

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1101
ANSWERED ON:24.11.2000
BANK LENDING RATES
ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of FINANCE be pleased to state:

- (a) whether availability of credit to the banking system has been reduced due to hike in lending rates by banks;
- (b) if so, the details thereof;
- (c) whether ASSOCHAM and several financial experts have suggested the Reserve Bank of India to lower the lending rates of banks and Cash Reserve Ratio;
- (d) if so, the details thereof; and
- (e) the reaction of the Government thereto?

Answer

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

- (a) and (b) No Sir. In fact the outstanding credit from scheduled commercial banks during the financial year 2000-01 upto October 20, 2000 has increased by Rs. 43,519 crore (10.0 per cent) as compared to an increase of Rs. 23,615 (6.4 per cent) during the corresponding period of the previous year.
- (c) to (e) The ASSOCHAM have made the following suggestions:
 - (i) RBI should reduce Bank Rate and CRR by at least 1 per cent.
 - (ii) The thrust of the monetary policy should be to lower the lending rates in the long run by at least 2.0 per cent. Reserve Bank of India have reported that these suggestions are examined by them and considered in the light of the extant policy stance, domestic and external economic environments and monetary and liquidity conditions.