

Revision of maximum interest rate on NBFC deposits

March 31, 2001

The Reserve Bank of India today announced a revision in the maximum rate of interest which the non-banking financial companies can offer on their public deposits. Taking into account the market conditions and changes in other interest rates in the system, the maximum rate of interest that NBFCs can pay on their public deposits has been reduced, effective from April 1, 2001, from 16 per cent to 14 per cent per annum. Other stipulations regarding the interest rate remain unchanged.

The new ceiling of 14 per cent on interest rate has also been extended to miscellaneous non-banking companies (chit fund companies) and nidhi companies as applicable to the deposits accepted by them as per the directions prescribed by RBI.

The new rates will be applicable only to fresh deposits and renewal of existing deposits on and from April 1, 2001 by the above mentioned companies.

Alpana Killawala
General Manager

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