

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1914
ANSWERED ON:17.07.2009
RATES OF INTEREST ON FIXED DEPOSITS
Swaraj Smt. Sushma

Will the Minister of FINANCE be pleased to state:

- (a) whether the rates of interest on fixed deposits have been reduced in various banks recently;
- (b) if so, the details of new rates of interest and the rates fixed for senior citizens;
- (c) whether the Government are contemplating to increase the rates of interest on fixed deposits 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): There is evidence of reduction in rates of interest on term deposits of major banks as can be seen below:

INTEREST RATES ON DEPOSITS

(per cent per annum)

2008 2009

Min. Max. Min. Max.

January	8.25	9.00	8.00	9.00
February	8.25	9.00	7.75	9.00
March	8.25	9.00	7.75	8.75
April	8.25	9.00	7.00	8.50
May	8.25	8.75	6.50	8.25
June	8.25	9.00	6.50	8.00
July	8.75	9.50		
August	8.75	10.00		
September	8.75	10.00		
October	8.75	10.50		
November	8.50	10.50		
December	8.50	10.00		

Source: RBI, Weekly Statistical Supplement

Note: Deposit Rate relates to major Banks for term deposits of more than one year maturity.

(c) & (d): With effect from October 22, 1997, RBI has given the freedom to scheduled commercial banks to fix their own interest rates on domestic term deposits of various maturities with the prior approval of their respective Board of Directors/Asset Liability Management Committee (ALCO). However, RBI regulates interest rates on savings bank accounts and the savings bank interest rate is currently fixed at 3.5% per annum, which is unchanged from March 1, 2003. Further in terms of extant guidelines banks have been permitted to formulate, with the approval of their Boards of Directors, fixed deposit schemes specifically for resident Indian senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size.