

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:2940
ANSWERED ON:03.09.2007
INTEREST RATE ON SAVING SCHEMES
Adhalrao Patil Shri Shivaji

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Department of Posts (DoP) has requested the Ministry of Finance to increase the interest rate on deposits and saving schemes of DoP;
- (b) if so, the details thereof; and
- (c) the steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) Matter of increase in rate of interest was first taken up by Department of Posts with Ministry of Finance on 17.11.2006 and again on 27.2.2007.

(c) Response of Ministry of Finance is as under:-

"Interest rates on small saving schemes are benchmarked to the average yields on Government Securities of comparable maturity in the secondary market, as recommended by the Expert Committee on Administered Interest Rates under the chairmanship of Dr. Y.V. Reddy, then Dy. Governor, Reserve Bank of India and reviewed from time to time. At present there is no proposal under consideration of Government to increase the interest rates on small saving schemes."