

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1381

ANSWERED ON:18.07.2014

VARIATION IN INTEREST RATES

Patil Shri A.T. (Nana);Rudy Shri Rajiv Pratap;Singh Shri Sunil Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has taken note of different rates of interest charged on home/car/education loans etc. by public/private sector banks across the country;
- (b) if so, the details thereof along with the present lending rate of interest being charged on the said loans, bank-wise;
- (c) the reasons for variation in lending rates of interest offered by the public and private sector banks;
- (d) whether Reserve Bank of India (RBI) has framed any guidelines to regulate lending rate of interest on various loans offered by the public/private sector banks, and if so, the details thereof; and
- (e) whether the Government/RBI proposes to issue instructions to all the banks to offer various loans to the consumers at a uniform rate of interest, and if so, the details thereof and if not, the reasons therefor?

**Answer**

The Finance Minister (SHRI ARUN JAITLEY)

(a) to (e): The interest rates on housing, vehicle and education loans provided by banks may differ from bank to bank, but for a particular bank, they would be uniform across the country. The bank-wise interest rates on housing, vehicle and education loans of Public and Private Sector Banks as on May, 2014 are at Annex.

The lending rates of banks have been deregulated and these rates are determined by the banks themselves based on their commercial judgment, as approved by their respective Boards. The lending rates charged to borrowers are based on their 'base rates' plus customer specific charges as considered appropriate, after factoring in spread, risk premia, term premia, etc. It is not proposed to issue any guidelines to the banks to offer loans to borrowers at uniform rate of interest in view of variations in their costs, business models, margins etc. Reserve Bank of India has advised Boards of banks to lay out appropriate internal principles and procedures so that usurious interest (including processing and other charges) are not levied by them on loans and advances.