

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:388  
ANSWERED ON:23.11.2012  
CUTS IN LENDING RATES  
Choudhry Smt. Shruti

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

(a) whether the Government is aware that Public Sector Banks (PSBs) especially State Bank of India are considering to reduce lending rates in certain categories; and

(b) if so, the details thereof and the reasons therefor along with its likely impact on the markets in the country?

**Answer**

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

a) & (b): The Asset Liability Management Committee (ALCO) of a Bank meets regularly to take a view on its lending rates. After the meeting of State Bank of India, ALCO on 18.09.12, SBI reduced its Base Rate from 10% to 9.75% w.e.f.20.09.12 and Bank Prime Lending Rate from 14.75% to 14.5% w.e.f.27.09.12. Similarly other Public Sector Banks have also reduced their lending rates on various loans. The reduction in lending rates would help in spurring investments and boost growth of the economy.