

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5792  
ANSWERED ON:11.05.2012  
DIFFERENCES IN INTEREST RATES IN BANKS  
Bhagora Shri Tarachand

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

- (a) whether Reserve Bank of India (RBI) issued any order/directions to the banks for ensuring uniformity and for reducing the steep difference in interest rates on retail deposits and bulk deposits;
- (b) if so, the details thereof;
- (c) whether a Working Group on Pricing of Credit has been set up under the Dy. Governor of the Reserve Bank of India to review the existing practices followed in the pricing of floating rate on loan products; and
- (d) if so, the details thereof?

**Answer**

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

- (a) and (b) Yes Sir. The Reserve Bank of India (RBI) In its Annual Monetary Policy Statement 2012-13, announced on 17.04.2012, has advised banks that they should have a transparent policy on pricing of liabilities approved by their Board of Directors and that they should also ensure that variation in interest rates on single term deposits of Rs 1.5 million and above and other term deposits is minimal.
- (c) and (d) A Working Group on Pricing of Credit has been constituted under the Chairmanship of Shri Anand Sinha, Deputy Governor, RBI in January 2012 to review the current practice regarding pricing of floating rate loan products in India vis-À-vis international practices. The Group will also study the methodology of determination of credit spreads and its components and suggest measures for appropriate pricing of floating rate loan products to improve transparency in pricing and loan documentations. The Working Group is expected to submit its report by end-July 2012.