

Interest rate on small saving loans

1916. SHRI Y.S. CHOWDARY: Will the Minister of FINANCE be pleased to state:

(a) the details of requests received from various States including Andhra Pradesh State for reset of interest rates on small saving loans and status thereof; and

(b) the steps taken/being taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Sir, as recommended by 13th Finance Commission, a committee headed by Ms. Shyamala Gopinath, then Deputy Governor, Reserve Bank of India was set up for review of reset of interest rate with other matters. The committee recommended that interest rate might be reset at 9% in accordance with the recommendation of 13th Finance Commission.

After examination of recommendation made by Committee and requests received from various States including State of Andhra Pradesh, the Government has decided that the rate of interest on securities issued between 1999-2000 and 2006-07 and outstanding at the end of previous year shall bear the interest rate of 9% depending on compliance to FRBM targets.

Release of Debt Waiver for Andhra Pradesh

1917. SHRI Y.S. CHOWDARY: Will the Minister of FINANCE be pleased to state:

(a) whether Government has received any request from the State Government of Andhra Pradesh for releasing of Debt Waiver for the year 2005-06 and 2008-09;

(b) if so, the details thereof and the status thereof; and

(c) the steps taken/being taken by Government to expedite releasing of Debt Waiver for the years 2005-06 and 2008-09?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Government of Andhra Pradesh had requested that latest Central Statistical Organisation Gross State Domestic Product (GSDP) estimates (1999-2000 series) be adopted to determine the State's eligibility for debt

waiver of Rs.703.08 crore for 2008-09. The State Government had also requested for allowing the balance debt waiver of Rs.219.85 crore for 2005-06, on the grounds that it had achieved the targets as laid down in the Debt Consolidation and Relief Facility (DCRF) guidelines and that it had performed well in subsequent years.

Based on its fiscal performance during the award period of TFC 2005-10, under the DCRF recommended by the Twelfth Finance Commission, Andhra Pradesh was provided debt waiver of Rs. 483.23 crore for 2005-06 and Rs. 703.08 crore for each of the years 2006-07, 2007-08 and 2009-10, totaling to Rs. 2,592.47 crore. During TFC award period 2005-10, GSDP estimates (1999-2000 series) had been used uniformly for all States for the purposes of DCRF and to calculate annual borrowing ceilings. The request of the State for revising the GSDP estimates retrospectively and for allowing further debt waiver was not found to be tenable under DCRF.

As recommended by the Thirteenth Finance Commission, DCRF is not continued to any state any further.

Proposal for national level Grameen Bank

1918. DR. PRADEEP KUMAR BALMUCHU: Will the Minister of FINANCE be pleased to state:

(a) whether the number of Grameen Banks in the country have grown very large and in view of its administration getting complex, Government is proposing to set up a National Level Grameen Bank; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) There is no such proposal at present.

(b) Does not arise.

Investment of banks in money laundering

1919. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) the rationale used by RBI in computing the fines on the banks which were recently found violating anti-money laundering and other norms, following an expose by Cobrapost on the issue, bank-wise details;