

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4530
ANSWERED ON:21.02.2014
REPO AND REVERSE REPO RATES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has revised/increased the Repo and Reverse Repo Rates a number of times in the recent past;
- (b) If so, the details thereof for the last one year and the current year and the reasons therefor,
- (c) the effects of such hikes on various home/vehicle/ agricultural loans; and
- (d) the remedial measures taken/ being taken by the Government in this regard?

Answer

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

(a) and (b): The changes in the Repo and Reverse Repo Rates effected by the Reserve Bank of India (RBI) from January 29, 2013 to January 28, 2014 are given below. The policy initiatives announced by RBI are aimed at supporting growth and development of the economy and anchoring inflationary expectations.

Changes in Repo Rate and Reverse Repo Rate					
Effective from	Repo Rate	Change in Repo Rate	Reverse Repo Rate	Change in Reverse Repo Rate	Reverse Repo Rate
	(%)	(Basis Points)	(%)	(Basis Points)	(%)
29-Jan-13	7.75	-25	6.75	-25	6.75
19-Mar-13	7.50	-25	6.50	-25	6.50
03-May-13	7.25	-25	6.25	-25	6.25
20-Sep-13	7.50	+25	6.50	+25	6.50
29-Oct-13	7.75	+25	6.75	+25	6.75
28-Jan-14	8.00	+25	7.00	+25	7.00

Source; RBI

(c) and (d) Taking cue from Reserve Bank's change in repo rate, Scheduled Commercial Banks have reset their lending rate on home/vehicle/agricultural loans accordingly. Details of the changes in interest rate at different times are given in table below;

Median Lending Rates of Scheduled Commercial Banks(excluding RRBs)			
(at which 60% or more business has been contracted)			
(Per cent)			
End-Month	Home Loans	Vehicle Loans	Agriculture Loans
Mar-2011	10.50	12.00	10.50
Mar-2012	11.87	12.75	11.74
Mar-2013	11.25	12.69	11.63
Jun-2013	11.20	12.50	11.50
Sep-2013	11.20	12.30	11.86
Dec-2013	11.24	12.25	11.81

Source; RBI