

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4230
ANSWERED ON:22.03.2013
INTEREST RATE ON FIXED DEPOSIT
Ray Shri Rudramadhab

Will the Minister of FINANCE be pleased to state:

- (a) whether the public sector banks (PSBs) in the country have increased interest rates on fixed deposit;
- (b) if so, the details thereof, bank-wise including State Bank of India;
- (c) the present rate of interest being offered to senior citizens by different banks on fixed deposits;
- (d) whether the banks have reduced/ propose to reduce the premium being paid on fixed deposits to senior citizens; and
- (e) if so, the details thereof and the reasons therefor along with the reaction of the Government thereto?

Answer

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

(a) and (b): Yes, Sir. Out of the 26 Public Sector Banks (PSBs), 14 PSBs have increased interest rates on fixed deposits between end-December 2012 and March 14, 2013. Bank-wise data on average interest rates on term deposits across all maturities as on December 31, 2012 and March 14, 2013 for those banks that have increased their average deposit rates is given at Annexure-I

(c): The rate of interest being offered by PSBs to Senior Citizens on fixed deposits of one year and above maturity as on 15.03.2013 is at Annexure-II

(d) and (e): Since December, 2012, five PSBs have reduced the premium payable on fixed deposits to Senior Citizens in the range of 10 basis points to 25 basis points as per the details given in Annexure-III. Reserve Bank of India has permitted Banks to formulate, with the approval of their respective Board of Directors, fixed deposit schemes specifically for resident Indian senior citizens, offering higher rates of interest as compared to normal deposits of any size. The decision to reduce the interest rates is taken by the banks based on their cost of deposits and market conditions.