

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UN-STARRED QUESTION NO. 4011
TO BE ANSWERED ON 4th JANUARY, 2019/ 14 PAUSHA 1940(SAKA)**

' Interest Rates on Home/Vehicle Loans'

**4011. SHRI LALLU SINGH:
SHRIMATI BHAVANA
PUNDALIKRAO GAWALI PATIL:
SHRI KRUPAL BALAJI TUMANE:
SHRIMATI REKHA VERMA:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of the increase in the interest rates on home loans and vehicle loans from 2008, as on date;
- (b) whether the increase in interest rates on home loans/vehicle loans have led to a decrease in the number of such loan seekers and if so, the details thereof;
- (c) whether the Government proposes to cut the home/vehicle loan interest rates and the Government has directed the Reserve Bank of India to ask the banks to lower the interest rates on home loans/vehicle loans and if so, the details thereof;
- (d) whether the Government has taken cognizance that inspite of State Bank of India (SBI) reducing its rate of interest considerably on loans, several private banks are yet to do so, if so, the details thereof; and
- (e) the steps taken by the Government to ensure uniform policy to be followed by the public sector and private sector banks on interest rates on loans in the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA)

- (a) Overall, interest rates of Public Sector Banks(PSBs) for home loans and vehicle loans have declined from 2008 to 2018, as per data available in this regard.
- (b) Does not arise in view of (a) above.
- (c) to (e) Reserve Bank of India (RBI) has deregulated the interest rates on advances sanctioned by Scheduled Commercial Banks (SCBs). As per extant framework, banks including private sector banks have to compute actual interest rates on advances by adding the component of spread to the Marginal Cost of Funds based Lending Rates (MCLR) which is the internal benchmark for such purpose. Accordingly, the rate of interest charged by banks to the borrower varies from bank to bank and depends on various factors such as marginal cost of funds, negative carry on account of Cash Reserve Ratio, operating costs and tenor premium.
