

INDIAN BANKS' ASSOCIATION

छठी मंजिल, केंद्र. 1 बिल्डिंग, विश्व व्यापार केंद्र कॉम्प्लेक्स, कफ परेड, मुंबई - 400 005

6th Floor, Centre 1 Bldg., World Trade Centre Complex, Cuffe Parade, Mumbai - 400 005

दूरभाष Phone : 2182288 • तार : टेलीग्राम Gram : BANKSLINK • फैक्स Fax : 2184222

ई-मेल e-mail : ibalink@bom3.vsnl.net.in • वेबसाइट WEBSITE : www.iba.org.in / www.indianbanksassociation.org.in

No.OPR.C/UK/21-12(D)/9

5th March, 2003.

K/A Secretary
SSI

The Chief Executives of all Member Banks

Dear Sirs,

**Interest Rates on Priority Sector Advances –
Agriculture and Small Scale Industries**

As you know, while presenting the Budget before the Parliament on 28th February, 2003, the Hon'ble Union Finance Minister, Shri Jaswant Singh made the following statements as under :-

Quote

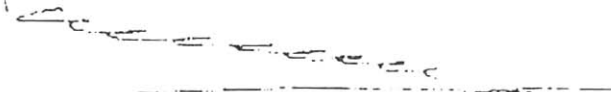
80. The full benefits of the declining rates of interest have not percolated to critical sectors such as agriculture and small scale industry. This has to be rectified. Therefore, in order to pass on the benefits of lower rates of interest to agriculture and the SSI Sector, the State Bank of India has announced an interest rate band of 2 per cent above and below its prime lending rate (PLR) for secured advances. The Indian Banks' Association (IBA) is now advising all member banks to adopt a similar interest rate band. This is a welcome move. Agriculture and SSI will hereafter have to pay no more than an extra 2 percentage points than the best bank customers.

Unquote.

In view of what is stated by the Hon'ble Union Finance Minister, we request you to kindly take appropriate action in the matter.

Thanking you,

Yours faithfully,


(K C Chowdhary)
Chief Executive & Secretary