Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits

Please refer to our circular RPCD.CO.RRB.BC.No.45/03.05.33(C)/2011-12 dated December 19, 2011 on Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts.

2. In terms of para 2 ibid, interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits. However, in order to pass on the benefit of exemption provided on incremental NRE deposits with maturity of 3 years and above from CRR/SLR requirements, it has been decided to give banks the freedom to offer interest rates on such deposits without any ceiling. The extant ceiling on NRO Accounts shall continue.

3. All other instructions in this regard, as amended from time to time, will remain unchanged.

4. These instructions will be valid up to November 30, 2013, subject to review.

5. An amending directive RPCD.CO.RRB.Dir.No.23/03.05.33/2013-14 dated August 19, 2013 is enclosed.

6. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(Madhavi Sharma)
Chief General Manager
Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and in modification of the directive RPCD.CO.RRB.Dir.No.44/03.05.33(C)/2011-12 dated December 19, 2011 on Deregulation of Interest Rates on Non-Resident (External) (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that banks are free to offer interest rates without any ceiling on NRE deposits with maturity of 3 years and above. The extant ceiling on NRO Accounts shall continue. These instructions will be valid up to November 30, 2013, subject to review.

Yours faithfully,

Dr.(Smt.) Deepali Pant Joshi
Executive Director