

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. 3667

To be answered on March 16, 2018/ Phalguna 25, 1939 (Saka)

Reduction in Interest Rate of Savings.

SHRI MD. BADARUDDOZA KHAN:

SHRI MOHD. SALIM:

Will the Minister of FINANCE be pleased to state:

- (a) whether the people are shying away from depositing cash with the banks because of continuing reduction in interest rate in saving and small saving schemes and there has been a cash crunch in banks as a result thereof;
- (b) if so, the details thereof; and
- (c) whether the Government is considering to increase the interest rates on saving and small saving schemes, if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) to (b): As per information furnished by Reserve Bank of India (RBI), the customer deposits of Scheduled Commercial Banks have increased from Rs.95,43,256 crore as on 31st March, 2016 to Rs.106,39,236 as on 31st March 2017 and to Rs.108,54,341 crore as on 31st October, 2017. Similarly deposits under Small Savings Schemes have not shown decline.

(c) The interest rates on deposits (other than current account deposits) have been deregulated by RBI and banks are free to fix the interest rates on deposits with the approval of their respective Boards. The interest rates on Small Saving Schemes are fixed every quarter on the basis of trends in the financial market.
