

**Interest Rate on Deposits under Non-Resident  
(External) Rupee Accounts (NRE Accounts)**

**Ref.No.MPD.BC.238/07.01.279/2003-04**

**September 15, 2003  
Bhadra 24, 1925(S)**

To

All Scheduled Commercial Banks  
(excluding RRBs and LABs)

Dear Sirs,

**Interest Rate on Deposits under Non-Resident  
(External) Rupee Accounts (NRE Accounts)**

Please refer to our Circular No.MPD.BC.237/07.01.279/2003-04 dated July 17, 2003 on the captioned subject.

2. On a review, it has been decided that, until further notice, the interest rates on fresh repatriable NRE deposits for one to three years contracted effective close of business in India on September 15, 2003 should not exceed 100 basis points (instead of 250 basis points announced on July 17, 2003) above the LIBOR/SWAP rates for US dollar of corresponding maturity.
3. The maturity period of repatriable NRE deposits would continue to be one to three years, and the interest rate as determined above for three year deposits would also be applicable in case the maturity period exceeds three years.
4. The above changes in interest rates will also apply to repatriable NRE deposits renewed after their present maturity period.
5. Banks are requested to advise their overseas branches and Indian branches dealing with NRE deposits the revised interest rates (effective close of business in India on September 15, 2003) based on the above formula at the earliest.
6. The detailed instructions in this regard are being issued separately.
7. Kindly acknowledge receipt.

Yours faithfully,  
**(D. Anjaneyulu)**  
Principal Monetary Policy Adviser