

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1206  
ANSWERED ON:30.11.2012  
POLICY RATES BENEFIT TO BORROWERS  
Kumar Shri P.

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

- (a) whether the banks are not passing on the benefit of cut in policy rates to the borrowers;
- (b) if so, the details thereof;
- (c) whether the lending rates of banks have not come down in tandem with reduction in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR);
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government in this regard?

**Answer**

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

(a) to (e) No, Sir. Following the measure taken by the Reserve Bank of India (RBI) to reduce the Cash Reserve Ratio (CRR) by 125 basis points during January-March 2012 and the Repo Rate by 50 basis points to 8 per cent effective 17.04.2012, the Scheduled Commercial Banks (SCBs) reduced their respective Base Rates from the range of 7.38 -11.85 per cent as at end-March 2012 to 7.25 -11.75 per cent as at end-October 2012. The modal Base Rates of banks declined by 25 basis points to 10.50 per cent during the same period, suggesting that banks are broadly following the policy rate signal.

After the reduction in CRR by 25 basis points effective 22.9.12 a few banks, mostly public sector banks, have subsequently reduced their Base Rates in October 2012.