

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3323
ANSWERED ON:01.08.2014
TRANSPARENCY IN LENDING
Venugopal Dr. Ponnusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has asked banks to be more transparent in lending loans under a floating rate scheme; and

(b) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (SMT. NIRMALA SITHARAMAN)

(a) and (b): Reserve Bank of India (RBI) guidelines provide that banks should lend only at or above their Base Rate and exhibit information thereof at their branches and on websites. RBI has given freedom to banks to offer all categories of loans on fixed or floating rates, subject to conformity to their Asset-Liability Management (ALM) guidelines. The methodology of computing the floating rates should be objective, transparent and mutually acceptable to counter parties. The Base Rate could also serve as the reference benchmark rate for floating rate loan products, apart from external market benchmark rates.