



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

RBI/2011-12/315

RPCD.CO.RCB.BC.No.47/ 07.38.01/2011-12

December 26, 2011

All State and Central Co-operative Banks

Dear Sir,

Deregulation of Savings Bank Deposit Interest Rate - Guidelines

Please refer to our [circular RPCD.CO.RCB.BC.No.65/07.38.01/2010-11 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 and, 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. An amending directive RPCD.CO.RCB.BC.Dir.No.25/07.38.01/2011-12 dated October 25, 2011 is enclosed.

5. Please acknowledge receipt of this circular to the Regional Office concerned.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager

Encl: As above



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RPCD.CO.RCB.BC.Dir.No.25/07.38.01/2011-12

October 25, 2011

Deregulation of Savings Bank Deposit Interest Rate

In exercise of the powers conferred by Section 35 A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and in partial modification of its directive [RPCD.CO.RCB.BC.No.64/07.38.01/2010-11 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.

(V.K.Sharma)
Executive Director