

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3190
ANSWERED ON:19.08.2011
DEREGULATION OF INTEREST ON SAVINGS BANK ACCOUNT
Ray Shri Rudramadhab ;Thamaraiselvan Shri R.

Will the Minister of FINANCE be pleased to state:

-

- (a) whether the Government has any proposal to deregulate the interest on Saving Bank Accounts;
- (b) if so, the details thereof;
- (c) the effects of such deregulation of interest on the various service charges being levied by banks; and
- (d) the steps taken / being taken by the Government to protect the interests of the customers?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

- (a) & (b): As a part of financial sector reforms, the Reserve Bank of India (RBI) has deregulated interest rates on deposits, other than savings bank deposits. Keeping in view progressive deregulation of interest rates, it was proposed in the RBI Second Quarter Review of Monetary Policy 2010-11 to prepare a discussion paper, which will delineate the pros and cons of deregulating the savings bank deposits interest rate. Accordingly, RBI has placed the discussion paper on deregulation of Savings Bank Deposit Rate on its website on 28.04.2011 for feedback from the general public. The draft discussion paper is available at RBI website www.rbi.org.in.
- (c) & (d): With effect from September, 1999, banks have been given the freedom to fix service charges for various types of services rendered by them. In order to ensure transparency, banks have also been advised to display and update on their websites the details of various service charges. Banks have also been advised to ensure that customers are made aware of the service charges upfront and changes in the service charges are implemented only with prior notice to customers.