



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

RBI/2014-15/554

DBR.No.Dir.BC.87/13.03.00/2014-15

April 16, 2015

All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir/ Madam

Interest Rates on Deposits

Please refer to our circulars DBOD. No. Dir.BC.36/13.03.00/98 dated April 29, 1998, DBOD. No. Dir.BC.07/13.03.00/2001-02 dated August 11, 2001 and [DBOD. No. Dir. BC.74/13.03.00/2012-13 dated January 24, 2013](#) in terms of which banks are allowed to offer differential rates of interest on term deposits on the basis of tenor for deposits less than ₹ 1 crore and on the basis of quantum and tenor on term deposits of ₹ 1 crore and above.

2. In this connection, attention is invited to [paragraph 29](#) of sixth Bimonthly Monetary Policy Statement- 2014-15 announced on February 3, 2015 whereby it was decided to introduce the feature of early withdrawal facility in a term deposit as a distinguishing feature for offering differential rates of interest. Accordingly, banks will have the discretion to offer differential interest rates based on whether the term deposits are with or without-premature-withdrawal-facility, subject to the following guidelines:

- i. All term deposits of individuals (held singly or jointly) of ₹ 15 lakh and below should, necessarily, have premature withdrawal facility.
- ii. For all term deposits other than (i) above, banks can offer deposits without the option of premature withdrawal as well. However, banks that offer such term deposits should ensure that at the customer interface point the

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हिंदी आसान है, इसका प्रयोग बढ़ाएँ

customers are, in fact, given the option to choose between term deposits either with or without premature withdrawal facility.

- iii. Banks should disclose in advance the schedule of interest rates payable on deposits i.e. all deposits mobilized by banks should be strictly in conformity with the published schedule.
- iv. The banks should have a Board approved policy with regard to interest rates on deposits including deposits with differential rates of interest and ensure that the interest rates offered are reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.

Yours faithfully,

(Lily Vadera)
Chief General Manager