

way of immovable properties or third party guarantee may be asked by the banks only in cases where primary security (hypothecation of the vehicles) is inadequate or

for other valid reasons and not as a matter of routine.

- (iii) The current rates of interest applicable on bank loans to transporters are as under:

Term loans for transporters

	Owning upto two vehicles	Owning more than two vehicles
(i) Upto and inclusive of Rs. 7,500	11.5	11.5
(ii) Over Rs. 7,500 and upto Rs. 25,000	13.5	13.5
(iii) Over Rs. 25,000 and upto Rs. 2 lakhs	15.0	16.5
(iv) Over Rs. 2 lakhs	15.0 (Minimum)	19.0 (Minimum)

(b) and (c) The present data reporting system of banks does not generate information separately in respect of advances granted for purchase of trucks and buses for particular cities.

(d) Banks are providing financial assistance to the priority sector including the transport operators based on the viability of their proposals. The performance of banks for their priority sector advances is periodically reviewed by the Board of Directors of public sector banks as well as RBI and Government. RBI has also advised banks that all loan applications upto a credit limit of Rs. 25,000 should be disposed of within a fortnight and those for over Rs. 25,000 within 8-9 weeks.

Guidelines for fixing interest rates in Banks

3768. DR. ISHWAR CHANDRA GUPTA: Will the Minister of FINANCE be pleased to state:

(a) what are the guidelines, if any, laid down for fixing of rates of interest charged by nationalised and foreign banks for various types of loans for business and other purposes;

(b) the rates of interest charged by these banks at present against loans sanctioned for different purposes;

(c) the rates of interest charged for various services rendered by these banks; and

(d) what steps are proposed to be taken to streamline the rates of interest and service charges by these banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (d) The structure of lending rates applicable to Scheduled Commercial banks as also to the Foreign banks is determined by Reserve Bank of India (RBI) taking into account a number of factors like the growth rate of the economy and its subsectors, the rate of inflation, the pace of monetary expansion, the cost of raising resources by banks, the profitability of banks, etc. Keeping in view the above factors, RBI revises the lending rate structure from time to time. The position was reviewed in September, 1990 and as a result of this, the lending rate structure of commercial banks was rationalised and revised with effect from 22nd September, 1990. The present rates of interest on advances of Scheduled Commercial Banks (including Foreign Banks) effective from April 22,

1992 as per RBI directives are given in enclosed statement (*see* below). As far as service charges levied by banks on various services rendered by them is concerned, the RBI has reported that they have not issued any directives to the banks in this regard. The Public Sector Banks levy service charges based on the recommendations of the Committee of Public Sector Banks on Service Charges taking into account the cost of inputs in relation to the services rendered by them.

Private Sector Banks do not fall within the purview of such a uniform schedule. Foreign Banks levy service charges based on instructions similar to public sector banks but since they offer technically advanced services to their clients, their service charges are more than those recommended by the Committee of Public Sector Banks. The rates of service charges levied by Public Sector Banks from 1.7.1990 (latest available information is given in Statement-II.)

Statement-I

Interest rate structure for advances of scheduled commercial banks effective from April 22, 1992 (Excluding Interest Tax)

		Prior to April 22, 1992	New Rates Effective April, 22, 1992
		(Percent per annum)	
1	2	3	4
1. Size of Limit of Advances			
(a)	Upto and inclusive of Rs. 7500	11.5	11.5
(b)	Over Rs. 7500 and upto Rs. 15000	13.00	13.5
(c)	Over Rs. 15000 and upto Rs. 25000	13.5	
(d)	Over Rs. 25000 and upto Rs. 50000	15.50	16.5
(e)	Over Rs. 50000 and upto Rs. 2 lakhs.	16.5	
(f)	Over Rs. 2 lakhs	19.0 (Minimum)	19.0 (Minimum)
2. Lending rate for commodities coming within the purview of Selective Credit Control (SCC)			
	Loans/Advances/Cash Credit/Overdrafts against commodities subject to SCC	19.0 (Minimum)	19.0 (Minimum)
3. Export Credit			
(1) Pre-shipment Credit			
(i)	(a) Upto 18 days	15.0	15.0
	(b) Beyond 18 days and upto 270 days (with prior approval of Reserve Bank of India)	17.0	17.0
(ii)	Against incentives receivable from Government covered by ECGC guarantee (upto 90 days)	15.0	15.0

1	2	3
(2) Post-shipment Credit		
(i) Demand bills for transit period (as specified by FEDAI)	15.0	15.0
(ii) Usance Bills		
(For total period comprising usance period of export bills, transit period, as specified by FEDAI, and grace period wherever applicable)		
(a) Upto 90 days	15.0	15.0
(b) Beyond 90 days and upto six months from date of shipment	19.0	19.0
(iii) Beyond six months from date of shipment.	24.0	24.0
(iv) Against incentives receivable from Government covered by ECGC Guarantee (upto 90 days)	15.0	15.0
(v) Against undrawn balance (upto 90 days)	15.0	15.0
(vi) Against retention money (for supplied portion only) payable within one year from the date of shipment (upto 90 days)	15.0	15.0
(3) Deferred Credit		
Deferred Credit for the period beyond 180 days	15.0	15.0
(4) Export Credit not otherwise specified	19.0 (Minimum)	19.0 (Minimum)
(5) Post shipment Export Credit denomination in US Dollars		
(i) Demand Bills for transit period (as specified by FEDAI)	6.5	6.5
(ii) Usance bills (for total period comprising usance period of export bills, transit period as specified by FEDAI and grace period whichever applicable) upto six months from date of shipment	6.5	6.5
4. DRI Advances	4.0	4.0
5. The above structure of lending rates will apply to both working capital and term loans.		
6. For term loans to agriculture, small scale industry and transport operators upto two vehicles, the following rates will apply :-		
Size of Limit	Rate of Interest (% p.a.)	
(i) Over Rs. 25000 and upto Rs. 50000	14.0	15.0
(ii) Over Rs. 50000 and upto Rs. 2 lakhs	15.0	15.0
(iii) Over Rs. 2 lakhs	15.0 (Minimum)	15.0 (Minimum)

1	2	3	4
<p>7. The effective interest rate on discounting of bills for borrowers in the category of 19.0 per cent (minimum) will be one percentage point below the lending rate charged to borrowers in this category and as such the effective interest rate on discounting of bills exchange for such category of borrowers shall be 18.0 per cent (minimum).</p>			
8.	Finance granted to intermediary agencies (including those for housing) for on lending to ultimate beneficiaries and agencies providing input support.	A fixed rate of 16.0 per cent per annum i.e., 3.0 percentage point below minimum rate applicable for credit limits in the category of advances over Rs. 2 lakhs.	
9.	Advances to Discount & Finance House of India Ltd.	19.0 (Minimum)	19.0 (Minimum)
10.	(i) Loans for purchase of consumer durables (ii) Loans to individuals against shares and debentures/bonds (iii) Other non-priority sector personnel loans.	Banks are free to determine the rate.	

Note : Where short-term loans are routed through PACS/LAMPS/FSS, the rates of interest to be charged by banks to the PACS/LAMPS/FSS shall be 2—5 percentage points lower than the rates to the ultimate borrowers indicated in item 1 and above for the respective size of the limit.

Statement-II

Schedule of service charges effective (from 1-7-1990)

Nature of activity/service		Rates of Service Charges
1	2	3
1. <i>Ledger Folio Charges :</i>		
A per annum ledger folio charge on Current Accounts (one side of a ledger page containing approximately 50 entries) except for exemption as under :		Rs. 25/- per folio
<i>Average Balances :</i>		<i>Free Folio</i>
Upto Rs. 1,500/-		Nil
Over Rs. 1,500/- upto Rs. 5,000/-		3 folios
Over Rs. 5,000/- upto Rs. 10,000/-		5 folios
Over Rs. 10,000/- upto Rs. 25,000/-		10 folios
Over Rs. 25,000/-		No folio charges

1

2

3

2. *Issues of Duplicate Statement of Accounts/Pass Book :*

A charge of Rs. 3/- per passbook with opening entries on an additional charge of Rs. per ledger folio. For duplicate statement of a/cs a charge of Rs. 2/- per ledger folio.

2. *Stop Payment Instructions :*

Recording of stop payment instructions per instrument for all types of accounts.

Rs. 10/- instrument with a maximum charge of Rs. 20/- on any one occasion.

4. *Issuance of Duplicate Instrument :*

Issuance of Duplicate Nil

Term Deposit Receipt

Issuance of fresh Travellers cheques in lieu of lost Travellers cheques

Normal charges e.g. 50 paise % minimum Rs. 5/-

Issuance of Duplicate Bank Drafts for amount upto Rs. 500/-

Nil

Issuance of Duplicate Bank Drafts for amounts exceeding Rs. 500/-

Rs. 15/- per duplicate instrument

5. *Inland Guarantees :*

For amount upto Rs. 25,000/-

20 paise % per month minimum Rs. 50/- for liability period plus additional claim period if any.

Above Rs. 25,000/-

15 paise % per month minimum Rs. 50/- per month for liability period plus additional claim period if any.

6. *Bills for Collection :*

For amount upto Rs. 1,000/-

Rs. 5/-

Above Rs. 1,000/- upto Rs. 2,500/-

Rs. 10/-

*Above Rs. 2,500/- upto Rs. 5,000/-

Rs. 12/-

Above Rs. 5,000/- upto Rs. 10,000/-

Rs. 40/-

Above Rs. 10,000/-

Rs. 5/- per thousand or part thereof maximum Rs. 1,500/-

*(Earlier slab of above Rs. 3,000/- but upto Rs. 5,000/- readjusted)

7. *Cheques for collection :*

For amount upto Rs. 1,000/-

Rs. 3/-

Above Rs. 1,000/- upto Rs. 2,500/-

Rs. 10/-

Above Rs. 2,500/- upto Rs. 5,000/-

Rs. 12/-

Above Rs. 5,000/- upto Rs. 10,000/-

Rs. 25/-

1	2	3
	Above Rs. 10,000/- upto 1 lac	Rs. 3/- per thousand or part thereof maximum Rs. 1,500/-
	Above Rs. 1 lac	Rs. 3/- per thousand or part thereof maximum Rs. 1,500/-
8.	Handling charges on bills/cheques sent for collection returned unpaid :	
	Local Cheques	Nil
	Outstation Cheques	50% of prescribed collection charges on amount of the cheque subject to a minimum of Rs. 10/- per cheque
	Local & Outstation Bills	50% of prescribed collection charges on amount of the bill subject to minimum of Rs. 15/- per bill
9.	Issuance of Rupee Travellers Cheques :	50 paise % minimum Rs. 5/-
10.	Issuance of Deposit-at-Call Receipts :	Rs. 5/- per receipt
11.	Issue of MICR Cheques :	In cities where MICR cheque processed in clearing i.e. New Delhi, Bombay, Madras, Calcutta a charge of Rs. 1/- per leaf will be levied at the time of issuance of cheque books. This will not, however, be levied on Savings Bank, Accounts of individuals
12.	Remittances DDs/MTs/TTs	
	For amount upto Rs. 500	Rs. 2
	Rs. 500 upto Rs. 1000	Rs. 5
	Rs. 1000 upto Rs. 2500	Rs. 10
	Rs. 2500 upto Rs. 5000	Rs. 12
	Rs. 5000 upto Rs. 10,000	Rs. 25
	Rs. 10,000 and above	Rs. 2.50 per thousand subject to maximum of Rs. 1500
13.	Banker's Cheques/Pay Orders	
	For amount upto Rs. 500	Rs. 2
	R. 500 upto Rs. 5000	Rs. 5
	Rs. 5000 upto Rs. 10,000	Rs. 12
	Above Rs. 10,000	Rs. 25
14.	Standing Instructions :	
	For Credit to third party accounts in the branch	Rs. 3
	Outstation remittances. Usual exchange and out of pocket charges.	Same only the input of revision will be there.
15.	Processing Charges :	
	Loans beyond Rs. 2 lakhs	Rs. 75 per lakh subject to maximum of Rs. 7500