

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7228
ANSWERED ON:13.05.2005
INTEREST RATE BY MULTINATIONAL BANKS
Channappa Shri Kunnur Manjunath

Will the Minister of FINANCE be pleased to state:

- (a) whether Multinational Banks are charging very high interest rates from their customers;
- (b) if so, the details thereof;
- (c) whether the Government has directed these banks to abide by Reserve Bank of India guidelines while charging interest; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM):

(a) to (d) As per the interest rate policy of the Reserve Bank of India (RBI), interest rate on loans given by the Commercial Banks including foreign banks are deregulated excepting that interest rate on loans up to Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR). Commercial Banks are free to decide their lending rate for loans above Rs. 2 lakh subject to announcement of their BPLR.