



PHD Research Bureau
PHD Chamber of Commerce and Industry



RBI issues Master Direction on Interest Rate on Deposits

Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)]

In reference 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.

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Warm Regards,

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