 Foreign Currency Deposit Account with Credit Letter

5.13 Such accounts are offered in Euro, DEM, USD, FRF, NLG, GBP and CHF for 1 and 2-year deposits. As on end-September 1999, interest rates on all currencies but CHF were fixed at 7 per cent per annum for 1-year deposit and at 9.5 per cent for 2-year deposits. For CHF, the interest rate was 3.5 per cent for 1-year deposits and 5.5 per cent for 2-year deposits. The minimum amount required to be deposited was 1000 units of currencies for the Euro deposits, for the US Dollar and for the UK Pounds; 2000 units for the German Marks, the Dutch Guilders and the Swiss Francs; and 10,000 units for French Francs. Accountholders of the foreign currency deposit accounts (FCDA) with Credit Letter could withdraw cash from their accounts by submitting their Turkish passports with their Credit Letters to branches of CBRT in Turkey or to the designated banks in the countries where such schemes were operated. Such deposits amounted to US $ 9.46 billion at the end of 1998, accounting for 49.2 per cent of the total non-resident deposits. Short-term component in such deposits amounted to only US $ 0.90 billion. Although there was a steady net outflow in the short-term component between 1987 and 1991, averaging around US $ 0.10 billion, the trend reversed between 1992 and 1997 (with an average annual inflow of US $ 0.10 billion). In 1998 there was again a net outflow of US $ 0.1 billion. The medium and long-term components, at US $ 8.57 billion, constitute the bulk of non-resident deposits with CBRT. Between 1984 and 1998, there was a net outflow only during 1991. The annual average net inflow during 1992 to 1998 stood at US $ 1.00 billion, reflecting the increased attractiveness of such deposits.

Table 5.5: Maturity break-up of CBRT deposits- end December 1998

(in US $ billion)

Scheme	Long term	Short term	Total
Credit Letter	8.57	0.89	9.46
Super FX account	3.12	0.0	3.12
Total	11.69	0.89	12.58

V.2.4 Super FX Account

5.14 Such accounts are offered in Euro, USD and DEM only for 2 and 3-year deposits. The interest rate on all these currencies was 10.0 per cent per annum for 2-year deposits and 11.0

per cent for 3-year deposits. The minimum amounts required are 15,000 units of currencies for the Euro deposits and for the US Dollar; and 30,000 units for the German Marks deposits. Customers having "Certificate" of Super FX accounts, could withdraw money from the branches of CBRT in Turkey. After a partial withdrawal from such account, if the balance amount in Super FX account is below the minimum requirement, it is possible to open a Credit Letter Account for the residue upon the request of the account holder. Deposits under Super FX accounts, were entirely of medium or long-term original maturity. Total deposits under this account of the CBRT scheme amounted to US $ 3.12 billion at the end of 1998, accounting for 16.2 per cent of the total non-resident deposits. Table 5.5 gives the maturity break-up of the deposit schemes with CBRT.

V.3 Country Experience II: Israel

5.15 Non-resident deposits in Israel are held, in both foreign currency and domestic currency, by the non-banking sector and overseas Israeli banks. The stock of non-resident deposits in Israel as on end-December 1998 stood at around US $ 19.2 billion as against US $ 17.4 billion as at end-December 1997. Non-residents' foreign currency deposits accounted for nearly 50 per cent of the total foreign currency deposits of the Israeli banking system. The bulk of non-resident deposits were denominated in foreign currencies, comprising about 98.4 per cent of total non-resident deposits in 1998 (Table 5.6).

Table 5.6: Balance of Non-resident deposits in Israel's Banking System-End December

(in US $ billion)

		1998	1997	1996	1995
1.	**Foreign Currency deposits:**	18.9	17.3	15.4	14.9
	a) Overseas banks	2.1	2.1	1.4	1.6
	b) Non-residents	16.8	15.2	14.0	13.3
2.	**Local currency**	0.3	0.1	0.1	0.1
3.	**Total**	19.2	17.4	15.5	15.0
	Of which : Short term	16.6	15.0	14.3	13.8

5.16 In the foreign currency segment, non-resident deposits other than those by the banking corporations accounted for nearly 90 per cent of the total non-resident deposits in 1998. The short-term debt component of non-resident deposits, most of which is from the deposit holders other than banking corporations, formed over 86 per cent of the share in total non-resident deposits in 1998. Average annual nominal yield of foreign currency denominated deposits in

US dollar terms was about 5.0 per cent and 4.7 per cent during 1997 and 1998 respectively.

5.17 As on end-December 1998, the share of non-resident deposits constituted nearly 35 per cent of the total external debt of Israel while the short term component of non-resident deposits accounted for more than 80 per cent of the total short term external debt of Israel. Similarly, non-resident deposits accounted for nearly 97.5 per cent of the external liabilities of the banking system in December 1998 (Table 5.7).

Table 5.7: Share of Non-resident deposits in Israel's Total External Debt and Banking System Liability- end December

(in per cent)

	1998	1997	1996	1995
Share in Total External Debt	**34.9**	**33.8**	**32.4**	**33.3**
Share of Short term deposits in Short Term External Debt	**81.9**	**80.0**		
Share in total External Liability of Banking Sector	**97.5**	**96.2**	**98.7**	**98.7**

5.18 Change in the regime of Foreign Exchange Control in Israel since May 1998 had a positive affect on the business environment in which the banking system operates. Restrictions on the method of operating in foreign currency transactions were lifted, and the requirement for an authorized dealer's permit was abolished, thereby increasing competition between Israel's banking system and other agents in and outside Israel, including foreign banks. Free repatriation of non-resident deposits maintained in the Israeli banking system was allowed. Liberalization of exchange control also included facilities of foreign exchange denominated credit to be granted to non-residents as also to the residents by the Israeli banks.

CHAPTER VI

RECOMMENDATIONS

6.1 Non-resident Indians are allowed to invest in India in both domestic currency denominated as well as foreign currency denominated deposits. The maturity profile of deposits is of crucial importance to the recipient entity. The concept of repatriability has some important implication to the foreign exchange market and compilation of BoP and external debt statistics. (Paragraphs 2.1 - 2.14)

6.2 Analysis of external debt statistics should be synchronous with the international investment position (IIP) since the latter captures both the liability as well as assets of residents vis-à-vis non-residents. There is thus a need to monitor (as a memo item to the external debt statistics) the size and proportion of the foreign currency deposits that are not swapped into domestic currency and retained or held abroad and the loans extended to the non-residents out of their deposits in India. (Paragraph 2.27)

6.3 The group feels that a Comprehensive Single Return (CS Return) for all NRI deposit accounts may be devised in the same line as recommended by the Working Group on International Banking Statistics (WGIBS) which may be submitted by Head Offices of the banks, after collecting details from their branches, to RBI on a quarterly basis. This is in tune with the suggestions of streamlining the various related Statistical Returns from the banks as recommended in the Chandrasekhar Committee Report (Reserve Bank of India, 2000). This new CS Return may replace the existing Stat Returns 5, 8 and 9. (Paragraph 3.5)

6.4 The CS Return would be the same as that in locational banking statistics/consolidated banking statistics (LBS/CBS) with an Additional Module providing the flow information regarding NRI deposits. Inflow data should include fresh inflows from abroad, renewals and transfer credits and interest credited. Outflow data should comprise principal remitted abroad, local withdrawals, interest remitted abroad, interest paid locally and renewals and transfer debits. The item "local withdrawal" should include debit from the accounts such as gifts, donations, taxes, local redemptions under NR(NR)RD and NR(E)RA and other miscellaneous items. Moreover, information on savings/current accounts of the NRI deposits should also be included in the same line as that of other term deposits with a specific code for the maturity period. This will enable stock-flow reconciliation of NRI deposits and bring about consistency in the external debt data with the corresponding items under BoP statistics. At the same time, this arrangement would meet the requirement under SDDS of IMF. (Paragraphs 3.6 & 3.14)

6.5 It is observed that reporting banks sometimes find it difficult in segregating fresh inflows from abroad from that which are renewed or transferred. Similarly, it may sometimes be difficult to accurately ascertain the various items under outflows. It is, therefore, suggested that banks develop internal codes to record these items separately. (Paragraph 3.7)

6.6 There is a need to move towards a computerized reporting arrangement wherein information could be centralized at the head office level of each bank and the floppies submitted to the Reserve Bank. This would enable faster reporting by the banks, lower time lag in publication on the part of the Reserve Bank and at the same time result in considerable reduction in the degree of reporting error. Software should be distributed to all banks dealing with such deposits so as to facilitate preparing the data floppy as it was done in the case of the reporting under BoP statistics viz., FET-ERS. (Paragraphs 3.9 & 3.10)

6.7 The new CS Reporting by the banks should be floppy-based similar to that of LBS/CBS Returns. The Group is of the opinion that the coverage of this statistics may be confined, at least in the initial phase of two years, to the critical branches of the Authorised Dealers (ADs) that are furnishing BoP data to the RBI on floppies. The Group recognizes that there may exist a few small branches of commercial banks, not under the critical branches as identified for foreign exchange transactions by the Reserve Bank, which, nonetheless, have significant NRI deposits liabilities. These branches may be identified by the respective banks and reporting of NRI deposits from these branches to their head offices should also be instituted. Once the floppy based reporting system stabilises, the existing hard copy returns could be discontinued. In due course it would be desirable to move onto on-line reporting by banks to the extent feasible. (Paragraph 3.11)

6.8 Bank branches could provide all the additional details every quarter end from their record. So software may be suitably modified to accept those details in case of asset/liability code '51' as per the WGIBS. Opening balance may be calculated by the software package from the closing balance of the previous quarter and the closing balance may be calculated by the software package after considering above flow details. The software would automatically generate residual maturity code and original maturity code at the time of opening the account. The Group, therefore, suggests necessary changes in the file layout and data-entry screen to incorporate all the relevant data details in the additional module. (Paragraph 3.15)

6.9 The Group suggests capturing both original maturity and remaining maturity of NRI deposits. The CS Return software would collect the opening date and maturity date of each account. As the date of maturity is stored in the database, the software can also generate detailed data of NRI deposits by residual maturity as well as original maturity basis as required for external debt purpose. (Paragraph 3.16)

6.10 The Group suggests presenting the data by geographic region of non-residents on a quarterly basis. This is captured in the new CS Return reporting format. As a result, separate survey for capturing this information may not be necessary. (Paragraph 3.17)

6.11 There is a need to separate data at the Head Office level of the reporting banks and forward separate files to the RBI for the purpose of IBS Reporting and general NRI deposits reporting. Therefore, the E-IBS software at bank's head office level needs to be modified to satisfy the separate requirements whereby branch level information can be directly imported and aggregated. Data supplied by the Head Offices should contain the list of non-responding branches details for further monitoring. In this respect, the two divisions of DESACS, RBI - Banking Statistics Division (BSD) and Balance of Payments Statistics Division (BPSD) need to co-ordinate to ensure the accuracy and timeliness of data. (Paragraph 3.18)

6.12 Along with the data on floppy from bank head offices, an enclosure giving AD code number of branches which have not reported data during the quarter would also be required to be forwarded to RBI on the same lines as IBS Returns. Thus, RBI could subsequently pursue with the respective banks to get data from remaining branches in the next quarter so that quick estimate data can be modified suitably. (Paragraph 3.19)

6.13 At the RBI one software module needs to be developed for reading these floppies and for centralised management of data on non-resident deposits. It is suggested to use the Commonwealth Secretariat Debt Recording and Management system (CS-DRMS) Version 2000 + for maintenance of all non-resident deposits data. Thus, at the RBI level, the new module would read the data from floppies as supplied by head offices of the reporting banks and convert this information into the desired format for CS-DRMS profile. Required output would be generated from the CS-DRMS as it is being done for other components of external debt. For projection purposes, a facility to repeat figures from recent past, or blowing the same by a given proportion, or a seasonal pattern of the recent past period may be followed in the module. (Paragraphs 3.20 & 3.23)

6.14 It is suggested that CSR data be sent from bank head offices to DESACS, RBI. The monitoring of receipt of data from banks to RBI may be done by DESACS and ECD jointly. However, data may be maintained by DESACS using CS-DRMS. As it is being done for ECB data, DESACS may prepare required estimate for this component of external debt and forward the same to the Department of Economic Analysis and Policy (DEAP) for further use. (Paragraph 3.25)

6.15 Several important issues arise in the analysis of non-resident deposits in the context of overall external debt management. At a conceptual level the inclusion of certain categories of non-resident deposits in external debt statistics assumes importance. Strictly going by the 'residency' criterion, all non-resident deposits should form part of external debt. However, country practices differ. Many countries including India do not include non-repatriable non-resident deposits in their external debt statistics. There is, therefore, a need for consistency in the treatment of non-repatriable deposits in the overall debt analysis. In this context, disseminating data on NR(NR) RD, as a memo item in the external debt table, could lead to interpretation of different external debt figures. Accordingly, it would be better not to give data on NR(NR) RD as it is a memo item in the external debt table. (Paragraph 4.24)

6.16 A number of lessons emanate from the Indian experience of non-resident deposit scheme. First, the central bank or the government should refrain from providing exchange guarantee to the depositor. Second, there needs to be an alignment of interest rates of both domestic and foreign currency denominated deposits with that of domestic and international rates. Third, the focus of these deposits should be on sustainable maturity and maintenance of steady maturity stream with an accent towards sustainability and stability. Fourth, assessment of the degree of substitution between NRI deposits and normal flows from non-residents in the form of private transfers, workers' remittances and other non-debt creating flows from NRIs assumes importance while devising these schemes. Finally, at a more fundamental level, the exchange rate management has to be realistic and in consonance with economic fundamentals, since a misaligned rate is bound to create a wedge between foreign currency denominated deposits and domestic currency denominated deposits. (Paragraph 4.28)

Annexure 1: Acknowledgements

A. International Institutions

1. Eurostat

- Mr. Jean-Claude Roman,
  Head of Unit,
  International Trade in Services, Direct Investment and Balance of Payments
- Mr. Nikos Chryssanthou
  Administrator,
  International Trade in Services, Direct Investment and Balance of Payments

2. Bank of Italy

- Mr.Roberto Tedeschi,
  Balance of Payments Units,
  Staistics Division,
  Research Department

3. Ufficio Italiano dei Cambi (UIC)

- Ms. Laurra Graziani
- Mr. Guseppe Ortolani

4. Citibank, London

- Mr Vineet Raj
  Vice President
  NRI Investment Programme

5. State Bank of India, London

- Mr. A.Mukund
  Chief Manager
- Mr. T.K.Ranganatha,
  Manager, NRI Services

6. State Bank of India, Frankfurt

- Mr. K.B.Acharya
  Chief Executive Officer
- Mr. K.K.Narayanaswamy,
  Sr. Vice President

7. **Commonwealth Secretariat, London**
   (Economic and Legal Advisory Services Division)

   - Dr. Raj Kumar,
     Special Adviser (Economics)
   - Mr. Jose Maurel
     Chief Programme Officer (Economic)
   - Mr. Dev Usheree
     Senior Programme Officer (Economic)
   - Mr. John Corkil
     Senior Programme Officer (Systems)
   - Mr. James Massoy
     Systems Consultant

8. **Private Exchange Houses, UAE**

B. Domestic Institutions

9. **State Bank of India**

   - Mr. K.Ramesh,
     DGM, Chennai Main Branch
   - Mr.G.Rajeev Kumar
     AGM, NRI Services,
     International Banking, Corporate Centre

10. **Reserve Bank of India**

   - Mr. Muneesh Kapur,
     Assistant Adviser,
     Department of Economic Analysis and Policy
   - Mr. N.G. Akmanchi,
     Assistant Manager, Exchange Control Department
   - Mr. S.B.Gogate,
     Assistant Manager, Department of Economic Analysis and Policy.
   - Mr. .Jogle,
     Department of Economic Analysis and Policy.

Annexure 2 : List of Countries from which information of NRI Deposits were received for this Project

The Group prepared a brief questionnaire on the various schemes designed by different countries regarding deposits from non-residents. Information was sought in regard to

- features of the non-resident schemes such as currency of denomination, provision of repatriability of both principal and/or interest, facility of any exchange guarantee by the central bank, maturity profile and interest rate determination;
- other forms of inflow from non-residents;
- sources of information on non-resident deposits i.e. whether received from the commercial banks, government, non-resident themselves or any other source;
- types of non-resident deposits included in external debt statistics i.e. if all repatriable deposits/ non-repatriable deposits/ local currency deposits/ foreign currency deposits form a part of the external debt of the respective countries and
- share of non-resident deposits in total external debt.

Information in this regard were received form

1. Brazil
2. Chile
3. Czech Republic
4. Egypt
5. Greece
6. Israel
7. Italy
8. Lebanon
9. Malaysia
10. Spain
11. Turkey

Annexure 3 : Non-Resident Deposits - Country Practices

Country	Whether non-residents and corporates can maintain bank accounts	Whether accounts can be maintained in local currency	Whether accounts can be maintained in foreign currency	Whether the principal is repatriable freely/ with prior permission from the authorities/ not allowed	Whether the interest is repatriable freely/ with prior permission from the authorities/ not allowed	Are there any non repatriable scheme: Principal and/or interest	Treatment of balances in NRI account where principal/ interest are not allowed to be transferred abroad in external debt statistics	Treatment of balances in NRI account where only interest are not allowed to be transferred abroad in external debt statistics
Columbia	Ö	Ö ##	Ö		N.A. @	N.A.	N.A.	N.A.
Indonesia	Ö	Ö	Ö	Freely	Freely	´	No limitation on repatriation	N.A.
Korea	Ö	Ö	Ö	Foreign currency account: Freely. Local currency account:Not repatriable #	Freely	Ö	Excluded	N.A.
Malaysia	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Mexico	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Pakistan	Ö	Ö*	Ö	Freely	Freely	´	N.A.	N.A.
Brazil	Ö	Ö	Ö	Freely**	Freely	´	Excluded	
Spain	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Czech Republic	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Israel	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Sri Lanka	Ö	Ö	Ö	Ö	Freely	´	Excluded	N.A.
Thailand	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.
Turkey	Ö	Ö	Ö	Freely	Freely	´	N.A.	N.A.

N.A.: Not applicable; Ö: Yes ´: No

* Special convertible rupee account allowed for portfolio investment.

In regard to non-resident's "Free Won" Account (the account established in order to facilitate using the local currency in external transactions), the principal may be freely repatriated.

Can be opened only to pay for trade transactions.

@ Current account in Columbia do not accrue any interest

**In case of non-resident local currency account (CC5), repatriability of both principal and interest is permissible , provided either the resources had been originated on previous foreign currency inflows or the account belongs to a non-resident banking institution.

Annexure 4 : Pilot Project on Reporting of NRI Deposits

A pilot project was instituted by the Group for reporting of NRI Deposits in a new format as per the Consolidated Single Return (CS Return) incorporating both the stock and flow figures. The project was limited to two commercial banks - the State Bank of India and the Citibank N.A.

The software for this project (CS Return) was designed in line with the reporting arrangement for International Banking Statistics that was scheduled to begin from quarter ended December 1999. An additional module was attached for reporting of flow data regarding NRI deposits.

Since the reporting of the entire NRI deposits data from these two banks was not feasible, data from the select branches of these banks were processed. All the parameters of the CS Return software performed satisfactorily as the required tabulation could be generated from the samples.

Annexure 5: Details of the Computerisation of NRI Deposits

As suggested in Para 3.15 of the Report, E-IBS software, which was distributed by the Reserve Bank of India, to critical branches of ADs to capture stock data on International Banking Statistics, needs to modified by adding appropriate module in respect of non-resident deposits, to capture the details of flow data on such deposits. In this context, the following system analysis and design has been prepared.

System Analysis

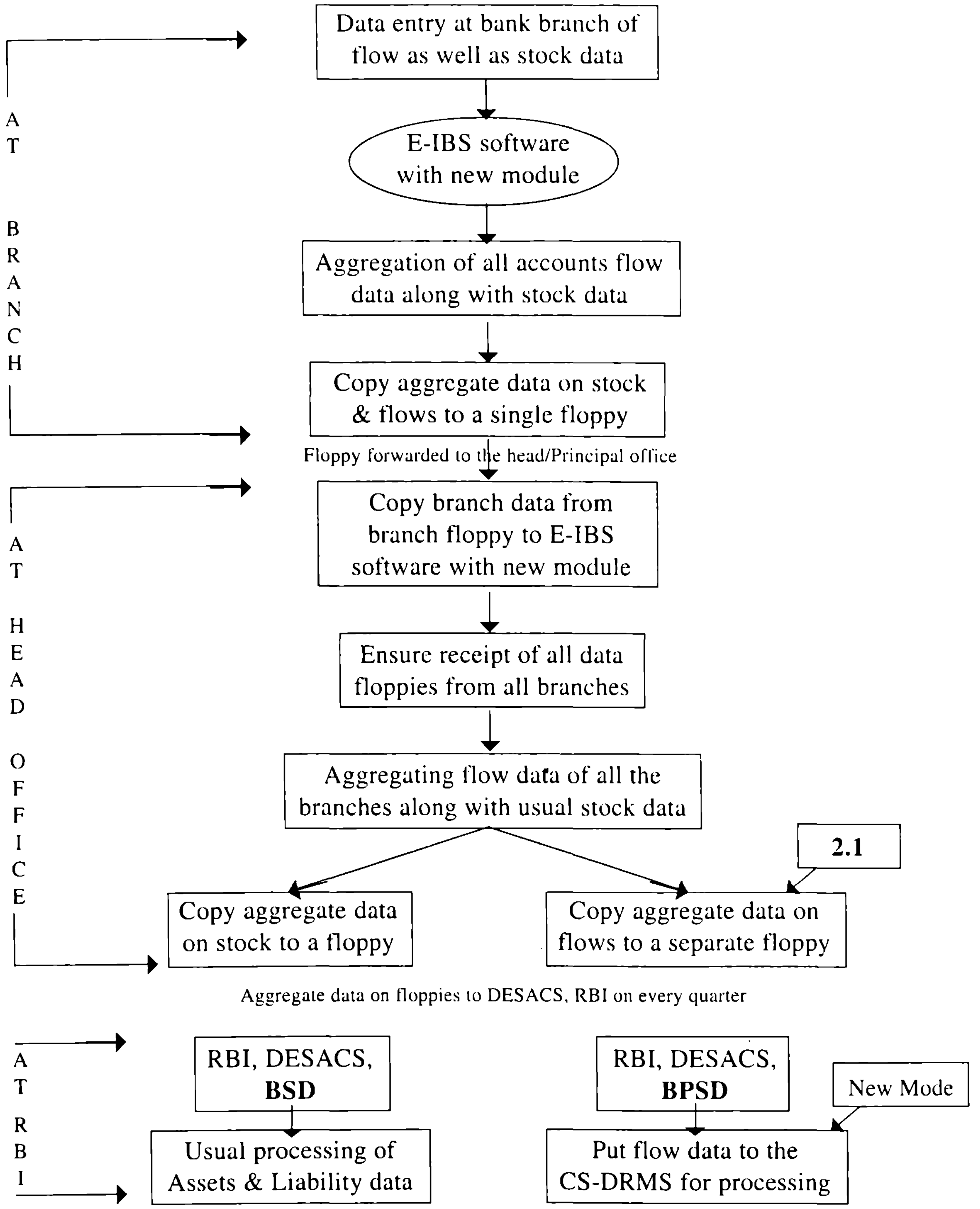
Flow data on the following items in respect of non-resident deposits are required to be collected from bank branches after suitable amendments in the E-IBS software and to be maintained in the CS-DRMS application.

Table A5.1 : Transaction Type Description and Code

No.	Flow Type	Data Items on flow details	Flow Type Code
1.	Inflow	Amount deposited through fresh inflows	FI
2.		Amount of interest reinvested	IR
3.		Amount of principal reinvested (Renewals)	PR
4.	Outflow	Amount of principal remitted abroad	PA
5.		Amount of interest remitted abroad.	IA
6.		Amount of principal remitted locally	PL
7.		Amount of interest remitted locally	IL
8.		Local withdrawals	LW
9.		Transfers to other A/c	TR

The group proposes to add/update necessary modules to the E-IBS application to capture above flow details and aggregation at bank branches for reporting to the respective head / nodal office of the bank. E-IBS application at the bank head office/nodal office should also needs to be modified to process branch data on flows and aggregating the same for reporting to RBI. It may be appropriate to report flow data on non-resident deposits by head offices to RBI separately from usual reporting of assets and liability stock data.

Chart A5.1: Non-Resident Deposit Data Flow



New application should be developed by RBI to process flow data received from head offices and reformat suitably to port the data to the CS-DRMS 2000+.

System Design :

The E-IBS application is a three tier software developed using FoxPro 2.6 (DOS). The first tier is applicable for bank branches provides data entry, aggregation, generation of floppy for submitting data to head offices etc. The second part is for the bank head offices to read data from floppy forwarded by branches, aggregation of data for the bank as a whole and preparing floppy for submission of data to RBI. In the third part of the application software aggregate data of all banks are maintained at RBI and tuned for reporting of stock data to BIS in the desired format.

The E-IBS applications may be modified and followed the same procedures and use the same set of codes for type of liability, country, currency, sector, maturity etc. A new data file has to be added to the database both at branch level and head office level to maintain the flow data.

Table A5.2: Structure of Flow Data Files

Bank Branch Level Flow Data File			
No	**Column Description**	**Column Name**	Column Type
1.	Account Code	Accode	10 AN
2.	A/c Currency	Curcd	3 A
3.	Flow Type	Flowty	2 A
4.	Amount	Amount	15 N
	Total		30

Bank Head Office Level Flow Data File			
No	**Column Description**	**Column Name**	Column Type
1.	Data period	Period	5 AN
2.	**AD Code**	Adcode	7 AN
3.	Account type	Typecd	2 A
4.	A/c Currency	Curcd	3 A
5.	Country	Concd	2 A
6.	Sector	sectcd	2 AN
7.	Flow type	Flowty	2 A
8.	Amount	Amount	15 N
	Total		38

Flow type codes for various inflows and outflows are as described in the system analysis. In the branch level application the above flow data file will be linked with the main data file by the account code and in the head office level the link will be through the unique combination of data period, AD code, account type, currency and country.

A new patch in the data-entry/update module of the E-IBS application should be added so that, flow details in respect of non-resident deposits are captured, immediately after entering basic codes, and the same would be maintained in the flow data file. Flow details of the following non-resident deposit schemes are to be captured.

Table A5.3: Account Type Description and Code

Liability type code	Description	**Account code**
11	FCNR(B)	FCNR
14	Other Foreign Currency Account	OFCA
52	Non-Resident External Rupee Account	NREA
53	Non-Resident (Non-Repatriable) Rupee Account	NRNR
54	Non-Resident Special Rupee Account	NRSR
55	Non-Resident Ordinary Rupee Account	NROR

Aggregate data, in the head office 'flow data file' format, should be forwarded to the head / principal office by the branch after the end of the reference quarter.

At the head office, flow details could be received in the desired format and after aggregation of data of all branches, details in respect of non-resident deposits i.e. flows and stock are to be reported to the RBI, DESACS, BPSD in the following format.

Table A5.4 : Structure of Flow Data File for Reporting to RBI

Format for reporting Non-Resident Deposits details by bank head offices to RBI

No	**Column Description**	**Column Name**	Column Type
1.	Period of data	YYYYQ	5 AN
2.	Bank Code	Part I code	3 AN
3.	Account type code	As per Table 2	2 A
4.	A/c Currency	Curcd	3 A
5.	Country	Concd	2 A
6.	Sector	Sectcd	2 AN
7.	Opening Balance	Opnbal	15 N
8.	Flow type	Flowty	2 A
9.	Amount	Amount	15 N
10.	Closing Balance	Clsbal	15 N
11.	Total		64

The application should be able to generate the aggregate file for reporting to RBI. It is also suggested that the aggregate data may be forward to RBI in ASCII format.

At the RBI, new application is required to be generated to reformat data received from bank head offices as per the requirement of the CS-DRMS application.

Maintenance of Non-Resident Deposits data in the CS-DRMS:

It is suggested to use the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) 2000+ for maintenance of all non-resident deposits data. Required output could be generated from the CS-DRMS as it is being done for other components of external debt.

Discussion were held with the officials of the Commonwealth Secretariat, ELAS Division about the modalities for using CS-DRMS for maintaining data on non-resident deposits. It is understood that, in the CS-DRMS 2000+, a separate module for maintaining non-resident deposits data may be added as per the requirement of India. The non-resident deposit module of CS-DRMS 2000+ may work as described below.

In CS-DRMS, loan-by-loan detail transactions are maintained. There is a concept of group of loans. Again a loan can have various components. Each component may have date-wise schedules and actual transactions.

Table A5.5 Classificatory Columns for Identifying NR Deposit Type.

No	**CS-DRMS column**	**Classificatory Column**	Column Type
2	**Loan Key**	**Unique number for a combination of Quarter of account opening, maturity, country & currency**	10 N
3	**Parallel co-finance code**	**Unique code for various Account type** As per Table A5.3	4AN
4	**Group/Frame**	**Unique group for each Bank**	
5	Borrower	**Bank Abbreviation / Code**	4 A
6	Currency	A/c Currency (SWIFT)	3 A
7	Creditor country	**Non-Residents (NR and country code)** Country (SWIFT code)	A 2 A

Detailed modalities and system designing of the application for converting data received from bank into CS-DRMS format could be attempted on incorporation of the non-resident deposit module of CS-DRMS 2000+.

Appendix Table 1 : Outstanding Balances Under NRI Deposits

(U.S. $ mn.)

YEAR (End-March)	NR(E)RA	FCNR(A)	FCNR(B)	NR(NR)RD	FC(B&O)D	FCON	TOTAL
1975	40						40
1976	71	9	0	0	0	0	80
1977	216	65	0	0	0	0	281
1978	386	168	0	0	0	0	554
1979	604	192	0	0	0	0	796
1980	856	188	0	0	0	0	1044
1981	1145	185	0	0	0	0	1330
1982	1347	157	0	0	0	0	1504
1983	1684	252	0	0	0	0	1936
1984	2105	570	0	0	0	0	2675
1985	2304	770	0	0	0	0	3074
1986	2817	1770	0	0	0	0	4587
1987	3354	2719	0	0	0	0	6073
1988	3942	3828	0	0	0	0	7770
1989	3474	6708	0	0	0	0	10482
1990	3777	8638	0	0	0	0	12415
1991	3618	10103	0	0	265	0	13986
1992	3025	9792	0	0	732	0	13549
1993	2740	10617	0	621	1037	0	15015
1994	3523	9300	1108	1754	533	12	16230
1995	4556	7051	3063	2486	0	10	17166
1996	3916	4255	5720	3542	0	13	17446
1997	4983	2306	7496	5604	0	4	20393
1998	5637	1	8467	6262	0	2	20369
1999	6220	0	8323	6758	0	0	21301
2000	6992	0	9069	7037	0	0	23098

Note : Balances are inclusive of accrued interest, however, balances under FCNR(A) are inclusive of accrued interest from 1989 onwards.

Source : 1. India's Balance of payment 1948-49 to 1988-89, Reserve Bank of India 19991.

2. Reserve Bank Of India Bulletin (various issues).

Appendix Table 2 : Bank Group-wise Balances Under NRI Deposit Schemes (Contd.)

(in Rs crore)

BANKS	NR(NR)RD	FCNR(B)	NR(E)RA	FCNR(A)	Total
1995					
State Bank Group	2858.2	1854.5	4127.2	3219.2	12059.1
	(36.6)	(19.2)	(28.5)	(16.3)	(23.3)
Public Sector Indian Banks	3944.3	2432.2	7717.8	6879	20973.3
	(50.4)	(25.2)	(53.4)	(34.8)	(40.6)
Private Sector Indian Banks	674.6	749	769.5	349.2	2542.3
	(8.6)	(7.8)	(5.3)	(1.8)	(4.9)
Foreign Banks in India	342.5	4608.5	1842.4	9327.4	16120.8
	(4.4)	(47.8)	(12.7)	(47.2)	(31.2)
Total	7819.6	9644.2	14456.9	19774.8	51695.5
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
1996					
State Bank Group	3954.4	3866	4023	2231.8	14075.2
	(32.5)	(20.3)	(29.4)	(15.9)	(23.9)
Public Sector Indian Banks	6196.1	6552.8	7369.7	4524.6	24643.2
	(50.9)	(34.5)	(53.8)	(32.3)	(41.8)
Private Sector Indian Banks	1260.2	921.2	643.5	192.5	3017.4
	(10.4)	(4.8)	(4.7)	(1.4)	(5.1)
Foreign Banks in India	755.2	7674.7	1662.7	7059.5	17152.1
	(6.2)	(40.4)	(12.1)	(50.4)	(29.1)
Total	12165.9	19014.7	13698.9	14008.4	58887.9
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
1997					
State Bank Group	6128.8	7125.4	4443.1	950.9	18648.2
	(30.4)	(26.5)	(24.3)	(12.8)	(25.6)
Public Sector Indian Banks	9979	9265.6	8107.4	2792.6	30144.6
	(49.5)	(34.4)	(44.4)	(37.5)	(41.4)
Private Sector Indian Banks	2479	1694	1739	93.5	6005.5
	(12.3)	(6.3)	(9.5)	(1.3)	(8.2)
Foreign Banks in India	1554	8852.9	3988.9	3613.6	18009.4
	(7.7)	(32.9)	(21.8)	(48.5)	(24.7)
Total	20140.8	26937.9	18278.4	7450.6	72807.7
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Appendix Table 2 : Bank Group-wise Balances Under NRI Deposit Schemes (Concld.)

(in Rs crore)

BANKS	NR(NR)RD	FCNR(B)	NR(E)RA	FCNR(A)	Total
1998					
State Bank Group	7654.8	9291.2	5282.8	233.4	22462.2
	(31.1)	(28.0)	(23.5)	(59.4)	(27.8)
Public Sector Indian Banks	11996.1	12415.1	9885.2	151.6	34448
	(48.7)	(37.3)	(43.9)	(38.6)	(42.6)
Private Sector Indian Banks	3272.9	1985.7	2378.3	7.7	7644.6
	(13.3)	(6.0)	(10.6)	(2.0)	(9.5)
Foreign Banks in India	1711	9548.9	4981.3	0	16241.2
	(6.9)	(28.7)	(22.1)	(0.0)	(20.1)
Total	24634.8	33240.9	22527.6	392.7	80796
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
1999					
State Bank Group	8930.4	10297.4	6504	0	25731.8
	(30.8)	(29.6)	(24.7)	(0.0)	(28.5)
Public Sector Indian Banks	14395.1	14212.1	12362	0	40969.2
	(49.7)	(40.8)	(46.9)	(0.0)	(45.5)
Private Sector Indian Banks	3912.5	2007	2726	0	8645.5
	(13.5)	(5.8)	(10.3)	(0.0)	(9.6)
Foreign Banks in India	1716	8294.5	4777	0	14787.5
	(5.9)	(23.8)	(18.1)	(0.0)	(16.4)
Total	28954	34811	26369	0	90134
	(100.0)	(100.0)	(100.0)	(0.0)	(100.0)

Note : Figures in brackets are percentages to total.

Appendix Table 3 : Monthly Outstanding Balances Under Various NRI Deposit Schemes@ (Contd.)

(US $ million)

	FCNR(A)	NR(E)RA	FCNR(B)	NR(NR)RD	FC(B&O)D	FCON	Total
1988-89							
Apl.	3898	3899	0	0	0	0	7797
May	3951	3861	0	0	0	0	7812
June	4015	3743	0	0	0	0	7758
July	4045	3773	0	0	0	0	7818
Aug.	4120	3776	0	0	0	0	7896
Sept.	4346	3797	0	0	0	0	8143
Oct.	4655	3741	0	0	0	0	8396
Nov.	4882	3714	0	0	0	0	8596
Dec.	4979	3762	0	0	0	0	8741
Jan.	4966	3747	0	0	0	0	8713
Feb.	5019	3736	0	0	0	0	8755
Mar.	5275	3774	0	0	0	0	9049
1989-90							
Apl.	5410	3729	0	0	0	0	9139
May	5605	3655	0	0	0	0	9260
June	5931	3633	0	0	0	0	9564
July	5995	3685	0	0	0	0	9680
Aug.	6012	3623	0	0	0	0	9635
Sept.	6120	3679	0	0	0	0	9799
Oct.	6217	3623	0	0	0	0	9840
Nov.	6424	3630	0	0	0	0	10054
Dec.	6507	3650	0	0	0	0	10157
Jan.	6482	3711	0	0	0	0	10193
Feb.	6550	3733	0	0	0	0	10283
Mar.	6586	3777	0	0	0	0	10363
1990-91							
Apl.	-	3756	0	0	0	0	
May	-	3760	0	0	0	0	
June	-	3818	0	0	0	0	
July	-	3851	0	0	0	0	
Aug.	-	3838	0	0	0	0	
Sept.	-	3796	0	0	0	0	
Oct.	-	3834	0	0	0	0	
Nov.	-	3835	0	0	0	0	
Dec.	-	3910	0	0	74	0	
Jan.	-	3849	0	0	153	0	
Feb.	-	3765	0	0	203	0	
Mar.	10103	3618	0	0	265	0	13986

Appendix Table 3 : Monthly Outstanding Balances Under Various NRI Deposit Schemes@ (Contd.)

(US $ million)

	FCNR(A)	NR(E)RA	FCNR(B)	NR(NR)RD	FC(B&O)D	FCON	Total
1991-92							
Apl.	-	3674	0	0	280	0	
May	-	3527	0	0	307	0	
June	-	3536	0	0	339	0	
July	-	2893	0	0	350	0	
Aug.	-	2927	0	0	383	1	
Sept.	-	2992	0	0	415	3	
Oct.	-	2977	0	0	459	4	
Nov.	-	3006	0	0	470	5	
Dec.	-	3037	0	0	465	5	
Jan.	-	3039	0	0	487	5	
Feb.	-	3063	0	0	582	0	
Mar.	9792	3025	0	0	732	0	13549
1992-93							
Apl.	-	2707	0	0	631	-	
May	-	2734	0	0	1186	-	
June	-	2850	0	0	0	-	
July	-	2893	0	0	0	-	
Aug.	-	2934	0	0	0	-	
Sept.	-	2998	0	0	0	-	
Oct.	-	3005	0	0	0	-	
Nov.	-	3003	0	0	0	-	
Dec.	-	2945	0	0	0	-	
Jan.	-	2915	0	0	0	-	
Feb.	-	2753	0	0	0	-	
Mar.	10617	2740	0	621	1037	0	15015
1993-94							
Apl.	-	2810	0	680	-	-	3490
May	-	2867	0	860	-	-	3727
June	10540	2898	21	942	-	-	14401
July	-	2960	56	1138	-	-	4154
Aug.	-	2929	99	1247	-	-	4275
Sept.	10418	3065	264	1401	-	-	15148
Oct.	-	3112	433	1502	-	-	5047
Nov.	-	3144	574	1548	-	-	5266
Dec.	9581	3204	674	1608	-	-	15067
Jan.	-	3246	750	1643	-	-	5639
Feb.	-	3296	873	1716	-	-	5885
Mar.	9300	3523	1108	1754	533	12	16230

Appendix Table 3 : Monthly Outstanding Balances Under Various NRI Deposit Schemes@ (Contd.)

(US $ million)

	FCNR(A)	NR(E)RA	FCNR(B)	NR(NR)RD	FC(B&O)D	FCON	Total
1994-95							
Apl.	9220	3732	1247	1846	-	-	16045
May	9065	3823	1393	1900	-	-	16181
June	9257	3869	1481	1915	-	-	16522
July	9053	3942	1694	1966	-	-	16655
Aug.	8715	4046	1932	2001	-	-	16694
Sept.	8279	4193	2399	2073	-	-	16944
Oct.	7931	4242	2590	2155	-	-	16918
Nov.	7590	4468	2674	2195	-	-	16927
Dec.	7425	4538	2769	2240	-	-	16972
Jan.	7266	4726	2921	2300	-	-	17213
Feb.	7134	4543	3013	2386	-	-	17076
Mar.	7051	4556	3063	2486	0	10	17166
1995-96							
Apl.	6974	4540	3183	2508	0	-	17205
May	6711	4559	3372	2577	0	-	17219
June	6552	4573	3683	2626	0	-	17433
July	6260	4530	3983	2750	0	-	17523
Aug.	5893	4403	4108	2779	0	-	17183
Sept.	5777	4181	4128	2692	0	-	16778
Oct.	5506	4066	4313	2754	0	-	16640
Nov.	5192	3998	4560	2808	0	-	16558
Dec.	5004	3959	4676	2873	0	-	16512
Jan.	4625	3845	5122	3043	0	-	16635
Feb.	4435	3906	5433	3302	0	-	17076
Mar.	4255	3916	5720	3542	0	13	17446
1996-97							
Apl.	4176	3937	5919	3851	0	-	17883
May	4032	3834	5936	3875	0	-	17677
June	3940	3946	6321	4092	0	-	18299
July	3796	4019	6445	4296	0	-	18556
Aug.	3600	4281	6472	4426	0	-	18779
Sept.	3436	4325	6503	4625	0	-	18889
Oct.	3299	4425	6685	4885	0	-	19294
Nov.	3153	4646	6805	5079	0	-	19683
Dec.	2962	4686	6911	5077	0	-	19636
Jan.	2712	4779	6988	5245	0	-	19724
Feb.	2629	4887	7279	5374	0	-	20169
Mar.	2306	4983	7496	5604	0	4	20393

Appendix Table 3 : Monthly Outstanding Balances Under Various NRI Deposit Schemes@ (Concld.)

(US $ million)

	FCNR(A)	NR(E)RA	FCNR(B)	NR(NR)RD	FC(B&O)D	FCON	Total
1997-98							
April	1972	5236	7749	5794	0	-	20751
May	1654	5362	7901	5935	0	-	20852
June	1349	5622	8190	6118	0	-	21279
July	1097	5821	8237	6234	0	-	21389
August	562	5617	8159	6104	0	-	20442
September	394	5665	8280	6261	0	-	20600
October	390	5907	8169	6387	0	-	20853
November	73	5494	7836	6130	0	-	19533
December	37	5466	7816	6088	0	-	19407
January	7	5569	8162	6171	0	-	19909
February	4	5593	8047	6170	0	-	19814
March	1	5637	8467	6262	0	2	20369
1998-99							
April	0	5784	8436	6456	0	0	20676
May	0	5553	8183	6193	0	0	19929
June	0	5619	8342	6211	0	0	20172
July	0	5592	8307	6077	0	0	19976
August	0	5585	7729	6229	0	0	19543
September	0	5644	7694	6214	0	0	19552
October	0	5772	8200	6382	0	0	20354
November	0	5778	7621	6449	0	0	19848
December	0	5993	7754	6583	0	0	20330
January	0	6010	7697	6530	0	0	20237
February	0	6108	7932	6704	0	0	20744
March	0	6220	8323	6758	0	0	21301
1999-2000							
April	0	6278	8248	6792	0	0	21318
May	0	6315	8331	6773	0	0	21419
June	0	6314	8561	6739	0	0	21614
July	0	6383	8625	6779	0	0	21787
August	0	6428	8664	6690	0	0	21782
September	0	6475	8718	6706	0	0	21899
October	0	6530	8826	6806	0	0	22162
November	0	6661	8947	6891	0	0	22499
December	0	6645	8942	6890	0	0	22477
January	0	6773	9017	6972	0	0	22762
February	0	6932	9007	6941	0	0	22880
March	0	6992	9069	7037	0	0	23098

Appendix Table 4: Maturity Profile of various NRI deposit schemes (end - March)

(in US $ mn)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
FCNR(A)	0	0	1	2306	4255	7051	9300	10617	9792	10103	8638	6708
Long Term	0	0	1	2306	4255	6825	8896	8185	7458	6741	5617	4333
	(0)	(0)	(100)	(100)	(100)	(96.8)	(95.7)	(77.1)	(76.2)	(66.7)	(65.0)	(64.6)
Short term	0	0	0	0	0	226	404	2432	2334	3362	3021	2375
	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(3.2)	(4.3)	(22.9)	(23.8)	(33.3)	(35.0)	(35.4)
FCNR(B)	9069	8323	8467	7496	5720	3063	1108	0	0	0	0	0
Long Term	8180	6578	6742	4175	3577	1475	571	0	0	0	0	0
	(90.2)	(79.0)	(79.6)	(55.7)	(62.5)	(48.2)	(51.5)	0	0	0	0	0
Short term	889	1745	1725	3321	2143	1588	537	0	0	0	0	0
	(9.8)	(21.0)	(20.4)	(44.3)	(37.5)	(51.8)	(48.5)	0	0	0	0	0
NR(E)RA	6992	6220	5637	4983	3916	4556	3523	2740	3025	3618	3777	3474
Long Term	6398	5766	5171	4531	3176	4097	3164	2562	2870	3408	3566	3263
	(91.5)	(92.7)	(91.7)	(90.9)	(81.1)	(89.9)	(89.8)	(93.5)	(94.9)	(94.2)	(94.4)	(93.9)
Short term	594	454	466	452	740	459	359	178	155	210	211	211
	(8.5)	(7.3)	(8.3)	(9.1)	(18.9)	(10.1)	(10.2)	(6.5)	(5.1)	(5.8)	(5.6)	(6.1)
NR(NR)RD	7037	6758	6262	5604	3542	2486	1754	621	0	0	0	0
Long Term	6383	6077	5654	4786	2651	1863	1302	461	0	0	0	0
	(90.7)	(89.9)	(90.3)	(85.4)	(74.8)	(74.9)	(74.2)	(74.2)	0	0	0	0
Short term	654	681	608	818	891	623	452	160	0	0	0	0
	(9.3)	(10.1)	(9.7)	(14.6)	(25.2)	(25.1)	(25.8)	(25.8)	0	0	0	0
FC(B&O)D	0	0	0	0	0	0	533	1044	607	262	0	0
Long Term	0	0	0	0	0	0	0	265	250	95	0	0
	0	0	0	0	0	0	(0.0)	(25.4)	(41.2)	(36.3)	0	0
Short term	0	0	0	0	0	0	533	779	357	167	0	0
	0	0	0	0	0	0	(100.0)	(74.6)	(58.8)	(63.7)	0	0
Total	23098	21301	20367	20389	17433	17156	16218	15022	13424	13983	12415	10182
Long Term	20960	18421	17568	15798	13659	14259	13933	11473	10578	10244	9183	7596
	(90.7)	(86.5)	(86.3)	(77.5)	(78.4)	(83.1)	(85.9)	(76.4)	(78.8)	(73.3)	(74.0)	(74.6)
Short term	2138	2880	2799	4591	3774	2897	2285	3549	2846	3739	3232	2586
	(9.3)	(13.5)	(13.7)	(22.5)	(21.6)	(16.9)	(14.1)	(23.6)	(21.2)	(26.7)	(26.0)	(25.4)
Total (excl. NR(NR)RD)	16061	14543	14105	14785	13891	14670	14464	14401	13424	13983	12415	10182
Long Term	14578	12344	11914	11012	11008	12397	12631	11012	10578	10244	9183	7596
	(90.8)	(84.9)	(84.5)	(74.5)	(79.2)	(84.5)	(87.3)	(76.5)	(78.8)	(73.3)	(74.0)	(74.6)
Short term	1483	2199	2192	3773	2883	2273	1833	3389	2846	3739	3232	2586
	(9.2)	(15.1)	(15.5)	(25.5)	(20.8)	(15.5)	(12.7)	(23.5)	(21.2)	(26.7)	(26.0)	(25.4)

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Nov-75 #	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-75	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-76	6.00 & 7.00	8.00	8.00	8.00	9.00	6.00 & 7.00	8.00	8.00	8.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-76	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-77	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-78	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-78	6.00 & 7.00	8.00	8.00	9.00	9.00	6.00 & 7.00	8.00	8.00	9.00	9.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-78 *		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Jun-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-78		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-79 **		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-79		6.00	6.00	6.00	7.50		6.00	6.00	6.00	7.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-79 ##	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-79	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-79	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-79	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-80	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-81	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-81 ##	4.5 &5.5	7.00	7.00	7.00	8.50	4.5 &5.5	7.00	7.00	7.00	8.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Apr-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-81	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-82	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-82 #	4.5 &5.5	7.50	8.50	10.00	10.00	4.5 &5.5	7.50	8.50	10.00	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-82 ***	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-82 #	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-82	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-83	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Feb-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-84 ****	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-84	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-85	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-85	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-85	6.00 & 7.00	10.00	11.00	12.00	12.00	6.00 & 7.00	10.00	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-85 #	8.00	10.50	11.00	12.00	12.00	8.00	10.50	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-85 #	8.00	10.50	11.00	12.00	12.00	8.00	10.50	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-85	8.00	10.50	11.00	12.00	12.00	8.00	10.50	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-85	8.00	10.50	11.00	12.00	12.00	8.00	10.50	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-85 ##	8.00	10.50	11.00	12.00	12.00	8.00	10.50	11.00	12.00	12.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-85	8.00	9.50	10.50	11.00	11.00	8.00	9.50	10.50	11.00	11.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-85	8.00	9.50	10.50	11.00	11.00	8.00	9.50	10.50	11.00	11.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-85	8.00	9.50	10.50	11.00	11.00	8.00	9.50	10.50	11.00	11.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-85	8.00	9.50	10.50	11.00	11.00	8.00	9.50	10.50	11.00	11.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-86	8.00	9.50	10.50	11.00	11.00	8.00	9.50	10.50	11.00	11.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-86 ##	8.00	9.50	10.00	10.50	10.50	8.00	9.50	10.00	10.50	10.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-86	8.00	9.50	10.00	10.50	10.50	8.00	9.50	10.00	10.50	10.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-86	8.00	9.50	10.00	10.50	10.50	8.00	9.50	10.00	10.50	10.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-86 ##	8.00	8.50	9.00	10.00		8.00	8.50	9.00	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-86	8.00	8.50	9.00	10.00		8.00	8.50	9.00	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-86	8.00	8.50	9.00	10.00		8.00	8.50	9.00	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-86	8.00	8.50	9.00	10.00		8.00	8.50	9.00	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-86 ##	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-86	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-86	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Dec-86	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-87	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-87	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-87	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-87	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-87 ##	7.50	8.00	8.50	9.00		7.50	8.00	8.50	9.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-87	8.00	9.50	10.00	10.50		8.00	9.50	10.00	10.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-87	8.00	9.50	10.00	10.50		8.00	9.50	10.00	10.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-87	8.00	9.50	10.00	10.50		8.00	9.50	10.00	10.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sep-87	8.00	9.50	10.00	10.50		8.00	9.50	10.00	10.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Oct-87 #	8.50	10.00	10.50	11.00		8.50	10.00	10.50	11.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nov-87	8.50	10.00	10.50	11.00		8.50	10.00	10.50	11.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dec-87	8.00	9.50	9.75	10.00		8.00	9.50	9.75	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jan-88	8.00	9.50	9.75	10.00		8.00	9.50	9.75	10.00		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Feb-88	7.50	8.50	9.25	9.50		7.50	8.50	9.25	9.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mar-88	7.50	8.50	9.25	9.50		7.50	8.50	9.25	9.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Apr-88	7.50	8.50	9.25	9.50		7.50	8.50	9.25	9.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
May-88	8.25	9.00	9.25	9.50		8.25	9.00	9.25	9.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jun-88	8.25	9.00	9.25	9.50		8.25	9.00	9.25	9.50		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jul-88	8.50	9.25	9.50	9.75		8.50	9.25	9.50	9.75		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Aug-88	9.17	9.67	9.92	10.17		11.33	11.58	11.83	11.83		6.08	6.33	6.58	6.83	5.42	5.67	5.92	5.92
Sep-88	9.50	10.00	10.25	10.50		11.50	11.75	12.00	12.00		6.50	6.75	7.00	7.25	5.75	6.00	6.25	6.25
Oct-88	9.50	10.00	10.25	10.50		11.50	11.75	12.00	12.00		6.50	6.75	7.00	7.25	5.75	6.00	6.25	6.25
Nov-88	9.50	9.75	10.25	10.50		11.50	11.75	12.00	12.00		5.75	6.00	6.50	7.00	5.25	5.50	5.75	6.00
Dec-88	9.75	10.25	10.50	10.50		11.50	11.75	12.00	12.00		5.75	6.00	6.50	7.00	5.25	5.50	5.75	6.00
Jan-89	10.00	10.25	10.50	10.50		11.50	11.75	12.00	12.00		6.00	6.25	6.75	7.00	5.25	5.50	5.75	6.00
Feb-89	10.00	10.50	10.50	10.50		11.50	11.75	12.00	12.00		6.50	6.75	7.25	7.50	5.25	5.50	5.75	6.00
Mar-89	10.75	11.00	11.25	11.25		11.50	11.75	12.00	12.00		7.25	7.50	7.50	7.75	5.25	5.50	5.75	6.00
Apr-89	10.75	11.00	11.25	11.25		11.50	11.75	12.00	12.00		7.25	7.50	7.50	7.75	5.25	5.50	5.75	6.00
May-89	10.50	10.75	11.00	11.00		11.50	11.75	12.00	12.00		7.38	7.63	7.63	7.88	5.38	5.63	5.88	6.00
Jun-89	9.88	10.13	10.38	10.38		11.50	11.75	12.00	12.00		7.50	7.75	7.75	8.00	5.63	5.88	6.13	6.13
Jul-89	9.50	9.75	10.00	10.00		11.50	11.75	12.00	12.00		7.50	7.75	7.75	8.00	5.75	6.00	6.25	6.25
Aug-89	9.25	9.25	9.50	9.50		11.50	11.75	12.00	12.00		7.50	7.75	7.75	8.00	5.75	6.00	6.25	6.25
Sep-89	9.75	9.50	9.75	10.00		11.50	11.75	12.00	12.00		7.88	7.88	8.13	8.13	6.13	6.13	6.38	6.38

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Oct-89	9.50	9.33	9.58	9.83		11.50	11.75	12.00	12.00		8.33	8.33	8.42	8.42	6.42	6.42	6.67	6.67
Nov-89	9.00	9.00	9.25	9.50		11.50	11.75	12.00	12.00		8.75	8.75	8.75	8.75	7.00	7.00	7.25	7.25
Dec-89	8.75	8.75	9.25	9.50		11.50	11.75	12.00	12.00		8.50	8.75	9.00	9.00	7.00	7.00	7.25	7.25
Jan-90	8.75	8.88	9.38	9.63		11.50	11.75	12.00	12.00		8.75	8.88	9.00	9.00	7.25	7.25	7.38	7.38
Feb-90	8.75	9.00	9.50	9.75		11.50	11.75	12.00	12.00		9.00	9.25	9.25	9.25	7.75	8.00	8.00	8.00
Mar-90	8.88	9.13	9.63	9.88		11.50	11.75	12.00	12.00		9.25	9.75	9.88	9.88	7.88	8.13	8.13	8.13
Apr-90	9.25	9.50	10.00	10.25		11.50	11.75	12.00	12.00		9.25	9.75	9.75	9.75	8.25	8.50	8.50	8.50
May-90	9.25	9.75	10.25	10.50		11.50	11.75	12.00	12.00		9.25	9.75	9.75	9.75	8.00	8.25	8.25	8.25
Jun-90	9.00	9.50	10.00	10.25		11.50	11.75	12.00	12.00		9.00	9.50	9.75	9.75	7.00	7.75	8.00	8.00
Jul-90	9.00	9.50	10.00	10.25		11.50	11.75	12.00	12.00		9.00	9.50	9.75	9.75	7.63	8.00	8.13	8.13
Aug-90	9.00	9.25	9.75	10.00		11.50	11.75	12.00	12.00		9.00	9.50	9.75	9.75	9.00	8.50	8.50	8.50
Sep-90	9.00	9.25	9.75	10.00		11.50	11.75	12.00	12.00		9.00	9.50	9.75	9.75	9.00	9.25	9.25	9.25
Oct-90	9.00	9.25	9.75	10.00		11.50	11.75	12.00	12.00		9.25	9.75	10.00	10.00	9.25	9.50	9.75	9.75
Nov-90	9.00	9.25	9.75	10.00		11.50	11.75	12.00	12.00		9.25	9.75	10.00	10.00	9.25	9.50	9.75	9.75
Dec-90	8.75	9.00	9.50	9.75		11.50	11.75	12.00	12.00		9.50	9.75	10.00	10.00	9.00	9.00	9.00	9.00
Jan-91	8.25	8.50	9.00	9.25		11.50	11.75	12.00	12.00		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Feb-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Mar-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Apr-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
May-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Jun-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Jul-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Aug-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Sep-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Oct-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Nov-91	7.50	8.00	8.50	9.00		13.25	13.25	13.25	13.25		10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
Dec-91	6.50	6.75	7.25	8.00		12.00	12.00	12.00	12.00		10.00	10.25	10.50	10.50	7.50	7.50	7.50	7.50
Jan-92	6.50	6.75	7.25	8.00		12.00	12.00	12.00	12.00		10.00	10.25	10.50	10.50	7.50	7.50	7.50	7.50
Feb-92	5.50	5.75	6.75	7.50		12.00	12.00	12.00	12.00		10.25	10.25	10.50	10.50	7.00	7.00	7.00	7.00
Mar-92	5.50	5.75	6.75	7.50		12.00	12.00	12.00	12.00		10.25	10.25	10.50	10.50	7.00	7.00	7.00	7.00
Apr-92	5.75	6.25	7.50	8.25		12.00	12.00	12.00	12.00		10.50	10.50	10.50	10.50	6.00	6.00	6.50	7.00
May-92	5.75	6.25	7.50	8.25		12.00	12.00	12.00	12.00		10.50	10.50	10.50	10.50	6.00	6.00	6.50	7.00
Jun-92	5.75	6.25	7.50	8.25		12.00	12.00	12.00	12.00		10.50	10.50	10.50	10.50	6.00	6.00	6.50	7.00
Jul-92	4.75	5.25	6.25	7.00		11.00	11.00	11.00	11.00		10.50	10.50	10.50	10.50	5.75	6.00	6.00	6.50

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Aug-92	4.75	5.25	6.25	7.00		11.00	11.00	11.00	11.00		10.50	10.50	10.50	10.50	5.75	6.00	6.00	6.50
Sep-92	4.75	5.25	6.25	7.00		11.00	11.00	11.00	11.00		10.50	10.50	10.50	10.50	5.75	6.00	6.00	6.50
Oct-92	4.00	4.50	5.50	6.25		9.75	10.00	10.00	10.25		9.75	9.75	9.75	9.75	4.75	5.00	5.25	5.75
Nov-92	4.50	5.00	6.00	6.75		8.00	8.00	8.75	9.25		9.00	9.00	9.00	9.00	4.75	5.00	5.25	5.75
Dec-92	4.50	5.00	6.00	6.75		8.00	8.00	8.75	9.25		9.00	9.00	9.00	9.00	4.75	5.00	5.25	5.75
Jan-93	4.50	5.00	6.00	6.75		8.00	8.00	8.75	9.25		9.00	9.00	9.00	9.00	4.75	5.00	5.25	5.75
Feb-93	4.50	5.00	6.00	6.75		8.00	8.00	8.75	9.25		9.00	9.00	9.00	9.00	4.75	5.00	5.25	5.75
Mar-93	4.13	4.50	5.50	6.13		6.88	6.88	7.38	7.88		8.38	8.25	8.13	8.13	4.25	4.50	4.63	5.13
Apr-93	4.00	4.25	5.25	5.75		6.75	6.75	7.25	7.75		8.00	8.00	8.00	8.00	4.25	4.50	4.50	5.00
May-93	4.00	4.25	5.00	5.50		6.75	7.00	7.75	8.25		8.00	7.50	7.50	7.50	4.00	4.25	4.50	5.00
Jun-93	4.25	4.50	5.50	6.00		6.75	7.00	7.75	8.25		8.00	7.50	7.50	7.50	4.00	4.25	4.50	5.00
Jul-93	4.25	4.50	5.50	6.00		6.75	7.00	7.75	8.25		8.00	7.50	7.50	7.50	4.00	4.25	4.50	5.00
Aug-93	4.25	4.75	5.50	6.00		6.75	7.00	7.50	8.00		7.75	7.50	7.50	7.50	4.00	4.25	4.50	5.00
Sep-93	4.00	4.25	4.75	5.25		6.75	6.50	7.00	7.50		7.25	6.75	6.75	7.00	3.50	3.50	3.75	4.00
Oct-93	4.00	4.25	4.75	5.25		6.75	6.50	7.00	7.50		7.25	6.75	6.75	7.00	3.50	3.50	3.75	4.00
Nov-93	4.00	4.25	4.75	5.25		6.50	6.50	6.75	7.25		7.25	6.75	6.50	6.75	3.25	3.25	3.50	3.75
Dec-93	4.25	4.50	5.00	5.50		6.25	6.25	6.25	7.00		6.75	6.25	6.25	6.25	3.00	3.00	3.25	3.50
Jan-94	4.25	4.50	5.00	5.50		6.25	6.25	6.25	7.00		6.75	6.25	6.00	6.00	2.75	2.75	3.00	3.25
Feb-94	4.25	4.50	5.00	5.50		6.25	6.25	6.25	6.75		6.75	6.25	5.75	5.75	2.75	2.75	3.00	3.25
Mar-94	4.25	4.50	5.25	5.75		5.75	5.75	6.25	6.50		6.25	6.25	5.75	5.75	2.75	2.75	3.00	3.25
Apr-94	4.50	5.00	5.75	6.00		5.50	5.75	6.50	7.00		6.00	5.75	5.75	6.00	2.75	2.75	3.25	3.50
May-94	4.50	5.00	5.75	6.00		5.50	5.75	6.50	7.00		6.00	5.75	5.75	6.00	2.75	2.75	3.25	3.50
Jun-94	4.50	5.00	5.75	6.00		5.50	5.75	6.50	7.00		5.25	5.25	5.50	5.75	2.50	2.50	3.00	3.25
Jul-94	4.50	5.00	5.75	6.00		5.25	5.75	6.50	7.00		4.75	5.00	5.50	5.75	2.00	2.00	2.75	3.25
Aug-94	4.50	5.00	5.75	6.00		5.25	5.75	6.50	7.00		4.50	4.75	5.25	5.50	2.00	2.00	2.75	3.25
Sep-94	4.50	5.00	5.75	6.00		5.25	5.75	6.50	7.00		4.50	4.75	5.25	5.50	2.00	2.00	2.75	3.25
Oct-94	4.50	5.00	5.75	6.00		5.25	5.75	6.50	7.00		4.50	4.75	5.25	5.50	2.00	2.00	2.75	3.25
Nov-94	4.50	5.00	5.75	6.00		5.25	5.75	6.50	7.00		4.50	4.75	5.25	5.50	2.00	2.00	2.75	3.25
Dec-94	4.50	5.50	6.25	6.50		5.25	6.25	7.00	7.50		4.50	4.75	5.25	5.50	2.00	2.00	2.75	3.25
Jan-95	4.50	6.50	7.00	7.00		5.25	6.50	7.25	7.50		4.50	5.00	5.75	6.00	2.00	2.25	2.75	3.25
Feb-95	4.50	6.50	7.00	7.00		5.25	6.50	7.25	7.50		4.50	5.00	5.75	6.00	2.00	2.25	2.75	3.25
Mar-95	4.50	6.50	7.00	7.00		5.25	6.50	7.25	7.50		4.50	5.00	5.75	6.00	2.00	2.25	2.75	3.25
Apr-95	4.50	6.50	7.00	7.00		5.25	7.00	7.75	8.00		4.50	5.00	5.75	6.00	1.75	2.00	2.50	3.00
May-95	4.50	6.50	7.00	7.00		5.25	7.00	7.75	8.00		4.50	5.00	5.75	6.00	1.75	2.00	2.50	3.00

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Contd.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Jun-95	4.50	6.50	7.00	7.00		5.25	7.00	7.75	8.00		4.50	5.00	5.75	6.00	1.00	1.25	1.75	2.25
Jul-95	4.50	6.50	7.00	7.00		5.25	7.00	7.75	8.00		4.50	5.00	5.75	6.00	1.00	1.25	1.75	2.25
Aug-95	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Sep-95	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Oct-95	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Nov-95	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Dec-95	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Jan-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Feb-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Mar-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Apr-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
May-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Jun-96	4.50	6.00	6.50	6.50		5.25	7.00	7.75	8.00		4.00	5.00	5.75	6.00	0.75	1.25	1.50	2.00
Jul-96	4.50	6.25	6.75	7.00		5.25	6.50	7.25	7.50		3.00	4.00	4.75	5.00	0.75	1.25	1.50	2.00
Aug-96	4.50	6.25	6.75	7.00		5.25	6.50	7.25	7.50		3.00	4.00	4.75	5.00	0.75	1.25	1.50	2.00
Sep-96	4.50	6.25	6.75	7.00		4.75	6.50	7.25	7.50		3.00	3.75	4.50	5.00	0.75	1.00	1.50	2.00
Oct-96	4.50	6.13	6.50	6.75		4.75	6.38	7.00	7.25		3.00	3.63	4.38	4.88	0.63	1.00	1.38	1.88
Nov-96	4.50	5.88	6.13	6.38		5.00	6.25	6.75	7.00		2.88	3.50	4.25	4.75	0.50	0.88	1.13	1.63
Dec-96	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Jan-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Feb-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Mar-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Apr-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
May-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Jun-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Jul-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Aug-97	4.50	5.75	6.00	6.25		5.25	6.25	6.75	7.00		2.75	3.50	4.25	4.75	0.50	0.75	1.00	1.50
Sep-97	4.50	5.75	6.00	6.25		5.25	6.00	6.25	6.50		2.75	3.00	3.50	4.00	0.50	0.50	0.75	1.25
Oct-97	4.50	5.75	6.00	6.25		5.25	6.00	6.25	6.50		2.75	3.00	3.50	4.00	0.50	0.50	0.75	1.25
Nov-97	4.75	5.50	5.75	6.00		5.50	6.00	6.25	6.50		2.88	3.13	3.50	3.88	0.40	0.45	0.63	1.00
Dec-97	5.00	5.25	5.50	5.75		5.75	6.00	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75
Jan-98	5.00	5.25	5.38	5.50		5.75	6.00	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75
Feb-98	5.13	5.25	5.38	5.38		6.00	6.13	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75
Mar-98	5.25	5.25	5.50	5.50		6.25	6.25	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75

Appendix Table 5 : Interest Rates of FCNR(A)/FCNR(B) Deposits (Concld.)

MATURITY PERIOD

Month	US Dollar					Pound Sterling					Deutsche Mark				Japanese Yen			
	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	3-5 years	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only	6 months to less than 1 year	1 year to less than 2 years	2 yrs to less than 3 years	3 years only
Apr-98	5.25	5.25	5.50	5.50		6.25	6.25	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75
May-98	5.25	5.25	5.50	5.50		6.25	6.25	6.25	6.50		3.00	3.25	3.50	3.75	0.30	0.40	0.50	0.75
Jun-98	5.25	5.38	5.75	5.88		6.38	6.38	6.38	6.50		3.00	3.25	3.50	3.75	0.30	0.45	0.50	0.75
Jul-98	5.25	5.50	6.00	6.25		6.50	6.50	6.50	6.50		3.00	3.25	3.50	3.75	0.30	0.50	0.50	0.75
Aug-98	5.25	5.50	6.00	6.25		6.50	6.50	6.50	6.50		3.00	3.25	3.50	3.75	0.30	0.50	0.50	0.75
Sep-98	5.19	5.38	5.63	5.69		6.50	6.50	6.50	6.50		3.00	3.25	3.50	3.75	0.25	0.50	0.50	0.75
Oct-98	4.92	5.25	5.17	5.17		6.50	6.50	6.50	6.50		3.00	3.25	3.50	3.75	0.20	0.50	0.50	0.67
Nov-98	4.50	5.00	5.00	5.00		6.25	6.50	6.50	6.50		3.00	3.25	3.50	3.75	0.10	0.50	0.50	0.75
Dec-98	4.50	5.00	5.00	5.00		6.00	6.00	6.00	6.00		3.00	3.25	3.50	3.75	0.10	0.50	0.50	0.75
Jan-99	4.50	5.00	5.00	5.00		6.00	6.00	6.00	6.00		3.00	3.25	3.50	3.75	0.10	0.50	0.50	0.75
Feb-99	4.50	5.00	5.00	5.00		5.25	5.50	5.50	5.50		2.75	3.25	3.50	3.50	0.10	0.50	0.50	0.75
Mar-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Apr-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
May-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Jun-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Jul-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Aug-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Sep-99	4.50	5.00	5.00	5.00		4.75	5.00	5.00	5.00		2.75	3.25	3.50	3.50	0.00	0.50	0.50	0.75
Oct-99	5.00	5.25	5.50	5.50		5.00	5.25	5.50	5.75		2.25	2.50	2.75	3.00	0.10	0.50	0.50	0.60
Nov-99 *****		5.25	5.50	5.75			5.25	5.50	5.75			2.75	3.00	3.25		0.20	0.30	0.50
Dec-99		5.25	5.50	5.75			5.25	5.50	5.75			2.75	3.00	3.25		0.20	0.30	0.50
Jan-00		5.50	5.75	6.00			5.50	5.75	6.00			2.75	3.00	3.25		0.20	0.30	0.50
Feb-00		5.75	6.00	6.25			5.75	6.00	6.25			2.75	3.00	3.25		0.20	0.30	0.50
Mar-00		5.75	6.00	6.25			5.75	6.00	6.25			2.75	3.00	3.25		0.20	0.30	0.50

N.A. : Not Applicable.

* Deposit accepted only for a minimum period of 1 year and maximum period of 5 years.

** Stipulation about the minimum period of 1 year and maximum period of 5 years removed.

*** Term deposits under FCNR(A) and NR(E)RA of maturity of 1 year and above has to pay an interest 2 per cent above the corresponding domestic rates.

**** Deposits under FCNR(A) exceeding 5 years were discontinued.

***** FCNR(B) deposits of six months and upto 1 year withdrwan from October 29, 1999

Change in policy regarding NR(E)RA & FCNR(B) deposits.

Change in policy regarding FCNR(B) deposits.

Note:

1. Since May 1997, interest rates on FCNR(B)deposits are based on the interest rate offered by the State Bank of India

2. Euro Rates applicable as in DM deposits since January 1999. Maturity of DM deposits accepted not beyond December 2001.

Appendix Table 6 : Interest Rate : FCNR Deposits vis-a-vis International Rates.

Calendar year	Deposit Rates FCNR(A)/FCNR(B) 6-12 M	Deposit Rates FCNR(A)/FCNR(B) 1-3 Y	Deposit Rates FCNR(A)/FCNR(B) 3 Y	LIBOR 6 M	12 M	US Deposit rates	Differential of FCNR(A)/FCNR(B) Over LIBOR 6-12 M	Over LIBOR 1-3 Y	Over LIBOR 3 Y	Over US Deposit rates 6-12 M	Over US Deposit rates 1-3 Y	Over US Deposit rates 3 Y
1985	-	9.9	11.4		9.1	8.1	-	0.8	2.3	-	1.9	3.4
1986	5.8	8.6	9.8	8.6	7	6.5	-1	1.6	2.9	-0.7	2.1	3.3
1987	7.7	8.6	9.3	6.9	7.6	6.9	0.4	1	1.7	0.8	1.7	2.5
1988	8.6	9.4	10	7.3	8.4	7.7	0.4	0.9	1.5	0.8	1.6	2.2
1989	9.8	9.9	10.4	8.1	9.3	9.1	0.5	0.6	1.1	0.7	0.8	1.3
1990	9	9.3	10	9.3	8.5	8.2	0.6	0.8	1.6	0.8	1.1	1.9
1991	7.5	7.9	8.9	8.4	6.3	5.8	1.4	1.6	2.6	1.6	2.1	3.1
1992	5.1	5.6	7.4	6.1	4.2	3.7	1.2	1.4	3.2	1.4	1.9	3.7
1993	4.1	4.5	5.8	3.9	3.6	3.2	0.7	0.8	2.2	1	1.3	2.6
1994	4.4	5	6	3.4	5.6	4.6	-0.6	-0.6	0.4	-0.2	0.3	1.4
1995	4.5	6.3	6.8	6.1	6.2	5.9	-1.6	0	0.5	-1.4	0.3	0.8
1996	4.5	6	6.6	5.6	5.8	5.4	-1.1	0.2	0.8	-0.9	0.6	1.2

Appendix Table 7 : Interest Rates of NR(E)RA Deposits

Month		Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Nov-75	#	5-5.5		6.00 & 7.00	8	9
Dec-75		5-5.5		6.00 & 7.00	8	9
Jan-76		5-5.5		6.00 & 7.00	8	9
Feb-76		5-5.5		6.00 & 7.00	8	9
Mar-76		5-5.5		6.00 & 7.00	8	9
Apr-76		5-5.5		6.00 & 7.00	8	9
May-76		5-5.5		6.00 & 7.00	8	9
Jun-76		5-5.5		6.00 & 7.00	8	9
Jul-76		5-5.5		6.00 & 7.00	8	9
Aug-76		5-5.5		6.00 & 7.00	8	9
Sep-76		5-5.5		6.00 & 7.00	8	9
Oct-76		5-5.5		6.00 & 7.00	8	9
Nov-76		5-5.5		6.00 & 7.00	8	9
Dec-76		5-5.5		6.00 & 7.00	8	9
Jan-77		5-5.5		6.00 & 7.00	8	9
Feb-77		5-5.5		6.00 & 7.00	8	9
Mar-77		5-5.5		6.00 & 7.00	8	9
Apr-77		5-5.5		6.00 & 7.00	8	9
May-77		5-5.5		6.00 & 7.00	8	9
Jun-77		5-5.5		6.00 & 7.00	8	9
Jul-77		5-5.5		6.00 & 7.00	8	9
Aug-77		5-5.5		6.00 & 7.00	8	9
Sep-77		5-5.5		6.00 & 7.00	8	9
Oct-77		5-5.5		6.00 & 7.00	8	9
Nov-77		5-5.5		6.00 & 7.00	8	9
Dec-77		5-5.5		6.00 & 7.00	8	9
Jan-78		5-5.5		6.00 & 7.00	8	9
Feb-78		5-5.5		6.00 & 7.00	8	9
Mar-78		5-5.5		6.00 & 7.00	8	9
Apr-78		5-5.5		6.00 & 7.00	8	9
May-78		5-5.5		6.00 & 7.00	8	9
Jun-78		5-5.5		6.00 & 7.00	8	9
Jul-78		5-5.5		6.00 & 7.00	8	9
Aug-78		5-5.5		6.00 & 7.00	8	9
Sep-78		5-5.5		6.00 & 7.00	8	9
Oct-78		5-5.5		6.00 & 7.00	8	9

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month		Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Nov-78		5-5.5		6.00 & 7.00	8	9
Dec-78		5-5.5		6.00 & 7.00	8	9
Jan-79		5-5.5		6.00 & 7.00	8	9
Feb-79		5-5.5		6.00 & 7.00	8	9
Mar-79		5-5.5		6.00 & 7.00	8	9
Apr-79		5-5.5		6.00 & 7.00	8	9
May-79		5-5.5		6.00 & 7.00	8	9
Jun-79	**	5-5.5		6.00 & 7.00	8	9
Jul-79		5-5.5		6.00 & 7.00	8	9
Aug-79		5-5.5		6.00 & 7.00	8	9
Sep-79	##	5-5.5		6.00 & 7.00	8	9
Oct-79		5-5.5		6.00 & 7.00	8	9
Nov-79		5-5.5		6.00 & 7.00	8	9
Dec-79		5-5.5		6.00 & 7.00	8	9
Jan-80		5-5.5		6.00 & 7.00	8	9
Feb-80		5-5.5		6.00 & 7.00	8	9
Mar-80		5-5.5		6.00 & 7.00	8	9
Apr-80		5-5.5		6.00 & 7.00	8	9
May-80		5-5.5		6.00 & 7.00	8	9
Jun-80		5-5.5		6.00 & 7.00	8	9
Jul-80		5-5.5		6.00 & 7.00	8	9
Aug-80		5-5.5		6.00 & 7.00	8	9
Sep-80		5-5.5		6.00 & 7.00	8	9
Oct-80		5-5.5		6.00 & 7.00	8	9
Nov-80		5-5.5		6.00 & 7.00	8	9
Dec-80		5-5.5		6.00 & 7.00	8	9
Jan-81		5-5.5		6.00 & 7.00	8	9
Feb-81	##	5-5.5		6.00 & 7.00	8	9
Mar-81		5-5.5		6.00 & 7.00	8	9
Apr-81		5-5.5		6.00 & 7.00	8	9
May-81		5-5.5		6.00 & 7.00	8	9
Jun-81		5-5.5		6.00 & 7.00	8	9
Jul-81		5-5.5		6.00 & 7.00	8	9
Aug-81		5-5.5		6.00 & 7.00	8	9
Sep-81		5-5.5		6.00 & 7.00	8	9
Oct-81		5-5.5		6.00 & 7.00	8	9
Nov-81		5-5.5		6.00 & 7.00	8	9

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month		Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Dec-81		5-5.5		6.00 & 7.00	8	9
Jan-82		5-5.5		6.00 & 7.00	8	9
Feb-82	#	5-5.5		6.00 & 7.00	8	9
Mar-82	***	5		6.00 & 7.00	10 &11	12.00
Apr-82		5		6.00 & 7.00	10 &11	12.00
May-82		5		6.00 & 7.00	10 &11	12.00
Jun-82		5		6.00 & 7.00	10 &11	12.00
Jul-82		5		6.00 & 7.00	10 &11	12.00
Aug-82		5		6.00 & 7.00	10 &11	12.00
Sep-82		5		6.00 & 7.00	10 &11	12.00
Oct-82	#	5		6.00 & 7.00	10 &11	12.00
Nov-82		5		6.00 & 7.00	10 &11	12.00
Dec-82		5		6.00 & 7.00	10 &11	12.00
Jan-83		5		6.00 & 7.00	10 &11	12.00
Feb-83		5		6.00 & 7.00	10 &11	12.00
Mar-83		5		6.00 & 7.00	10 &11	12.00
Apr-83		5		6.00 & 7.00	10 &11	12.00
May-83		5		6.00 & 7.00	10 &11	12.00
Jun-83		5		6.00 & 7.00	10 &11	12.00
Jul-83		5		6.00 & 7.00	10 &11	12.00
Aug-83		5		6.00 & 7.00	10 &11	12.00
Sep-83		5		6.00 & 7.00	10 &11	12.00
Oct-83		5		6.00 & 7.00	10 &11	12.00
Nov-83		5		6.00 & 7.00	10 &11	12.00
Dec-83		5		6.00 & 7.00	10 &11	12.00
Jan-84		5		6.00 & 7.00	10 &11	12.00
Feb-84		5		6.00 & 7.00	10 &11	12.00
Mar-84		5		6.00 & 7.00	10 &11	12.00
Apr-84		5		6.00 & 7.00	10 &11	12.00
May-84		5		6.00 & 7.00	10 &11	12.00
Jun-84		5		6.00 & 7.00	10 &11	12.00
Jul-84	****	5		6.00 & 7.00	10 &11	12.00
Aug-84		5		6.00 & 7.00	10 &11	12.00
Sep-84		5		6.00 & 7.00	10 &11	12.00
Oct-84		5		6.00 & 7.00	10 &11	12.00
Nov-84		5		6.00 & 7.00	10 &11	12.00
Dec-84		5		6.00 & 7.00	10 &11	12.00

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month		Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Jan-85		5		6.00 & 7.00	10 & 11	12.00
Feb-85		5		6.00 & 7.00	10 & 11	12.00
Mar-85		5		6.00 & 7.00	10 & 11	12.00
Apr-85	#	5		8	10.5&11	12
May-85	#	5		8	10.5&11	12
Jun-85		5		8	10.5&11	12
Jul-85		5		8	10.5&11	12
Aug-85	##	5		8	10.5&11	12
Sep-85		5		8	10.5&11	12
Oct-85		5		8	10.5&11	12
Nov-85		5		8	10.5&11	12
Dec-85		5		8	10.5&11	12
Jan-86		5		8	10.5&11	12
Feb-86	##	5		8	10.5&11	12
Mar-86		5		8	10.5&11	12
Apr-86		5		8	10.5&11	12
May-86	##	5		8	10.5&11	12
Jun-86		5		8	10.5&11	12
Jul-86		5		8	10.5&11	12
Aug-86		5		8	10.5&11	12
Sep-86	##	5		8	10.5&11	12
Oct-86		5		8	10.5&11	12
Nov-86		5		8	10.5&11	12
Dec-86		5		8	10.5&11	12
Jan-87		5		8	10.5&11	12
Feb-87		5		8	10.5&11	12
Mar-87		5		8	10.5&11	12
Apr-87		5		8	10.5 & 11.0	12
May-87	##	5		8	10.5 & 11.0	12
Jun-87		5		8	10.5 & 11.0	12
Jul-87		5		8	10.5 & 11.0	12
Aug-87		5		8	10.5 & 11.0	12
Sep-87		5		8	10.5 & 11.0	12
Oct-87	#	5		8.5	10.5 & 11.0	12
Nov-87				8.5	10.5 & 11.0	12
Dec-87				8.5	10.5 & 11.0	12
Jan-88				8.5	10.5 & 11.0	12
Feb-88				8.5	10.5 & 11.0	12

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month	Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Mar-88					
Apr-88			8.50	10.50	10.50
May-88			8.50	10.50	10.50
Jun-88			8.50	10.50	10.50
Jul-88			8.50	10.50	10.50
Aug-88			8.50	10.50	10.50
Sep-88			8.50	10.50	10.50
Oct-88			8.50	10.50	10.50
Nov-88			8.50	10.50	10.50
Dec-88			8.50	10.50	10.50
Jan-89			8.50	10.50	10.50
Feb-89			8.50	10.50	10.50
Mar-89			8.50	10.50	10.50
Apr-89			8.50	10.50	10.50
May-89			8.50	10.50	10.50
Jun-89			8.50	10.50	10.50
Jul-89			8.50	10.50	10.50
Aug-89			8.50	10.50	10.50
Sep-89			8.50	10.50	10.50
Oct-89			8.50	10.50	10.50
Nov-89			8.50	10.50	10.50
Dec-89			8.50	10.50	10.50
Jan-90			8.50	10.50	10.50
Feb-90			8.50	10.50	10.50
Mar-90			8.50	10.50	10.50
Apr-90			8.50	10.50	10.50
May-90			8.50	10.50	10.50
Jun-90			8.50	10.50	10.50
Jul-90			8.50	10.50	10.50
Aug-90			8.50	10.50	10.50
Sep-90			8.50	10.50	10.50
Oct-90			8.50	10.50	10.50
Nov-90			8.50	10.50	10.50
Dec-90			8.50	10.50	10.50
Jan-91			8.50	10.50	10.50
Feb-91			8.50	10.50	10.50
Mar-91			8.50	10.50	10.50
Apr-91			8.50	10.50	10.50

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month	Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
May-91			8.50	10.50	10.50
Jun-91			8.50	10.50	10.50
Jul-91			8.50	10.50	10.50
Aug-91			8.50	10.50	10.50
Sep-91			8.50	10.50	10.50
Oct-91			8.50	10.50	10.50
Nov-91			8.50	10.50	10.50
Dec-91			8.50	10.50	10.50
Jan-92			8.50	10.50	10.50
Feb-92			8.50	10.50	10.50
Mar-92			8.50	10.50	10.50
Apr-92			8.50	10.50	10.50
May-92			8.50	10.50	10.50
Jun-92			8.50	10.50	10.50
Jul-92			8.50	10.50	10.50
Aug-92			8.50	10.50	10.50
Sep-92			8.50	10.50	10.50
Oct-92	6.00	13.00	13.00	13.00	13.00
Nov-92	6.00	13.00	13.00	13.00	13.00
Dec-92	6.00	13.00	13.00	13.00	13.00
Jan-93	6.00	13.00	13.00	13.00	13.00
Feb-93	6.00	13.00	13.00	13.00	13.00
Mar-93	6.00	13.00	13.00	13.00	13.00
Apr-93	6.00	12.00	12.00	12.00	12.00
May-93	6.00	12.00	12.00	12.00	12.00
Jun-93	6.00	12.00	12.00	12.00	12.00
Jul-93	6.00	12.00	12.00	12.00	12.00
Aug-93	6.00	12.00	12.00	12.00	12.00
Sep-93	6.00	12.00	12.00	12.00	12.00
Oct-93	5.00	11.00	11.00	11.00	11.00
Nov-93	5.00	11.00	11.00	11.00	11.00
Dec-93	5.00	11.00	11.00	11.00	11.00
Jan-94	5.00	11.00	11.00	11.00	11.00
Feb-94	5.00	11.00	11.00	11.00	11.00
Mar-94	5.00	11.00	11.00	11.00	11.00
Apr-94	5.00	11.00	11.00	11.00	11.00
May-94	5.00		11.00	11.00	11.00
Jun-94	5.00		10.00	10.00	10.00

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Contd.)

Month	Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Jul-94	5.00		10.00	10.00	10.00
Aug-94	5.00		10.00	10.00	10.00
Sep-94	5.00		10.00	10.00	10.00
Oct-94	5.00		10.00	10.00	10.00
Nov-94	4.50		8.00	8.00	8.00
Dec-94	4.50		8.00	8.00	8.00
Jan-95	4.50		8.00	8.00	8.00
Feb-95	4.50		8.00	8.00	8.00
Mar-95	4.50		8.00	8.00	8.00
Apr-95	4.50		8.00	8.00	8.00
May-95	4.50		8.00	8.00	8.00
Jun-95	4.50		8.00	8.00	8.00
Jul-95	4.50		8.00	8.00	8.00
Aug-95	4.50		8.00	8.00	8.00
Sep-95	4.50		8.00	8.00	8.00
Oct-95	4.50		10.00	10.00	10.00
Nov-95	4.50		12.00	12.00	12.00
Dec-95	4.50		12.00	12.00	12.00
Jan-96	4.50		12.00	12.00	12.00
Feb-96	4.50		12.00	12.00	12.00
Mar-96	4.50		12.00	12.00	12.00
Apr-96	4.50		12.00	12.00	12.00
May-96	4.50		12.00	12.00	12.50
Jun-96	4.50		12.00	12.00	12.50
Jul-96	4.50		12.00	12.00	12.50
Aug-96	4.50		12.00	12.00	12.50
Sep-96	4.50		12.00	12.00	12.50
Oct-96	4.50		12.00	12.00	12.50
Nov-96	4.50		12.00	12.00	12.50
Dec-96	4.50		12.00	12.00	12.50
Jan-97	4.50		12.00	12.00	12.50
Feb-97	4.50		12.00	12.00	12.50
Mar-97	4.50		12.00	12.00	12.50
Apr-97	4.50		9.00	12.00	12.50
May-97	4.50		9.00	12.00	13.00
Jun-97	4.50		9.00	12.00	13.00
Jul-97	4.50		8.00	11.50	12.00
Aug-97	4.50		8.00	11.50	12.00

Appendix Table 7 : Interest Rates of NR(E)RA Deposits (Concld.)

Month	Savings a/c	46 days- 6 m	6m-1y	1yr and up to 3 yr	3- 5 years
Sep-97	4.50		8.00	11.50	12.00
Oct-97	4.50		8.00	11.50	12.00
Nov-97	4.50		7.50	10.50	11.50
Dec-97	4.50		7.50	10.50	11.50
Jan-98	4.50		8.50	11.00	12.00
Feb-98	4.50		8.50	11.00	12.00
Mar-98	4.50		8.50	11.00	12.00
Apr-98	4.50		8.50	11.00	12.00
May-98	4.50		8.00	10.50	11.50
Jun-98	4.50		8.00	10.50	11.50
Jul-98	4.50		8.00	10.50	11.50
Aug-98	4.50		8.00	10.50	11.50
Sep-98	4.50		8.00	10.50	11.50
Oct-98	4.50		8.00	10.50	11.50
Nov-98	4.50		8.00	10.50	11.50
Dec-98	4.50		8.00	10.50	11.50
Jan-99	4.50		8.00	10.50	11.50
Feb-99	4.50		8.00	10.50	11.50
Mar-99	4.50		7.00	9.50	10.50
Apr-99	4.50		7.00	9.50	10.50
May-99	4.50		7.00	9.50	10.50
Jun-99	4.50		7.00	9.50	10.50
Jul-99	4.50		7.00	9.50	10.50
Aug-99	4.50		7.00	9.50	10.50
Sep-99	4.50		7.00	9.50	10.50
Oct-99					
Nov-99 *****					
Dec-99					
Jan-00					
Feb-00					
Mar-00					

N.A. : Not Applicable.

* Deposit accepted only for a minimum period of 1 year and maximum period of 5 years.

** Stipulation about the minimum period of 1 year and maximum period of 5 years removed.

*** Term deposits under FCNR(A) and NR(E)RA of maturity of 1 year and above has to pay an interest 2 per cent above the corresponding domestic rates.

**** Deposits under FCNR(A) exceeding 5 years were discontinued.

***** FCNR(B) deposits of six months and upto 1 year withdrwan from October 29, 1999

Change in policy regarding NR(E)RA & FCNR(B) deposits.

Change in policy regarding FCNR(B) deposits.

Note:

1. Since May 1997, interest rates on FCNR(B)deposits are based on the interest rate offered by the State Bank of India
2. Euro Rates applicable as in DM deposits since January 1999. Maturity of DM deposits accepted not beyond December 2001.

Appendix Table 8 : Statutory Liquidity ratios of various Deposit Schemes

(in per cent)

	NR(E)R	FCNR(A)	Domestic rupee deposits
Oct 27, 1975 to 25-Oct-85	Same as domestic deposit	25	33-37
26-Oct-85	25	25	37-38
28-Jul-90	30	30	38-31.5(a)
13-Apr-96	25	30	31.5(a)
26-Apr-96	-do-		-do-
25-Oct-97	-do-		25

Notes :

(a) SLR on increase in balances over September 30, 1994 was lower at 30 per cent.

(b) Deposits under NR(NR)RD are exempt from SLR.

Appendix Table 9 : Cash Reserve Ratios of Various Deposit Schemes (Contd.)

(in per cent)

	NR(E)R	FCNR(A)	FCNR(B)	NR(NR)RD	Dometic rupee deposits	
					Outstanding	Incremental
1970 to April 9, 1982	**Same as domestic deposits**	**3 (e)**			**3-7.75**	**10% (a)**
Apr 10, 1982 to						
May 22, 1987	3	3			7.0-9.5	10 (f)
May 23, 1987	3	9.5			9.5-10.5	10
July 30, 1988	3	10			11	10
July 1, 1989	15	15			15	0 & 10 (g)
Feb 25, 1992	-do-	-do-		0	15	10(h)
Apr 17, 1993	-do-	-do-		0	14.5	-do-
May 15, 1993	-do-	-do-	0	0	14	0
Jun 11, 1994	-do-	-do-	0	0	14.5	0
Jul 9, 1994	-do-	-do-	0	0	14.75	0
Aug 6, 1994	-do-	-do-	0	0	15	0
Oct 29, 1994	-do-	-do-	7.5	0	-do-	0
Jan 21, 1995	-do-		15	7.5	-do-	0
Oct 28, 1995	15 (b)		15	7.5 (b)	-do-	0
Nov 11, 1995	-do-		15	-do-	14.5	0
Nov 25, 1995	-do-		15 (d)	-do-	-do-	0
Dec 9, 1995	-do-		7.5	-do-	14	0
Jan 6, 1996	10		7.5	0	14	0
Jan 15, 1996	-do-		0	0	14	0
Apr 13, 1996	0		0	0	14	0
Apr 27, 1996	0		0	0	13.5	0
May 11, 1996	0		0	0	13	0
July 6, 1996	0		0	0	12	0
Oct 26, 1996	0		0	0	11.5	0
Nov 9, 1996	0		0	0	11	0
Jan 4, 1997	0		0	0	10.5	0
Jan 18, 1997	0		0	0	10	0
Apr 26, 1997	10 (c)		10 (c)	10 (c)	-do-	0
Oct 25, 1997	-do-		-do-	-do-	9.75	0

Appendix Table 9 : Cash Reserve Ratios of Various Deposit Schemes (Concld.)

(in per cent)

1970 to April 9, 1982	NR(E)R	FCNR(A)	FCNR(B)	NR(NR)RD	Dometic rupee deposits	
					Outstanding	Incremental
	Same as domestic deposits	3 (e)			3-7.75	10% (a)
Nov 22, 1997	-do-		-do-	-do-	9.5	0
Dec 6, 1997	0		-do-	0	10	0
Jan 17, 1998	0		-do-	0	10.5	0
Mar 28, 1998	0		-do-	0	10.25	0
Apr 11, 1998	0		-do-	0	10	0
Aug 29, 1998	0		-do-	0	11	0
Mar 13, 1999	0		-do-	0	10.5	0
May 8, 1999	0		-do-	0	10	0
Oct 29, 1999	0		0	0	9	0

Notes:

(a) applicable for the period January 14, 1977 to October 30, 1980

(b) incremental deposits over October 27, 1995 exempted from CRR

(c) only on incremental deposits over their April 11, 1997 level

(d) incremental deposits over Nov 24, 1995 exempted from CRR

(e) this schemes statred wef November 1, 1975

(f) effective November 12, 1983; additional cash balances as of October 31, 1980 was released in phases starting December 1, 1984.

(g) 10% wef May 4, 1991

(h) incremental NDTL over April 17, 1992 exempted