

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:256  
ANSWERED ON:03.07.2009  
RATES OF INTEREST  
Pandey Shri Ravindra Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has recently decided to cut down the rates of interest for home loan and fixed deposit schemes; and
- (b) if so, the time by which such a reduction is likely to be effected?

**Answer**

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

(a) & (b): With effect from October 18, 1994, RBI has deregulated the interest rates on advances above Rs.2 lakh including for home loans. With effect from October 22, 1997, RBI has also given the freedom to commercial banks to fix their own interest rates on domestic term deposits of various maturities with the prior approval of their respective Board of Directors. In response to reduction in key policy rates of the Reserve Bank of India (RBI) and the emerging economic situation, the banks have themselves been reducing the rates of interest on both credit and deposits in recent months.