

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5768  
ANSWERED ON:11.05.2012  
INTEREST RATE ON NRIS DEPOSITS QUESTION  
Kumar Shri P.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the banks have raised interest rate on NRIs deposits;
- (b) if so, the details thereof; and
- (c) the manner in which this move of RBI is likely to help banks to attract more foreign deposits?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): To provide greater flexibility to banks in mobilizing non-resident deposits and in view of prevailing market conditions, the Reserve Bank of India (RBI) deregulated interest rates on Non- Resident (External) Rupee (NRE) Deposits and Savings deposits under Ordinary Non-Resident (NRO) Accounts with effect from 16 December 2011. After the deregulation almost all banks increased their NRE term deposit rates in the range of 349-628 basis points across various maturities to align with domestic term deposits. In the post deregulation period up to 20.04.2012, Non-Resident Indians (NRI) deposit increased by 12.1 per cent (Rs 33,874 crore); and NRO deposits grew marginally by 1.9 per cent (Rs 1,199 crore). However, Foreign Currency Non Resident [FCNR(B)] deposit contracted by 3.8 percent during the period. Further, with effect from 4 May 2012, RBI raised the interest rate ceiling on FCNR (B) deposit of banks from 125 basis points above the corresponding LIBOR/Swap rates to 200 basis points for maturity period of one year to less than three years, and to 300 basis points for maturity period of 3 to 5 years.