



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2011-12/ 303

DBOD.Dir.BC. 64 /13.03.00/2011-12

December 16, 2011

All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir/Madam,

**Deregulation of Interest Rates on Non-Resident (External)  
Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts**

Please refer to paragraph 4 of our [circular DBOD.Dir.BC.42/13.03.00/ 2011-12 dated October 25, 2011](#) on Deregulation of Savings Bank Deposit Interest Rate and paragraph 1 of our [circular DBOD.Dir.BC.59/13.03.00/2011-12 dated November 23, 2011](#) on Interest Rates on Non-Resident (External) Rupee (NRE) Deposits and FCNR (B) Deposits.

2. With a view to providing greater flexibility to banks in mobilising non-resident deposits and also in view of the prevailing market conditions, it has been decided to deregulate interest rates on Non-Resident (External) Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts (the interest rates on term deposits under Ordinary Non-Resident (NRO) Accounts are already deregulated). Accordingly, banks are free to determine their interest rates on both savings deposits and term deposits of maturity of one year and above under Non-Resident (External) Rupee (NRE) Deposit accounts and savings deposits under Ordinary Non-Resident (NRO) Accounts with immediate effect. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

3. Prior approval of the Board/Asset Liability Management Committee (if powers are delegated by the Board) may be obtained by a bank while fixing interest rates on such deposits. At any point of time, individual banks should offer uniform rates at all their branches.

बैंकिंग परिचालन और विकास विभाग, केंद्रीय कार्यालय, 13 माला, शहीद भगतसिंह मार्ग, मुम्बई 400001

4. The revised deposit rates will apply only to fresh deposits and on renewal of maturing deposits. Further, banks should closely monitor their external liability arising on account of such deregulation and ensure asset-liability compatibility from systemic risk point of view.

5. An amending directive DBOD.Dir.BC. 63 /13.03.00/2011-12 dated December 16, 2011 is enclosed.

Yours faithfully,

(P. R. Ravi Mohan)  
Chief General Manager



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DBOD.Dir.BC. 63 /13.03.00/2011-12

December 16, 2011

**Deregulation of Interest Rates on Non-Resident (External)  
Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts**

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and in modification of the directive DBOD. Dir. BC. 41/ 13.03.00/ 2011-12 dated October 25, 2011 on Deregulation of Savings Bank Deposit Interest Rate and DBOD.Dir.BC.58/13.03.00/2011-12 dated November 23, 2011 on Interest Rates on Non-Resident (External) (NRE) Deposits and FCNR(B) Deposits, 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 determine their interest rates on both savings deposits and term deposits of maturity of one year and above under Non-Resident (External) Rupee (NRE) Deposit accounts and savings deposits under Ordinary Non-Resident (NRO) Accounts with immediate effect. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

(B. Mahapatra)  
Executive Director