

## **Introduction of Special Quarterly Return VI-AC: Lending Rates**

July 27, 2002  
Shravana 5, 1924 (Saka)

Ref.No.MPD.BC.219 /07.01.279 /2002-03

All Scheduled Commercial Banks

Dear Sirs,

### **Introduction of Special Quarterly Return VI-AC: Lending Rates**

Please refer to our letter MPD.No.3402/02.03.02/2000-01 dated May 29, 2001 wherein banks were advised to submit two returns on lending rates, one Special Quarterly Return VI-A with details on outstanding credit and another Special Fortnightly Return VI-AB providing maximum and minimum interest rates charged by banks on various credit components along with Prime Lending Rate (PLR) both for export credit and other advances.

2. While banks are advised to continue submitting the above returns (i.e., VI-A and VI-AB), as a follow-up of paragraph Nos. 59 and 66 of the Monetary and Credit Policy for 2002-03, announced by the Governor on April 29, 2002 (copy enclosed), a new Special Quarterly Return VI-AC is being introduced in consultation with select banks. This return (copy enclosed) may be furnished from the quarter ended June 30, 2002.
3. While submitting information on the maximum and minimum interest rates in this new Special Quarterly Return, banks are advised to ignore extreme values in the interest rates (say, up to 5 per cent of advances on either side). Further, banks are advised to furnish the range of interest rates in which large value of business (say, 60 per cent or more) is contracted.
4. The Special Quarterly Return VI-AC may be sent within two months from the end of the relevant quarter to the Adviser-in-Charge, Monetary Policy Department, Reserve Bank of India, Central Office Building, Mumbai – 400 001.
5. Kindly acknowledge receipt.

Yours faithfully,  
**(D. Anjaneyulu)**  
**Adviser-in-Charge**

**Statement by Dr. Bimal Jalan,**  
**Governor, Reserve Bank of India**  
**on Monetary and Credit Policy for the year 2002-03**

**(Paragraph no. 59 & 66)**

59. In the interest of customer protection as also meaningful competition, it is necessary to have a greater degree of transparency in regard to actual interest rates for depositors as well as borrowers. In this direction, the following measures are proposed:

- ? Banks should provide information on deposit rates for various maturities and effective annualised return to the depositors. This information should be made available to RBI also, so that RBI can put a consolidated picture for all banks on its website.
- ? Banks should provide information on maximum and minimum interest rates charged to their borrowers. RBI will put this information also in public domain.
- ? Banks are urged to switch over to “all cost” concept for borrowers by explicitly declaring the processing charges, service charges, etc. charged to borrowers. Such bank charges may also be publicly announced.

66. In view of the need to ensure transparency and also encourage banks to continue to provide finance at competitive rates, there is a need for putting in place a reporting system by which commercial banks provide information on interest rates charged on pre-shipment and post-shipment credit. This will facilitate exporters in choosing the most competitive rate. Accordingly:

- ? With effect from fortnight beginning June 15, 2002, banks will report to RBI, the minimum and maximum lending rates to exporters. This information will be placed in public domain.