

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3132
ANSWERED ON:19.08.2011
INTEREST RATES ON LOANS
Singh Shri Rakesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the rates of interest for home, vehicle and personal loans have been increased;
- (b) if so, the details thereof;
- (c) whether the increased rate of interest are applicable to both new and old loans;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether in view of limited income source of small and medium class families the Government proposes to consider rollback of the said increase; and
- (f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): Yes, Sir.
- (b): The increase in the rates of interest to end-consumers varies inter alia on the nature and duration of the loan.
- (c): Yes, Sir.
- (d): As a result of the hike in policy rates, banks have increased their base rate and Benchmark Prime Lending Rate (BPLR). Hence, both old and new bank loans will go up. Since July 2010, the banks have raised their base rate in the range of 75-325 basis points; the banks' model rate has gone up by 225 basis points.
- (e): No, Sir. These rates are not determined by the Government. There is a protection for borrowers of loans upto Rs.2 lakh in the form of the stipulation that lending rates for their loans would not exceed BPLR.
- (f): Does not arise.