

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UN-STARRED QUESTION NO. 1662

ANSWERED ON TUESDAY, 10th DECEMBER, 2024/ 19 AGRAHAYANA 1946 (SAKA)

‘NBFCs CAPPING INTEREST RATES ON HOME LOANS’

1662 # SHRI DEEPAK PRAKASH:

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

- (a) whether there is any provision of capping the interest rates being charged on home loans by financial units under Non-Banking Financial Companies (NBFCs); and
- (b) if so, the details thereof along with the interest rate being charged currently on home loans by the said units?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHAUDHARY)

(a) As apprised by Reserve Bank of India (RBI), they don't prescribe interest rates to be charged to borrowers by NBFCs. They have further mentioned that Non-Banking Financial Companies (NBFCs) are operationally independent to decide on credit-related matters *viz.* rate of interest on loans, other applicable charges, type of loans, loan appraisal /disbursement/repayment/recovery etc. However, with a view to protect the interests of customers, the RBI has laid down Fair Practices Code, which has to be adhered to by the NBFCs and the rate of interest charged shall be transparently disclosed to the borrower in the vernacular language as understood by the borrower so that a meaningful comparison can be made and an informed decision can be taken by the borrower.

NBFCs are also required to provide a Key Financial Statement (KFS) to all prospective borrowers prior to the execution of the loan contract. The KFS includes essential details such as interest rate and its type, computation sheet outlining all charges levied, and any charges recovered from borrowers on behalf of third-party service providers such as insurance charges, legal charges etc. Once the borrower agrees to the terms indicated in the KFS within its validity period, the NBFC is obligated to adhere to those terms and cannot impose any fees or charges without the explicit consent of the borrower. Grievance Redressal Procedure has also been laid down to adequately address the complaints by the customers.

(b) As informed by National Housing Bank (NHB), Weighted Average Lending Rates (%) of outstanding Individual Housing Loans (IHL) of Non- Banking Financial Companies (NBFCs)- Housing Finance Companies (HFCs) in last 3 financial years* are as under:

FY 2021-22				FY 2022-23				FY 2023-24			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
8.62	8.50	8.42	8.01	8.53	9.13	9.40	9.97	10.02	10.61	10.63	10.56

* NHB maintained data for those NBFCs that are classified as HFCs and are under its supervision
