

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA

UNSTARRED QUESTION NO. 1462

TO BE ANSWERED ON THE 1<sup>ST</sup> JULY 2019/ASHADHA 10, 1941(SAKA)

RBI REPO Rate

1462. SHRI ASADUDDIN WAISI: SHRI RITESH PANDEY:  
SHRI SYED IMTIAZ JALEEL: SHRI SHIVAKUMAR C. UDASI:

Will the Minister of FINANCE be pleased to state:

- (a) the average amount by which the Reserve Bank of India (RBI) has cut its REPO rate over the last five years;
- (b) whether banks have proportionally passed on the benefits of the REPO rate cut to consumers over the said period;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the steps taken by the Government to ensure that banks comply with fiscal policy measures especially during the existing economic slowdown and impending economic slowdown?

**ANSWER**

**The Finance Minister  
(SMT. NIRMALA SITHARAMAN)**

(a): As per Reserve Bank of India (RBI) inputs the Policy Repo rate has changed as under over the last five years:

Effective date	Repo rate
28.1.2014	8.00 %
15.1.2015	7.75 %
4.3.2015	7.50 %
2.6.2015	7.25 %
29.9.2015	6.75 %
5.4.2016	6.50 %
4.10.2016	6.25 %
2.8.2017	6.00 %
6.6.2018	6.25 %
1.8.2018	6.50 %
7.2.2019	6.25 %
4.4.2019	6.00 %
6.6.2019	5.75 %

(b) and (c): As per inputs received from RBI, during the period January 2014 to April 2019, while the policy repo rates were reduced by 200 basis points on cumulative basis, the weighted average lending rate on fresh Rupee loans sanctioned by banks declined by 204 basis points. RBI has further informed that there are lags with which banks adjust their deposit and lending rate in response to change in the policy rate and the transmission is not always proportionate one to one. However, there are some factors like maturity mismatch and interest rate risk which arise due to fixed-rate deposits and loan profile with floating rates in banks, which impede full monetary transmission.

(d) Fiscal policy relates to use of government revenue collection and expenditure for economic objectives. It is primarily concerned with taxation policy and Government's overall expenditure and expenditure priorities. Banks pay taxes as per law and take note of policy directions indicated by public expenditure.

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