

**Y.V. Reddy Committee for linking administered prices**

1015. **SHRI C. RAMACHANDRAIAH:** Will the Minister of FINANCE be pleased to state:

(a) whether the Y.V. Reddy Committee set up to link administered prices has submitted its report;

(b) if so, the details thereof; and

(c) if not, by when it is likely to submit its report?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):** (a) to (c) The Expert Committee on administered interest rates and other related issues, set up under the Chairmanship of Dr. Y.V. Reddy, Deputy Governor of Reserve Bank of India, submitted its report on 5.10.2001. The main recommendations of the Committee are as under:—

- (i) The present system of direct management of long term funds by the public sector and fixing administered rates of interest with tax concessions not being sustainable in the medium term, should be transformed into a system of fully funded long term savings schemes managed independently and professionally, aimed at promoting growth and meeting genuine investment demands in the economy.
- (ii) In the transition period, as an interim measure, interest rates on small savings schemes be benchmarked mainly to the rates of average secondary market yields on Government securities.
- (iii) Transfer of the entire net collections to the States from 1.4.2002 instead of 80% of States and 20% to the Centre as at present. The Central and State Governments should jointly repay the outstanding small savings liabilities as of March, 2002, apportioned in accordance to their respective shares.
- (iv) Withdrawal of all tax concessions on short and medium term financial savings (maturity not more than 6 years). With regard to long term savings, tax concessions at the time of accrual may be provided @20% on investment upto Rs. 60,000.
- (v) The Committee has also suggested “a wider debate on various issues involving all stakeholders and wider consultations (particularly with the States) in respect of the Committee’s recommendations regarding small savings.”

The report of the Committee is available at the official website of the Ministry of Finance ([www.finmin.nic.in](http://www.finmin.nic.in)).

**Credit-deposit ratio in the North-East**

1016. SHRI KHAGEN DAS: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the declining trend of CD ratio in North-East;

(b) if so, what are the reasons therefore; and

(c) whether Government propose to take some concrete measures to reverse the declining the trend in the CD ratio?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Government of India and Reserve Bank of India (RBI) are seized of the problem of stagnant CD ratio in the North Eastern States.

(b) The reasons for this trend can be attributed to factors like law and order problems in the region, poor recovery of bank loans and resultant high NPAs, collateral problems due to peculiar land tenurial system in the North East, lack of adequate infrastructure, etc.

(c) The Union Finance Minister has taken a meeting with Chief Ministers of North Eastern States and senior government officials and senior bankers at Shillong on October 19, 2001 to discuss flow of credit to the North East where he has announced a Package of measures for augmenting credit flow to these States. These measures include increasing CD ratio in the North Eastern Region to bring it at par with the national average in three years, revised disbursement targets for banks for improving CD ratio in the Region, realignment of interest rates on loans, reschedulement of NPA accounts of State bodies, interest waiver on small NPA loans, thrust to SHG bank linkage, coverage of eligible farmers under the Kisan Credit Card (KCC) Scheme, improving performance under various government sponsored programmes and timely disposal of loan applications, etc.