

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2467
ANSWERED ON:07.12.2012
PRIVATE BANK INTEREST RATES
Choudhry Smt. Shruti

Will the Minister of FINANCE be pleased to state:

- (a) whether the private banks are reportedly charging more interest rates on loans as compared to the Public Sector Banks;
- (b) if so, the details thereof;
- (c) whether any guidelines have been fixed by the Government / RBI in this regard; and
- (d) if so, the details thereof along with the action taken /being taken by the Government against the banks found violating the said guidelines?

Answer

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

(a) & (b). No, Sir. The modal Base Rate and median Lending rate of Private Sector Banks and Public Sector Banks during 2012-13 (till October 2012) have more or less a similar trend as given below:-

	(Per cent)			
Items	Mar-12	Jun-12	Sep-12	Oct-12
(A) Modal Base Rate				
Public Sector Banks	10.75	10.50	10.50	10.50
Private Sector Banks	10.50	10.50	10.50	10.50
(B) Median Lending Rate	(Provisional)			
Public Sector Banks	10.60-15.35	10.50-15.50	10.50-15.38	-
Private Sector Banks	10.50-15.50	10.63-15.38	10.20-15.63	-

—: Not available.

: Median range of interest rate on advances at which at least 60 per cent business has been contracted

(c) & (d). Pursuant to the instructions issued by Reserve Bank of India, w.e.f July 1, 2010 determination of interest rates on all advances to be made by banks have been deregulated. Banks are now free to determine interest rates on all rupee advances with the approval of their respective Boards. However, they are allowed to lend all rupee advances only at or above their Base Rate.