

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6168
ANSWERED ON:27.04.2001
HOUSING LOAN
ANANTA NAYAK

Will the Minister of FINANCE be pleased to state:

- (a) whether his Ministry has prescribed new norms for providing housing loan for private individuals;
- (b) if so, the details thereof;
- (c) whether the rate of interest has been reduced by various banks;
- (d) if so, the details thereof bank-wise;
- (e) whether some public sector banks are not observing the new norms; and
- (f) if so, the reasons therefor and the action taken by the Government against them?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) No, Sir.

(b), (e) and (f) Does not arise.

(c) and (d) The lending rates of banks from time to time are governed by the directives on interest rates issued by Reserve Bank of India (RBI). As per extant guidelines the interest on loans up to Rs. 2 lakh should not exceed Prime Lending Rate (PLR) of the bank and beyond Rs. 2 lakhs, banks are free to charge rates over PLR but within the maximum spread fixed by bank. There has been reduction in PLRs of banks following reduction in Bank Rate and Cash Reserve Ratio by RBI recently.