

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3700
ANSWERED ON:27.04.2012
INTEREST RATE ON FIXED DEPOSITS QUESTION .
Thamaraiselvan Shri R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the banks were under pressure to hike interest on Fixed Deposit due to sops given in many national saving schemes; and
- (b) if so, the details thereof?

Answer

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

(a)&(b) At present, Scheduled Commercial Banks fix interest rates on their domestic Term Deposits of various maturities with prior approval of their respective Board of Directors/Asset Liability Management Committee (ALCO). The Reserve Bank, as part of its anti-inflationary stance, raised the policy Repo Rate by 375 basis points between March 2010 to October 2011. Taking cues from the Reserve Bank's increase in the repo rate, banks raised their Term Deposit interest rates. The Reserve Bank has since reduced the policy repo rate by 50 basis points to 8 per cent on April 17, 2012.