

RBI/ 2006-07/212

Ref. No. DGBA.CDD. No. H- **9743** / 15.01.001 / 2006-07

December 18, 2006

The Chairman & Managing Director
Government Accounts Department, Central Office
State Bank of India / State Bank of Indore / State Bank of Patiala
State Bank of Bikaner & Jaipur / State Bank of Saurashtra
State Bank of Travancore / State Bank of Hyderabad / State Bank of Mysore
Allahabad Bank / Bank of Baroda / Bank of India / Bank of Maharashtra/
Canara Bank / Central Bank of India / Corporation Bank / Dena Bank / Indian Bank/
Indian Overseas Bank / Punjab National Bank / Syndicate Bank /UCO Bank /
Union Bank of India / United Bank of India

Dear Sir,

**Special Deposit Scheme 1975 –
Payment of interest for the calendar year 2006**

Please refer to our circular RBI/2005/ 235 ref No. DGBA.CDD. 15.01.001/ H-8400/ 2005-06 dated December 20, 2005 wherein we had advised you to pay interest on balances in Special Deposit Accounts at the rate of 8% p.a. for the calendar year 2005.

2. In this connection, Government of India has confirmed that the interest rate on SDS for the calendar year 2006 remains unchanged at 8% p.a. until further orders and accordingly you are advised to instruct all the Deposit Offices to pay the interest at the rate of 8% p. a. on SDS Accounts to the Account Holders by way of account payee cheques for the calendar year 2006 also.

3. You may also issue instructions to all the Deposit Offices to ensure disbursement of interest to the Account Holders for the calendar year 2006 promptly in the first week of January 2007, reiterating the instructions as applicable now, contained in our circular dated December 30, 2003(copy enclosed).

4. Please acknowledge receipt.

Yours faithfully,

(Imtiyaz Ahmad)
Assistant General Manager