

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1675  
ANSWERED ON:22.08.2012  
RATES OF INTEREST AND INFLATION  
Thakur Shri Anurag Singh

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

- (a) the details of rates of interest on bank loans and the inflation rates prevailing in the country during each of the last three years and the current year till date;
- (b) whether the rates of interest have increased due to rising inflation and if so, the details thereof; and
- (c) the action taken by the Government after the inflation has come down?

**Answer**

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

(a) As per Reserve Bank of India (RBI) guidelines, interest rates on bank loans till 01.07.2010 were determined by the banks with the approval of their respective Boards with reference to their Benchmark Prime Lending Rate (BPLR) and thereafter as per their Base Rates. The details of Modal BPLR/Base Rate of Scheduled Commercial Banks during the last three years as at the end of March each year and during July, 2012 are as under:-

(Per cent)

Bank Group	2009-10	2010-11	2011-12	2012-13 (July)
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Public Sector Banks	12.00	9.50	10.75	10.50
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Private Sector Banks	15.00	9.00	10.50	10.50
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Foreign Banks	14.00	8.50	10.00	10.00
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Scheduled Commercial Banks	12.00	9.50	10.75	10.50
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Annual inflation in terms of Wholesale Price Index (WPI) during the last three years and monthly inflation in July, 2012 is given below.

	2009-10	2010-11	2011-12	July, 2012
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WPI based inflation (%)	3.81	9.56	8.94	6.87
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(b) Yes, Sir. Reserve Bank of India (RBI), in order to contain inflationary pressures and lower inflation expectations, raised the policy repo rate by 375 Basis Points (BPs) from 4.75 per cent to 8.50 per cent during March 2010 to October 2011.

(c) With the view that the primary focus of monetary policy is inflation control in order to secure a sustainable growth path over the medium term, the Reserve Bank of India reduced (a) Cash Reserve Ratio (CRR) by 125 basis points in two tranches in January and March 2012; (b) Repo and Reverse Repo rates by 50 basis points on 17.04.2012; and (c) Statutory Liquidity Ratio (SLR) by 100 basis points from 24% to 23% with effect from 11.08.2012.