

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:146

ANSWERED ON:10.12.2004

LOAN TO BPL

Yadav Shri Devendra Prasad;Yadav Shri Ram Kripal

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is considering lowering the interest rate on loans availed by BPL families under Self-employment Schemes, which are currently more than 12 per cent;

(b) if so, the details thereof;

(c) whether banks charge varying rates of interest on loans;

(d) if so, the details thereof; and

(e) the steps being taken to make uniform rate of interest within a minimum slab for BPL families?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c), (d) & (e) OF LOK SABHA STARRED QUESTION NO.146 FOR 10TH DECEMBER, 2004 TABLED BY SHRI RAM KRIPAL YADAV AND SHRI DEVENDRA PRASAD YADAV REGARDING LOAN TO BPL

(a) to (e): While the Government does not decide the rate of interest on loans to Below the Poverty Line (BPL) families under Self-Employment Schemes, it provides capital subsidy to them under Swarnajayanti Gram Swarajgar Yojana (SGSY), Prime Minister Rozgar Yojana (PMRY) and Swarna Jayanti Shahari Rojgar Yojana (SJSRY) to make such loans affordable. As per the extant guidelines of Reserve Bank of India (RBI), interest rates on loans upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR) of the bank and for loans above Rs. 2 lakh, banks are free to decide the rates of interest. BPLRs are arrived at by banks taking into account actual cost of funds, operating expenses, a minimum margin to cover regulatory requirements and profit margin. BPLRs of the public sector banks, at present, are in the range of 10 to 11.5% per annum. Consequently, rates of interest on loans to BPL families do vary. Banks are lending to BPL families under selfemployment schemes below BPLR of the concerned bank. Other than SGSY, PMRY and SJSRY, the rate of interest under Differential Rate of Interest (DRI) Scheme and National Scheme of Liberation and Rehabilitation of Scavengers (NSLRS) is 4% per annum.