

Interest Rates on Advances

Reserve Bank of India
Central Office
Department Of Banking Operations & Development
Centre - 1, World Trade Centre
Cuffe Parade, Colaba, Mumbai - 400 005

DBOD.No.Dir.BC. 106 /13:03:00-99

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Kartika 07, 1921(S)

Interest Rates on Advances

In exercise of the powers conferred by Sections 21 and 35A 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, in supersession of its directive DBOD.NO.Dir.BC. 33/13.03.00/98 dated April 29, 1998 that with effect from October 29, 1999, no commercial bank shall charge interest on loans/advances/cash credit/overdrafts or any other financial accommodation granted or provided by it or renewed by it or discount usance bills except in accordance with the rates as specified in the annexure hereto . The interest at the rates specified in the annexure shall be charged with quarterly or longer rests.

2. For the purpose of this Directive, term loan means a loan, which is repayable within a period of not less than 3 years.
3. Nothing contained in this Directive shall apply to loans or advances or other financial accommodation made or provided or renewed by a commercial bank –
 - i) against Domestic/NRE/FCNR(B) deposit/s with the bank, provided that the deposit/s stands/stand either in the name/s of the borrower himself/borrowers themselves, or in the names of the borrower jointly with another person.
 - ii) to a co-operative bank or to any other banking institution,
 - iii) to its own employees,
4. All other terms and conditions relating to advances against commodities subject to Selective Credit Control, as contained in the directives, issued from time to time, shall remain unaffected.

(G.P. Muniappan)
Executive Director