

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:355

ANSWERED ON:06.12.2013

ZERO PERCENT INTEREST SCHEMES

Dhotre Shri Sanjay Shamrao;Mahtab Shri Bhartruhari;Sivasami Shri C.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has barred 'zero per cent interest' schemes offered by the banks to credit card holders in the recent past;
- (b) if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;
- (c) whether any retailers have conveyed their dissent to the RBI in this regard; and
- (d) if so, the details thereof along with the reaction of the RBI thereto?

Answer

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

(a)to (d): The Reserve Bank of India (RBI), vide its circular dated September 17, 2013, has advised Scheduled Commercial Banks to strictly desist from practice of zero percent EMI schemes offered on credit card outstanding since the interest element is often camouflaged and passed on to customer in the form of processing fee. A copy of the circular is available at RBI website www.rbi.org.in. No instance of any dissent by any retailer has been reported by RBI.