

## **PERIODICITY OF PAYMENT OF INTEREST ON RUPEE SAVINGS/TERM DEPOSITS**

**CIRCULAR DBOD.NO.DIR.BC.69/13.03.00/2013-14, DATED 29-11-2013**

Please refer to paragraph 23 of the Second Quarter Review of Monetary Policy 2013-14 announced on October 29, 2013 (extract enclosed Annexure) on periodicity of payment of interest on savings and term deposits.

2. In this connection, a reference is also invited to paragraph 2 (ii) of our circular DBOD.No.Dir.BC.46/13.03.00/2000-2001 dated November 4, 2000 on 'Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO), Non-Resident Special Rupee (NRSR) and Non-Resident (External) (NRE) Accounts' whereby banks were advised to pay interest on savings and term deposits at quarterly or longer rests. As banks are functioning on core banking platform, it has been decided to review the above instructions. Accordingly, banks will now have the option to pay interest on Rupee savings and term deposits at intervals shorter than quarterly intervals.

3. The above revised instructions are applicable to domestic Rupee deposits including Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) savings and term deposits. As regard FCNR(B) deposits, the existing guidelines issued in this regard will remain unchanged.

4. All other instructions in this regard, as amended from time to time, will remain unchanged.

### **ANNEXURE**

#### **EXTRACT OF SECOND QUARTER REVIEW OF MONETARY POLICY 2013-2014**

##### **Periodicity of Payment of Interest on Rupee Savings/Term Deposits**

23. As per extant instructions, banks are required to pay interest on savings deposits and term deposits at quarterly or longer intervals. As all commercial banks are now on core banking platforms, it has been decided to:

- give banks the option to pay interest on savings deposits and term deposits at intervals shorter than quarterly intervals.