



**भारतीय रिजर्व बैंक**  
**RESERVE BANK OF INDIA**  
[www.rbi.org.in](http://www.rbi.org.in)

RBI/2012-13/393  
DBOD.No.Dir.BC. 74 /13.03.00/2012-13

January 24, 2013

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/Madam

**Interest Rates on and Premature Withdrawal of Rupee Term Deposits**

In terms of our mailbox clarification dated May 16, 2007, deposits of ₹15 lakh or any higher threshold approved by the Boards of banks have been termed “wholesale deposits”. The term “bulk deposit”, though not specifically defined, has been interchangeably used with wholesale deposits and has occasionally been used in the context of ALM guidelines [‘Appendix-1’ to circular DBOD. BP. BC.14054/ 21.06.001/ 2009-10 dated February 11, 2010 on ‘Guidelines on the standardized approach for calculating operational risk capital charge’, and ‘Annex 1’ to [Master Circular DBOD.No.BP.BC.16/21.06.001/2012-13 dated July 2, 2012](#) on ‘Prudential guidelines on capital adequacy and market discipline – New Capital Adequacy Framework (NCAF)’ (para 2.3.5)]. The position has been reviewed and it has now been decided that henceforth only the expression “bulk deposit” would be used for single Rupee term deposits of ₹ 1 crore and above.

2. In this context, please refer to our circular DBOD.No.Dir.BC.36/13.03.00/98 dated April 29, 1998 permitting banks to offer, at their discretion, differential rates of interest on single term deposits of same maturity of ₹15 lakh and above, subject to certain conditions. It has been decided that henceforth, the permission to offer differential rates of interest for the deposits of the same maturity will be applicable to bulk deposits of ₹ 1 crore and above. For deposits below ₹ 1 crore, the same rate will apply for deposits of the same maturity. Rupee term deposits will include domestic term deposits as well as

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term deposits under NRO and NRE accounts. Banks should disclose in advance the schedule of interest rates payable on deposits including deposits on which differential interest will be paid. Interest paid by banks should be as per the schedule and not be subject to negotiation between the depositor and the bank.

3. A reference is also invited to para 9 of our Directive DBOD. No. Dir. BC. 7/ 13.03.00/ 2001-02 dated August 11, 2001, in terms of which a bank, on request from the depositor, shall allow withdrawal of a term deposit before completion of the period of the deposit agreed upon at the time of making the deposit. However, the bank, at its discretion, may disallow premature withdrawal of large deposits held by entities other than individuals and Hindu Undivided Families (HUFs). These instructions have been reviewed and it has now been decided that banks will have the discretion to disallow premature withdrawal of a term deposit in respect of bulk deposits of ₹ 1 crore and above of all depositors, including deposits of individuals and HUFs. Bank should, however, notify such depositors of its policy of disallowing premature withdrawal in advance, i.e., at the time of accepting such deposits. A bank on request from a depositor shall allow withdrawal of a Rupee term deposits of less than ₹ 1 crore, before completion of the period of the deposit agreed upon at the time of making the deposit. Bank will have the freedom to determine its own penal interest rates for premature withdrawal of term deposits. Bank should ensure that the depositors are made aware of the applicable penal rates along with the deposit rates.

4. The revised guidelines will be applicable with effect from April 1, 2013.

5. An amending Directive DBOD. No. Dir. BC.73/ 13.03.00/ 2012-13 dated January 24, 2013 is enclosed.

Yours faithfully,

(Murli Radhakrishnan)  
Chief General Manager



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DBOD. No. Dir. BC.73/ 13.03.00/ 2012-13

January 24, 2013

**Interest Rates on and Premature Withdrawal of Rupee Term Deposits**

In exercise of the powers conferred by Section 21 and 35A of the Banking Regulation Act, 1949 and in modification of its Directive DBOD. No. Dir.BC. 07/ 13.03.00/ 2001-02 dated August 11, 2001, as amended from time to time, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that

(I) Paragraph 9 (i) of the aforesaid Directive shall be substituted by the following:

**“9. Premature withdrawal of term deposit**

(i) A bank, on request from a depositor, shall allow withdrawal of a term deposit before completion of the period of the deposit agreed upon at the time of making deposit. The bank shall have the freedom to determine its own penal interest rate of premature withdrawal of term deposits. The bank shall ensure that the depositors are made aware of the applicable penal rate along with the deposit rate. However, the bank at its discretion, may disallow premature withdrawal of large Rupee term deposits of ₹ 1 crore and above. The bank should, however, notify such depositors of its policy of disallowing premature withdrawal in advance, i.e., at the time of accepting such deposits.”

(II) Paragraph 22 (c) of the aforesaid Directive shall be substituted by the following:

“(c) discriminate in the matter of interest paid on deposits, between one deposit and another, accepted on the same date and for the same maturity, whether such deposits are accepted at the same office or at different offices of the bank, except in respect of

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fixed deposit schemes specifically for resident Indian senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size and single term deposits of ₹ 1 crore and above on which varying rates of interest may be permitted on the basis of size of deposits. The permission to offer varying rates of interest will be subject to the following conditions:

- (i) The permission to offer varying rates of interest for deposits of the same maturity shall apply to single Rupee term deposits of ₹ 1 crore and above. Banks may therefore offer same rate of interest or differential rates of interest for deposits of ₹ 1 crore and above of the same maturity. For deposits below ₹ 1 crore of the same maturity, the same rate will apply. Rupee term deposits shall include domestic term deposits as well as term deposits under NRO and NRE accounts.
- (ii) Banks should disclose in advance the schedule of interest rates payable on deposits including deposits on which differential interest will be paid. Interest rates paid by the bank should be as per the schedule and should not be subject to negotiation between the depositor and the bank.”

2. The above changes shall be applicable with effect from April 1, 2013.

3. The other provisions of Directives DBOD. No. Dir. BC.07/ 13.03.00/ 2001-02 dated August 11, 2001 as amended from time to time, shall remain unchanged.

(B. Mahapatra)  
Executive Director