

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:852
ANSWERED ON:01.03.2013
INTEREST ON CREDIT CARDS
Dhurve Jyoti

Will the Minister of FINANCE be pleased to state:

- (a) the details of the interest charged by the public and private sector banks on late payment of dues of credit cards, as on date, bank-wise;
- (b) the rate of interest charged by the said banks on credit card dues, as on date, bank-wise;
- (c) whether the Government / Reserve Bank of India (RBI) proposes to formulate a uniform policy for the banking institutions in this regard;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the time by which such policy is likely to come into force?

Answer

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

(a) to (e): RBI has issued a Master Circular dated 02.07.2012 incorporating its instructions on Credit Card Operations of Banks. Para 3 of this Master Circular contains instructions on "interest rates and other charges", which inter-alia, provide that the banks should prescribe a ceiling rate of interest, including processing and other charges, in respect of small value personal loans and loans similar in nature. Since the credit card dues are in the nature of non-priority sector personal loans, the banks are free to determine the rate of interest on credit card dues, pricing the same with reference to their Base Rate, in accordance with the guidelines and instructions of RBI. Further, the card issuing banks / Non-Banking Financial Companies (NBFCs) are also required to adhere to the detailed guidelines given in the Master Circular, such as, timely dispatch of bills; quoting of Annualized Percentage Rates (APRs) on card products including the method of calculation of APR with examples; non-levy of any charge not explicitly indicated to the credit card holder; etc. The fact that higher interest rates are being charged to the cardholder on account of his payment / default history should also be made known to the cardholder. RBI has hosted its Master Circular and other guidelines in this regard on its website www.rbi.org.in for information of all. In accordance with these guidelines, the banks are also required to publicize the interest charged to various categories of customers through their website and other means. RBI does not maintain the precise specific information with regard to the rate of interest charged by the banks from the individual customers.