



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

RPCD.No.RF.DIR.BC.114/D.1-91/92

April 21, 1992

All State and Central Co-operative Banks

Dear Sir,

**Interest Rates on Deposits**

Please refer to our circular RPCD.No.RF.DIR.BC.46/D.1-91/92 dated 9 October 1991. At present, fixed rates of interest are prescribed for term deposits for three maturity periods in the range of 11.0 per cent per annum to 13.0 per cent per annum. As a step towards further rationalisation of deposit rates, the number of rates prescribed is being reduced. It has been decided that effective April 22, 1992, the deposit rates for maturity of 46 days to 3 years and above would be a single prescription of 'not exceeding 13.0 per cent per annum'. The revised structure of deposit rates are set out in the annexure to the directive enclosed. The revised structure of deposit rates will apply only to fresh deposits and on renewals of maturing deposits.

2. Banks are advised to use utmost discretion in offering deposit rates on various maturities within the gap of 13.0 per cent. The deposit rates offered for various maturities need to be based on cost of funds, return on funds and the inter-bank borrowing/lending status of individual banks. At any point of time, individual banks have to adopt uniform rates at all their branches and for all customers. While banks are free to determine the maturities and deposit rates, they would be required to prescribe a minimum of three maturities of their choice and the rates for each maturity should have an interest rate differential between any two successive maturity slabs of at least 0.25 percentage point. The banks should carefully set their own deposit rates taking into account their perception of the future course of inflation and real rates of interest.

3. An amending directive RPCD.No.RF.DIR.BC.113/D.1-91/92 dated 21 April 1992 in this regard is enclosed.

4. Please acknowledge receipt to our concerned Regional Office.

Yours faithfully,

Sd/-

**(S. John)**  
**Joint Chief Officer**