

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5121

ANSWERED ON:26.04.2013

INTEREST RATE ON DEPOSITS

Pradhan Shri Amarnath;Singh Shri Rajiv Ranjan (Lalan);Yadav Shri Dinesh Chandra

**Will the Minister of FINANCE be pleased to state:**

(a) the rates of interest charged on various loans by the Public Sector Banks (PSBs) as also the rates of interest paid by them to the depositors during the last three years, bank/year-wise;

(b) the reasons for the increase in the rates charged and reduction in the rates of interest paid to depositors particularly the senior citizens during the said period;

(c) whether the Government/Reserve Bank of India has any proposal to restore the rate of interest being paid to the customers particularly to the senior citizens; and

(d) if so, the details thereof and if not, the reasons therefor?

**Answer**

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

(a): Bank-wise data on lending rates for Advances (other than Export Credit) of Public Sector Banks (PSBs) for the Quarter ended March 2011, March 2012 and December 2012, as provided by Reserve Bank of India (RBI), is at Annex-I, II and III. The average Term Deposit rates of various maturities of PSBs for March 2011, March 2012 and March 2013 are given below;

**Average Term Deposit Rates - Public Sector Banks**

Year Ended up to	1-3 year	Above 3 years	All Tenors
Mar-2011	4.34	7.50	7.69 5.73
Mar-2012	6.19	9.24	9.06 7.42
Mar-2013	6.74	8.93	8.85 7.63

Source: RBI

(b) to (d) RBI 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. There is no proposal to restore the rate of interest paid to customers, particularly senior citizens. With the introduction of Base Rate system from July 1, 2010, all rupee lending rates have been deregulated. Banks have freedom in deciding both deposit and lending rates based on their commercial judgment. While deciding interest rates on both deposit and advances, banks also take into account the monetary policy actions announced by the RBI.