

**Monetary and Credit Policy for the year
2002 –2003 Interest Rates on advances**

UBD.No.DS.PCB.Cir.42/13.04.00/2001-2002

29 April 2002
9 Vaishakha 1924(s)

All Primary (Urban) Co-operative Banks

Dear Sir/Madam

**Monetary and Credit Policy for the year
2002 –2003 Interest Rates on advances**

Please refer to our Governor's Statement on Monetary and Credit Policy for the year 2002-2003, and our Circular No.DS.PCB.CIR.32/13.04.00/2001-02 dated 2 March 2002 enclosing directive UBD.No.DS.PCB.DIR.3/13.04.00/2001-02 of the same date.

2. In order to provide greater flexibility to co-operative banks in a competitive environment it has been decided to withdraw the stipulation of Minimum Lending Rate for primary (urban) co-operative banks with immediate effect. Primary (urban) co-operative banks will now be free to determine their lending rates taking into account their cost of funds, transaction cost etc. with the approval of their Board of Directors.

3. Banks should, however, ensure that the interest rates charged by them are transparent and known to all their customers. Banks may therefore publish the minimum and maximum interest rates charged on advances and display this information in every branch.

4. Directive UBD.No.DS.PCB.DIR. 6/13.04.00/2001-02 dated April 29, 2002 incorporating the above change is enclosed.

5. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(S. Karuppasamy)
Chief General Manager In-charge

DS.PCB.Dir.6/13.04.00/2001-02.

April 29, 2002
Vaishakha 9, 1924(S)

Interest Rates on Advances

In exercise of the powers conferred by Section 21 and 35A read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that, with effect from the date of this directive, item No.I of the Annexure to the directive UBD No DS PCB Dir 3/13 04 00/1994-95 dated 17 October 1994 stands further modified

(All advances including term loans)	(All advances including term loans)
Free, subject to a minimum lending rate of 12% per annum	Free

2. All other terms and conditions relating to advances, as contained in the directives issued from time to time, shall remain unchanged.

(P.B. Mathur)
Executive Director