

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:61

ANSWERED ON:22.02.2013

DIFFERENTIAL INTEREST RATES ON HOME LOANS

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Dharmshi Shri Babar Gajanan;Yadav Shri Dharmendra

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of different rates of interest on home loans being charged by various Scheduled Commercial Banks across the country;
- (b) if so, the details of present rate of interest being charged on home loans by different banks, bank-wise;
- (c) the reasons for variation in rates of interest offered by the public and private sector banks along with the rates and regulations framed by the Reserve Bank of India (RBI) in this regard;
- (d) whether the Government proposes to issue instructions to all the banks to offer home loans to the consumers at a uniform rate of interest; and
- (e) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

- (a): Yes. Interest rates on advances have been de-regulated by the Reserve Bank of India (RBI). The banks determined their actual lending rates on loans and advances with reference to their Base Rate and by including such other customer specific changes as considered appropriate.
- (b): A statement is annexed.
- (c): As per the guidelines of RBI, Base Rate system has been introduced in the banks with effect from 01.07.2010 and all loans sanctioned/ disbursed on or after 01.07.2010 are linked to the Base Rate. Since Base Rate arrived at by banks is based on cost of funds and various other factors of respective banks, the Base Rate of individual banks varies. Since interest rates of housing loans are linked to the Base Rate, there is variation in interest rates offered by various banks.
- (d)&(e): No, there is no such proposal.