

**RBI lowers ceiling on interest rates  
paid by NBFCs on deposits**

**March 3, 2003**

The Reserve Bank of India today announced a revision in the maximum rate of interest which the non-banking financial companies (NBFCs) can offer on their public deposits.

Taking into account the market conditions and changes in other interest rates in the entire financial system, the maximum rate of interest that NBFCs can pay on their public deposits, has been revised to 11 per cent per annum. The revision will be effective from March 4, 2003.

The Reserve Bank has also clarified that this is the maximum permissible rate an NBFC can pay on its public deposits and they are free to offer lower rates, as indeed most of them do.

The new ceiling of 11 per cent on interest rate has also been extended to the deposits accepted by Miscellaneous Non-Banking Companies (chit fund companies) under the Directions prescribed by the Reserve Bank.

The new rates will be applicable only to fresh deposits and renewal of existing deposits on and from March 4, 2003. Other stipulations of the Directions remain unchanged.

**Alpana Killawala  
General Manager**

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