

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES**

**LOK SABHA
UNSTARRED QUESTION NO. 945
TO BE ANSWERED ON FRIDAY, APRIL 29, 2016/VAISAKHA 9, 1938 (SAKA)
“Variation of Interest Rates”
QUESTION**

†945.SHRI PREM SINGH CHANDUMAJRA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the rates of interest on the deposits and loan amounts of banks vary in the nationalised banks in the country;
- (b) if so, the details thereof along with the formula fixed to determine these rates of interest; and
- (c) the steps taken by the Government to rectify the discrepancy of the interest of banks?

ANSWER

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

(a) to (c) The interest rates on various types of deposits and loans provided by banks may vary from bank to bank, but for a particular bank, they are uniform across the country.

Interest rates on term deposits of banks were deregulated by Reserve Bank of India (RBI) with effect from October 22, 1997 and on savings deposits with effect from October 25, 2011. In a deregulated environment, banks are free to determine their interest rates on deposits based on their commercial judgment.

With the introduction of Base Rate system since July 1, 2010, 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.

RBI has introduced the marginal cost of funds based lending rate (MCLR) with effect from April 1, 2016. The formula for working out overnight MCLR is - (a) Marginal Cost of Funds [= 92% of Marginal Cost of Borrowings (deposits + borrowings) + 8% of Return on Net Worth] + (b) Negative Carry on CRR + (c) Operating Cost.

The MCLR system is expected to improve transparency in the methodology followed by banks for determining interest rates on advances.

Median Term Deposit Rates of Public Sector Banks (PSBs) as on 15th January, 2015 and 15th April, 2016 is given at **Annexure-I**.

Base Rates of PSBs as on 15th January, 2015 and 15th April, 2016 is given at **Annexure-II**.

Marginal Cost of Funds Based Lending Rate (MCLR) of PSBs as on 1st April, 2016 and 15th April, 2016 is given at **Annexure-III**

Statement referred to in respect of part (a) to (c) of Lok Sabha Unstarred Question No. 945 for 29.4.2016 raised by Shri Prem Singh Chandumajra "Variation of Interest rates"

Annexure-I

Median Term Deposit Rates - Public Sector Banks

(Per cent)

Sr. No.	Bank	Jan 15, 2015	April 15, 2016
1	Allahabad Bank	8.50	7.00
2	Andhra Bank	8.25	7.00
3	Bank of Baroda	7.78	6.90
4	Bank of India	7.78	7.00
5	Bank of Maharashtra	8.20	6.93
6	Bhartiya Mahila Bank	8.04	6.88
7	Canara Bank	7.75	6.88
8	Central Bank of India	8.35	7.43
9	Corporation Bank	7.88	6.75
10	Dena Bank	8.25	7.05
11	IDBI Bank Ltd.	8.38	7.50
12	Indian Bank	8.38	7.00
13	Indian Overseas Bank	8.00	5.63
14	Oriental Bank of Commerce	8.13	6.75
15	Punjab & Sind Bank	8.25	7.00
16	Punjab National Bank	7.38	6.75
17	State Bank of Bikaner & Jaipur	7.25	6.88
18	State Bank of Hyderabad	8.25	7.13
19	State Bank of India	7.25	6.75
20	State Bank of Mysore	7.75	7.25
21	State Bank of Patiala	8.00	7.01
22	State Bank of Travancore	7.25	6.63
23	Syndicate Bank	8.28	7.18
24	UCO Bank	8.50	7.00
25	Union Bank of India	8.00	7.00
26	United Bank of India	7.25	6.25
27	Vijaya Bank	8.25	6.75
Minimum		7.25	5.63
Maximum		8.50	7.50

Source: RBI

Statement referred to in respect of part (a) to (c) of Lok Sabha Unstarred Question No. 945 for 29.4.2016 raised by Shri Prem Singh Chandumajra "Variation of Interest rates"

Annexure-II

Table 2: Base Rates - Public Sector Banks

(Per cent)

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

Source: RBI

Statement referred to in respect of part (a) to (c) of Lok Sabha Unstarred Question No. 945 for 29.4.2016 raised by Shri Prem Singh Chandumajra "Variation of Interest rates"

Annexure-III

Marginal Cost of Funds Based Lending Rate (MCLR)* - PSBs

(Per cent)

Sr. No.	Bank	April 1, 2016	April 15, 2016
1	Allahabad Bank	9.40	9.40
2	Andhra Bank	9.45	9.45
3	Bank of Baroda	9.10	9.05
4	Bank of India	9.25	9.25
5	Bank of Maharashtra	9.45	9.45
6	Bhartiya Mahila Bank	9.55	9.55
7	Canara Bank	9.35	9.35
8	Central Bank of India	9.50	9.50
9	Corporation Bank	9.53	9.53
10	Dena Bank	9.45	9.45
11	IDBI Ltd	9.40	9.40
12	Indian Bank	9.40	9.40
13	Indian Overseas Bank	9.65	9.65
14	Oriental Bank Of Commerce	9.45	9.45
15	Punjab & Sind Bank	9.65	9.65
16	Punjab National Bank	9.33	9.33
17	State Bank of India	9.15	9.15
18	State Bank of Hyderabad	9.50	9.50
19	State Bank of B & J	9.50	9.50
20	State Bank of Mysore	9.30	9.30
21	State Bank of Patiala	9.60	9.60
22	State Bank of Travancore	9.75	9.75
23	Syndicate Bank	9.65	9.65
24	UCO Bank	9.48	9.48
25	Union Bank of India	9.45	9.45
26	United Bank of India	9.35	9.35
27	Vijaya Bank	9.40	9.40
	Minimum	9.10	9.05
	Maximum	9.75	9.75

*: Introduced since April 1, 2016.

Source: RBI