



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/233
DBOD.Dir.BC. 42 /13.03.00/2011-12

October 25, 2011

All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir/Madam,

Deregulation of Savings Bank Deposit Interest Rate - Guidelines

1. Please refer to our Directive [DBOD.Dir.BC.89/13.03.00/2010-11 dated May 3, 2011](#).
2. As indicated in the [Second Quarter Review of Monetary Policy announced on October 25, 2011](#), it has been decided to deregulate the savings bank deposit interest rate with immediate effect. Accordingly, the following Guidelines will be effective from October 25, 2011:
 - Banks are free to determine their savings bank deposit interest rate, subject to the following two conditions:
 - First, each bank will have to offer a uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit.
 - Second, for savings bank deposits over Rs.1 lakh, a bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.
3. The above revised Guidelines would be applicable to savings bank deposits of resident Indians only.
4. Interest rate on Non-Resident (External) Accounts Scheme and Ordinary Non-Resident Deposit under savings account, which has been prescribed at 4 per cent per annum at present, will continue to be regulated until further review.
5. An amending directive DBOD.Dir.BC.41/13.03.00/2011-12 dated October 25, 2011 is enclosed.

Yours faithfully

(P.R.Ravi Mohan)
Chief General Manager

Encls: As above

Deregulation of Savings Bank Deposit Interest Rate

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and in partial modification of its directive DBOD.Dir.BC.No.89/13.03.00/2010-11 dated May 3, 2011, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that banks are free to determine their savings bank deposit interest rate for resident Indians only with immediate effect subject to two conditions. First, each bank will have to offer a uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit. Second, for savings bank deposits over Rs.1 lakh, a bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.

(B. Mahapatra)
Executive Director