



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



www.rbi.org.in

RBI/2021-2022/123
DOR.SOG (SPE).REC.No 67/13.03.00/2021-22

November 11, 2021

All Scheduled Commercial Banks (including Regional Rural Banks)
All Small Finance Banks
All Local Area Banks
All Payment Banks
All Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks

Dear Sir / Madam,

Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits

Please refer to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 of the [Master Direction - Reserve Bank of India \(Interest Rate on Deposits\) Directions, 2016 dated March 03, 2016](#) and Section 18 of the [Master Direction – Reserve Bank of India \(Co-operative Banks – Interest Rate on Deposits\) Directions, 2016 dated May 12, 2016](#).

2. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to offer interest rates on FCNR (B) deposits using widely accepted 'Overnight Alternative Reference Rate (ARR) for the respective currency' with upward revision in the interest rates ceiling by 50 bps.

3. As a measure to handle the information asymmetry during the transition, FEDAI may publish the ARR till such time the widely accepted benchmark is established. The relevant sections of the Master Directions as amended are indicated in the [Annex](#).

4. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Neeraj Nigam)
Chief General Manager-in-Charge
Encl: As above

[Encl. to circular DOR.SOG(SPE).REC.No 67/13.03.00/2021-22 dated Nov 11, 2021]

Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016

Section of MD	Existing Provisions	Amended Provisions												
19(d)	Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of <i>LIBOR</i> rates for the respective currency/ maturity.	Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of <i>Overnight Alternative Reference Rate*</i> for the respective currency/ maturity.												
19(f)	The <i>LIBOR/SWAP</i> rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.	The <i>Overnight Alternative Reference Rate*</i> for the respective currency /SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.												
19(g)	The interest rates ceiling on FCNR (B) deposits shall be as under: <table border="1" data-bbox="336 1137 826 1563"> <thead> <tr> <th>Period of deposit</th> <th>Ceiling rate</th> </tr> </thead> <tbody> <tr> <td>1 year to less than 3 years</td> <td><i>LIBOR/ Swap</i> plus 200 basis points</td> </tr> <tr> <td>3 years and above up to and including 5 years</td> <td><i>LIBOR/ Swap</i> plus 300 basis points</td> </tr> </tbody> </table>	Period of deposit	Ceiling rate	1 year to less than 3 years	<i>LIBOR/ Swap</i> plus 200 basis points	3 years and above up to and including 5 years	<i>LIBOR/ Swap</i> plus 300 basis points	The interest rates ceiling on FCNR (B) deposits shall be as under: <table border="1" data-bbox="855 1120 1417 1664"> <thead> <tr> <th>Period of deposit</th> <th>Ceiling rate</th> </tr> </thead> <tbody> <tr> <td>1 year to less than 3 years</td> <td><i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points</td> </tr> <tr> <td>3 years and above up to and including 5 years</td> <td><i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points</td> </tr> </tbody> </table>	Period of deposit	Ceiling rate	1 year to less than 3 years	<i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points	3 years and above up to and including 5 years	<i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points
Period of deposit	Ceiling rate													
1 year to less than 3 years	<i>LIBOR/ Swap</i> plus 200 basis points													
3 years and above up to and including 5 years	<i>LIBOR/ Swap</i> plus 300 basis points													
Period of deposit	Ceiling rate													
1 year to less than 3 years	<i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points													
3 years and above up to and including 5 years	<i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points													
19(h)	The <i>LIBOR / Swap</i> rates quoted/displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.	The <i>Overnight Alternative Reference Rate*</i> for the respective currency / Swap rates quoted/displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR (B) deposits.												

Master Direction – Reserve Bank of India (Co-operative Banks – Interest Rate on Deposits) Directions, 2016

Section of MD	Existing Provisions	Amended Provisions												
18(d)	Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of <i>LIBOR</i> rates for the respective currency/ maturity.	Interest on floating rate deposits shall be paid within the ceiling of swap rates for the respective currency/ maturity and in case of fixed rate deposits, interest shall be paid within the ceiling of Overnight <i>Alternative Reference Rate*</i> for the respective currency/ maturity.												
18(f)	The <i>LIBOR</i> /SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.	The Overnight <i>Alternative Reference Rate*</i> for the respective currency /SWAP rates as on the last working day of the preceding month shall form the base for fixing ceiling rates for the interest rates offered effective in the following month.												
18(g)	The interest rates ceiling on FCNR (B) deposits shall be as under: <table border="1" data-bbox="338 1061 826 1532"> <thead> <tr> <th>Period of deposit</th> <th>Ceiling rate</th> </tr> </thead> <tbody> <tr> <td>1 year to less than 3 years</td> <td><i>LIBOR</i>/ Swap plus 200 basis points</td> </tr> <tr> <td>3 years and above up to and including 5 years</td> <td><i>LIBOR</i>/ Swap plus 300 basis points</td> </tr> </tbody> </table>	Period of deposit	Ceiling rate	1 year to less than 3 years	<i>LIBOR</i> / Swap plus 200 basis points	3 years and above up to and including 5 years	<i>LIBOR</i> / Swap plus 300 basis points	The interest rates ceiling on FCNR (B) deposits shall be as under: <table border="1" data-bbox="855 1072 1386 1588"> <thead> <tr> <th>Period of deposit</th> <th>Ceiling rate</th> </tr> </thead> <tbody> <tr> <td>1 year to less than 3 years</td> <td>Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points</td> </tr> <tr> <td>3 years and above up to and including 5 years</td> <td>Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points</td> </tr> </tbody> </table>	Period of deposit	Ceiling rate	1 year to less than 3 years	Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points	3 years and above up to and including 5 years	Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points
Period of deposit	Ceiling rate													
1 year to less than 3 years	<i>LIBOR</i> / Swap plus 200 basis points													
3 years and above up to and including 5 years	<i>LIBOR</i> / Swap plus 300 basis points													
Period of deposit	Ceiling rate													
1 year to less than 3 years	Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 250 basis points													
3 years and above up to and including 5 years	Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap plus 350 basis points													
18(h)	The <i>LIBOR</i> / Swap rates quoted/displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.	The Overnight <i>Alternative Reference Rate*</i> for the respective currency / Swap rates quoted/displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR (B) deposits.												

*Alternative Reference Rate (ARR) refers to any widely accepted ARR for the respective currency (Ref: [RBI circular CO.FMRD.DIRD.S39/14.02.001/2021-22 dated July 08, 2021 on 'Roadmap for LIBOR Transition'](#)).