

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1653
ANSWERED ON:19.11.2010
INTEREST RATE ON TERM DEPOSITS
Rajaram Shri Wakchaure Bhausahb

Will the Minister of FINANCE be pleased to state:

- (a) whether the Non-Governmental financial institutions are offering 10-15 per cent rate of interest on term deposits in the country;
- (b) if so, the details thereof for the last three years and as on date;
- (c) whether the Government has any proposal for offering the said rate of interest on term deposits;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken/being taken by the Government in the interests of small investors?

Answer

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

(a) to (d) : Reserve Bank of India (RBI) vide their circular dated April 27, 2007 had advised the Non-Banking Financial Companies (NBFCs) that the maximum interest rate payable on public deposits should not exceed 12.5 per cent per annum. The details of public deposits during the last three years held by NBFCs and the interest rate, range-wise are as under:-

(Rs. Crores)

Deposit Interest Rate Range	As at end of March 2008	As at end of March 2009	As at end of March 2010
1	2	3	4

Up to 10 per cent 1491(73.0) 591 (30.0) 1457(53.4)

More than 10 per cent and up to 12 per cent 518(25.4) 1267(64.3) 1197(43.9)

12 per cent and above 33(1.6) 113(5.7) 73(2.7)

Total 2042(100.0) 1971(100.0) 2727(100.0)

(e) : So far, 14 states and one Union Territory namely, Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Delhi, Tamilnadu, Tripura, Utranchal and Chandigarh have enacted special laws for safeguarding the interest of depositors in financial institutions. The legislations in respect of two states came under judicial scrutiny before the respective State High Courts. RBI has reported that the appeals against Bombay High Court and Madras High Court decisions at present are under consideration of Supreme Court.