

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1545

ANSWERED ON:04.03.2011

INTEREST ON SAVINGS

Danve Shri Raosaheb Patil;Pratap Narayanrao Shri Sonawane;Ram Shri Purnmasi

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has urged banks to increase rate of interest on savings so as to encourage savings;
- (b) if so, the details thereof alongwith the present rate of interest on savings;
- (c) whether there is any proposal to further increase the rate of interest on Saving Scheme for senior citizens; and
- (d) if so, the details thereof?

Answer

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

(a) & (b): No, Sir. Interest rate on saving bank deposit is determined by the Reserve Bank of India and is at present 3.5 percent. With effect from October 22, 1997, RBI has given freedom to commercial banks to fix their own interest rates on domestic term deposits of various maturities with prior approval of respective Board of Directors/Asset Liability Management Committee. At present, interest rate of term deposits of more than one year is in the range of 8.25-9.50 percent.

(c) & (d): As is the practice, term deposits of various maturities of senior citizens are allowed a benefit of 0.5% more than the general interest rate offered by banks to the general public.