

1	2	3
2009-10		
Public Sector Banks	752	519574.48
Private Sector Banks	601	420224.75
Foreign Banks	54	69732.57
Total Commercial Banks	1407	1009531.80
Regional Rural Banks	103	5221.62
Coop. Bank	3	0.73
TOTAL	1513	1014754.15
SIDBI	146	380820.43
GRAND TOTAL	1659	1395574.58

Source: NABARD

Curb on teaser home loans

2212. DR.K.V.P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India (RBI) has announced its decision to curb 'teaser home loans';

(b) if so, the details thereof; and

(c) the action plan prepared for this and what is the response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) Reserve Bank of India has informed that some banks are following the practice of sanctioning housing loans at a comparatively lower rate of interest in the first few years, after which rates are reset at higher rates. This practice raises concern as some borrowers may find it difficult to service the loans once the normal interest rate, which is higher than the rate applicable in the initial years, becomes effective. It has been observed that many banks at the time of initial loan appraisal do not take into account the repaying capacity of the borrower at normal lending rates. In view of the higher risk associated with such loans, the second quarter review of the monetary policy announced on November 2, 2010 has increased the standard asset provisioning by commercial banks for all such loans to 2 per cent.