

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4496  
ANSWERED ON:23.12.2005  
`INTEREST RATE ON POST OFFICE SAVINGS`  
Mohite Shri Subodh

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

- (a) whether the Government proposes to make changes in the interest rates on Post Offices Savings Bank accounts;
- (b) if so, the details thereof;
- (c) whether the Government has examined the recommendations of Rakesh Mohan Committee on the subject;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (e): The interest rates on small savings schemes are being reviewed from time to time . The last revision of the interest rates on these schemes was made with effect from 1.3.2003 on the basis of recommendations of an Expert Committee (2001) chaired by Dr. Y.V.Reddy, the then Dy. Governor, Reserve Bank of India. There is no proposal at present under consideration of the Government to change the interest rates on small savings schemes.

The Rakesh Mohan Committee had inter-alia, recommended that the interest rate on small savings schemes may be benchmarked to the average yields on Government securities of comparable maturity in secondary market as recommended by the Reddy Committee, but that the average yields over a period of two years may be taken as against the average annual yields recommended by the Reddy Committee. The rates of interest on small savings schemes have, however, continued unchanged since 1.3.2003.