

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1091
TO BE ANSWERED ON FRIDAY, APRIL 29, 2016/VAISAKHA 9, 1938 (SAKA)
“Interest Rate Cut by RBI”
QUESTION

†1091. SHRI RAKESH SINGH:
DR. P. VENUGOPAL:

Will the Minister of FINANCE be pleased to state:

- (a) the details of cut in the interest rates made by RBI during the last three years and the current year;
- (b) whether nationalised banks are not forwarding the benefit of cut in interest rates by RBI to its customers;
- (c) if so, the reasons therefor; and
- (d) whether the Government has directed banks to reduce interest rates to give impetus to consumer demand and economic progress?

ANSWER

**The Minister of State in the Ministry of Finance
(SHRI JAYANT SINHA)**

(a) The Reserve Bank of India (RBI) has cumulatively cut the policy repo rate by 150 basis points (bps) since January, 2015. The details of movement in key policy rates of RBI during the last three years and the current year are given at **Annexure-I.**

(b) to (d) With the introduction of Base Rate System from 1st July, 2010, and thereafter Marginal Cost of Funds based Lending Rate (MCLR) System with effect from 1st April, 2016, all rupee lending rates (including advances up to Rs.2 lakh) have been deregulated and these interest rates are determined by banks themselves as approved by their respective Boards. In a deregulated environment, interest rates on all types of advances (fixed and floating interest rates) are decided by banks based on their commercial judgment.

The Public Sector Banks (PSBs) have reduced their base rates in the range of 30-70 basis points up to April 15, 2016 compared to January 15, 2015 (**Annexure-II**)

Introduction of MCLR with effect from 1st April, 2016 has led to further reduction in lending rates compared to Base Rate System as shown in **Annexure-III.**

Statement referred to in respect of part (a) of Lok Sabha Unstarred Question No. 1091 for 29.4.2016 raised by Shri Rakesh Singh and Dr P. Venugopal regarding "Interest rate cut by RBI"

Annexure-I

Movement in Key Policy Rates of RBI

(Per cent)

Effective since	Repo Rate		Reverse Repo Rate		Marginal Standing Facility		Bank Rate		Cash Reserve Ratio		Statutory Liquidity Ratio	
17-Apr-12	8.00	(-0.50)	7.00	(-0.50)	9.00	(-0.50)	9.00	(-0.50)	4.75	□	24.00	□
11-Aug-12	8.00	□	7.00	□	9.00	□	9.00	□	4.75	□	23.00	(-1.00)
22-Sep-12	8.00	□	7.00	□	9.00	□	9.00	□	4.50	(-0.25)	23.00	□
03-Nov-12	8.00	□	7.00	□	9.00	□	9.00	□	4.25	(-0.25)	23.00	□
29-Jan-13	7.75	(-0.25)	6.75	(-0.25)	8.75	(-0.25)	8.75	(-0.25)	4.25	□	23.00	□
09-Feb-13	7.75	□	6.75	□	8.75	□	8.75	□	4.00	(-0.25)	23.00	□
19-Mar-13	7.50	(-0.25)	6.50	(-0.25)	8.50	(-0.25)	8.50	(-0.25)	4.00	□	23.00	□
03-May-13	7.25	(-0.25)	6.25	(-0.25)	8.25	(-0.25)	8.25	(-0.25)	4.00	□	23.00	□
15-July-13	7.25	□	6.25	□	10.25	(+2.00)	10.25	(+2.00)	4.00	□	23.00	□
20-Sep-13	7.50	(+0.25)	6.50	(+0.25)	9.50	(-0.75)	9.50	(-0.75)	4.00	□	23.00	□
07-Oct-13	7.50	□	6.50	□	9.00	(-0.50)	9.00	(-0.50)	4.00	□	23.00	□
29-Oct-13	7.75	(+0.25)	6.75	(+0.25)	8.75	(-0.25)	8.75	(-0.25)	4.00	□	23.00	□
28-Jan-14	8.00	(+0.25)	7.00	(+0.25)	9.00	(+0.25)	9.00	(+0.25)	4.00	□	23.00	□
14-Jun-14	8.00	□	7.00	□	9.00	□	9.00	□	4.00	□	22.50	(-0.50)
09-Aug-14	8.00	□	7.00	□	9.00	□	9.00	□	4.00	□	22.00	(-0.50)
15-Jan-15	7.75	(-0.25)	6.75	(-0.25)	8.75	(-0.25)	8.75	(-0.25)	4.00	□	22.00	□
07-Feb-15	7.75	□	6.75	□	8.75	□	8.75	□	4.00	□	21.50	(-0.50)
04-Mar-15	7.50	(-0.25)	6.50	(-0.25)	8.50	(-0.25)	8.50	(-0.25)	4.00	□	21.50	□
02-Jun-15	7.25	(-0.25)	6.25	(-0.25)	8.25	(-0.25)	8.25	(-0.25)	4.00	□	21.50	□
29-Sep-15	6.75	(-0.50)	5.75	(-0.50)	7.75	(-0.50)	7.75	(-0.50)	4.00	□	21.50	□
02-Apr-16	6.75	□	5.75	□	7.75	□	7.75	□	4.00	□	21.25	(-0.25)
05-Apr-16	6.50	(-0.25)	6.00	(+0.25)	7.00	(-0.75)	7.00	(-0.75)	4.00	□	21.25	□

Source: RBI

Statement referred to in respect of part (b) to (d) of Lok Sabha Unstarred Question No. 1091 for 29.4.2016 raised by Shri Rakesh Singh and Dr P. Venugopal regarding "Interest rate cut by RBI"

Annexure-II

Base Rates - Public Sector Banks

(Per cent)

Sr. No.	Bank	Jan 15, 2015	April 15, 2016	Variation (Percentage Points)
1	Allahabad Bank	10.25	9.70	-0.55
2	Andhra Bank	10.25	9.75	-0.50
3	Bank of Baroda	10.25	9.65	-0.60
4	Bank of India	10.20	9.70	-0.50
5	Bank of Maharashtra	10.25	9.70	-0.55
6	Bhartiya Mahila Bank	10.25	9.70	-0.55
7	Canara Bank	10.20	9.65	-0.55
8	Central Bank of India	10.25	9.70	-0.55
9	Corporation Bank	10.25	9.65	-0.60
10	Dena Bank	10.25	9.70	-0.55
11	IDBI Bank Ltd.	10.25	9.75	-0.50
12	Indian Bank	10.25	9.65	-0.60
13	Indian Overseas Bank	10.25	9.90	-0.35
14	Oriental Bank of Commerce	10.25	9.70	-0.55
15	Punjab and Sind Bank	10.25	9.75	-0.50
16	Punjab National Bank	10.25	9.60	-0.65
17	State Bank of Bikaner and Jaipur	10.25	9.70	-0.55
18	State Bank of Hyderabad	10.20	9.75	-0.45
19	State Bank of India	10.00	9.30	-0.70
20	State Bank of Mysore	10.25	9.65	-0.60
21	State Bank of Patiala	10.25	9.65	-0.60
22	State Bank of Travancore	10.25	9.95	-0.30
23	Syndicate Bank	10.25	9.70	-0.55
24	UCO Bank	10.20	9.70	-0.50
25	Union Bank of India	10.25	9.65	-0.60
26	United Bank of India	10.25	9.65	-0.60
27	Vijaya Bank	10.25	9.65	-0.60
	Minimum	10.00	9.30	-0.30
	Maximum	10.25	9.95	-0.70

Source: RBI

Statement referred to in respect of part (b) to (d) of Lok Sabha Unstarred Question No. 1091 for 29.4.2016 raised by Shri Rakesh Singh and Dr P. Venugopal regarding "Interest rate cut by RBI"

Annexure-III

Comparison of Base Rate and Marginal Cost of Funds Based Lending Rate (MCLR) as on April 15, 2016 of Public Sector Banks

(Per cent)

Sr. No.	Bank	BASE RATE as on April 15, 2016	MCLR as on April 15, 2016
1	Allahabad Bank	9.70	9.40
2	Andhra Bank	9.75	9.45
3	Bank of Baroda	9.65	9.05
4	Bank of India	9.70	9.25
5	Bank of Maharashtra	9.70	9.45
6	Bhartiya Mahila Bank	9.70	9.55
7	Canara Bank	9.65	9.35
8	Central Bank of India	9.70	9.50
9	Corporation Bank	9.65	9.53
10	Dena Bank	9.70	9.45
11	IDBI Ltd	9.75	9.40
12	Indian Bank	9.65	9.40
13	Indian Overseas Bank	9.90	9.65
14	Oriental Bk. of Commerce	9.70	9.45
15	Punjab & Sind Bank	9.75	9.65
16	Punjab National Bank	9.60	9.33
17	State Bank of India	9.70	9.15
18	State Bank of Hyderabad	9.75	9.50
19	State Bank of B & J	9.30	9.50
20	State Bank of Mysore	9.65	9.30
21	State Bank of Patiala	9.65	9.60
22	State Bk. of Travancore	9.95	9.75
23	Syndicate Bank	9.70	9.65
24	UCO Bank	9.70	9.48
25	Union Bank of India	9.65	9.45
26	United Bank of India	9.65	9.35
27	Vijaya Bank	9.65	9.40
	Minimum	9.30	9.05
	Maximum	9.95	9.75

Source: RBI