

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5923
ANSWERED ON:31.08.2001
SBI LENDING RATES
MADHAVRAO SCINDIA;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

- (a) whether the State Bank of India has cut down the short term lending rates and the long term deposit rates from August 6, 2001:
- (b) if so, to what extent;
- (c) whether other banks including nationalized banks have also followed suit;
- (d) if so, its impact on the small depositors and the big creditors and creditor firms; and
- (e) the steps taken to minimize the suffering of the small depositor ?

Answer

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

- (a) to (c) State Bank of India have reduced their short-term Prime Lending Rates (PLRs) by 50 basis points and long-term deposit rates by 50 basis points since August 6, 2001. Two nationalized banks and a private bank have also reported that they reduced long-term deposit rates. Details are given in the enclosed Statement.
- (d) and (e) Reserve Bank of India have reported that returns for depositor on the long-term deposit rates for above 3 years maturity at 9 per cent and above should be viewed in the context of current inflation rate being around 5 per cent.