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

Please refer to our circular RPCD.CO.RCB.Dir.BC.No.49/07.38.01/2011-12 dated December 28, 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 State / Central Co-operative 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.


Yours faithfully,

(A. Udgata)
Principal 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 (As Applicable to Co-operative Societies), and in modification of the directive RPCD.CO.RCB.Dir.BC.No.48/07.38.01/2011-12 dated December 28, 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 State / Central Co-operative 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.

(Dr. (Smt.) Deepali Pant Joshi)
Executive Director