

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:843
ANSWERED ON:12.11.2010
TRANSPARENCY IN EMIS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the method adopted by the banks and finance companies for calculating Equated Monthly Instalments (EMI's) is transparent;
- (b) if not, the reasons therefor;
- (c) whether the borrowers are not informed of the method adopted by lending institutions;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the steps taken/being taken by the Government to make the entire process of loan sanctioning, its disbursement, EMI calculation and pre-payment penalty, more transparent and consumer friendly?

Answer

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) to (e): Yes, Sir. As informed by Indian Banks' Association (IBA), the Equated Monthly Instalment (EMI) calculations are done in a transparent manner. Standard mathematical formula is available for EMI calculation. Most of the banks place their EMI calculator on their website. The banks also provide statement showing how interest and principal get serviced during the tenure of the loan. Most important terms & conditions are explained to the customer before and after the sanction of the loan.