

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3697
ANSWERED ON:11.12.2009
``NATIONAL SAVINGS SCHEME``
Maadam Shri Vikrambhai Arjanbhai

Will the Minister of FINANCE be pleased to state:

- (a) whether there is no revision of interest rate on deposit under the National Savings Scheme during the last three years and the current year;
- (b) if so, the interest paid on deposits for different period under the scheme during the said period;
- (c) whether the commercial banks periodically enhanced the interest -on deposits during this period;
- (d) if so, the details thereof;
- (e) whether Government is considering snhancement of interest on deposits under the National Savings Scheme; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The National Savings Scheme, introduced with effect from 1st October 1992, was discontinued with effect from 1st November 2002. No deposits can be made under the Scheme on or after 1st day of November 2002.

(c) & (d): Banks have been given freedom by Reserve Bank of India to fix their own interest rates on domestic term deposits of various maturities. Interest rates on Small Savings Schemes are Administered Interest Rates, and are benchmarked to the average annuaf yield on Government. Securities of comparable maturity in the secondary market, with a suitable spread subject to a maximum of 50 basis point over the benchmark yield, depending upon the maturity and liquidity of the instruments.

(e) & (f): Do not arise in view of reply to (a) & (b) above.