

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:535  
ANSWERED ON:09.07.2004  
SOCIAL DEVELOPMENT OF COUNTRY  
Tripathy Shri Braja Kishore

**Will the Minister of FINANCE be pleased to state:**

(a) whether strong revival of credit off take from corporate and apprehension of huge Government borrowing to meet social development the rate of interest on home and personal loan may go up in second quarter of the fiscal; and

(b) if so, the steps taken by the Government to ensure speedy and uninterrupted social development of the country?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): Commercial banks have the freedom to decide their lending rates on credit limits of over Rs. 2 lakh for various types of loans, including personal/housing loans. Interest rates on personal/housing loans will continue to depend on the general level of lending rates and the overall perception of credit risk, as at present. The Fiscal Responsibility and Budget Management Act 2003, which has come into operation from July 5, 2004 mandates the Central Government to take appropriate measures to reduce the fiscal deficit and revenue deficit so as to eliminate revenue deficit by March 31, 2008. In view of this, overall borrowings of the Central Government are unlikely to be huge relative to past trends. The Reserve Bank of India (RBI) expects to conduct debt management without serious pressure on overall liquidity. The overall stance of monetary policy for 2004-05, as indicated by the RBI, is provision of adequate liquidity to meet credit growth and support investment and export demand in the economy.

Social development continues to remain one of the priorities of the Government. The development of the social sector is addressed through appropriate budgetary allocations and enabling policies.