

RBI/2008-09/237
UBD (PCB) CO BPD Cir No: 22 /13.01.000/2008-09

October 16, 2008

**Chief Executive Officer of
All Primary (urban) Cooperative Banks**

Dear Sir/Madam,

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

Please refer to our circular UBD (PCB) CO BPD Cir No: 16/13.01.000/2008-09 dated September 19, 2008 on the captioned subject.

2. On a review, it has been decided that until further notice and with effect from close of business in India as on October 15, 2008, the interest rates on Non- Resident (External) Rupee (NRE) Term Deposits will be as under:

The interest rates on fresh Non-Resident (External) Rupee (NRE) Term Deposits for one to three years maturity should not exceed the LIBOR / SWAP rates plus 100 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR /SWAP rates plus 50 basis points effective from close of business on Sept 16, 2008). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period.

3. A directive to this effect is enclosed. All other terms and conditions applicable to NRI deposits remain unchanged.

4. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(A. K. Khound)
Chief General Manager in-Charge

October 15, 2008

Interest Rate 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 UBD.No.Dir.1 /13.01.000/2008-09 dated September 16, 2008 on Interest Rates on Non Resident (External) Rupee (NRE) deposits, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that Interest Rates on Non-Resident (External) Rupee (NRE) deposits shall be as under:

" With effect from the close of business as on October 15, 2008, the interest rates on fresh Non-Resident (External) Rupee (NRE) Term Deposits for one to three years maturity should not exceed the LIBOR / SWAP rates plus 100 basis points, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR / SWAP rates plus 50 basis points effective from the close of business on September 16, 2008). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period."

(V.S Das)
Executive Director