

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2113

ANSWERED ON:12.12.2008

RATES OF INTEREST ON LOANS

Deshmukh Shri Subhash Sureshchandra; Mondal Shri Abu Ayes; Oram Shri Jual

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India(RBI) has directed the Public Sector Banks in the recent past to reduce the rates of interest c.n various kinds of loans; and

(b) if so,the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) & (b): No Sir.The interest rates are deregulated and the Benchmark Prime Lending Rates(BPLRs) are determined by the banks themselves with the approval of their respective Boards taking into account their actual cost of funds, operating expenses, regulatory requirement of provisioning etc. The Public Sector Banks(PSBs) have voluntarily reduced the rates of interest in response to reduction in Cash Reserve Ratio(CRR) and Repo Rates by the Reserve Bank of India(RBI) in recent months.