Reserve Bank Of India (Commercial Banks – Interest Rate On Deposits) Amendment Directions, 2026

RBI has issued the Commercial Banks – Interest Rate on Deposits Amendment Directions, 2026, effective June 17, 2026. These amendments are temporary measures aimed at encouraging greater inflow of foreign currency deposits into Indian banks. The amendments provide banks with greater flexibility in offering interest rates on FCNR(B) and NRE deposits of specified tenors by temporarily removing existing interest rate restrictions until September 30, 2026. Similar amendments are introduced for Small Finance Banks, Regional Rural Banks, Rural Co-operative Banks, Urban Co-operative Banks, and Local Area Banks.

The 2026 amendment temporarily relaxes RBI's interest rate regulations for selected NRE and FCNR(B) deposits. Banks are allowed to offer market-driven interest rates on eligible deposits for a limited period to attract foreign currency inflows while supporting liquidity in the banking system.

Area	Earlier Norms	Current Norms (Amendment 2026)
Interest Rates on NRE Deposits (3 years & above)	Banks could not offer interest rates higher than comparable domestic rupee term deposits.	The interest rate restriction is temporarily withdrawn for fresh NRE deposits (including renewals). Transfers from NRO to NRE accounts are not eligible for this relaxation.
Interest Rate Ceiling on FCNR(B) Deposits (3–5 years)	Maximum permissible interest rate was Overnight Alternative Reference Rate (ARR)/Swap + 350 basis points.	The ceiling on fresh FCNR(B) deposits (including renewals) is temporarily withdrawn allowing banks to determine interest rates freely.

This amendment does not permanently change RBI's deposit interest rate framework; it is a time-bound regulatory measure i.e. effective from June 17, 2026 and this temporary relaxation remains valid until September 30, 2026. Banks can offer market-based interest rates on eligible NRE and FCNR(B) deposits with an objective is to attract foreign currency deposits, strengthen foreign exchange inflows, and improve banking system liquidity.

Kindly refer to the link for the further details - [Notifications - Reserve Bank of India]