

Debt burden of farmers

†4377. SHRIMATI SUSHMA SWARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that farmers who had taken Kissan Credit Cards have been trapped in the debt net; and

(b) if so, the efforts being made by Government to bail them out of this net?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Since the inception of Kisan Credit Card (KCC) Scheme in August 1998, 665.63 lakh KCCs have been issued till 31st March, 2007. The credit limit to farmers is fixed on the basis of their credit-worthiness. The entire credit limit is disbursed to them in cash with discretion to purchase inputs of their choice from outlets of their choice; thus, enabling the farmers to take advantage of market conditions.

Due to the cash credit nature of loans disbursed through KCC, there is reduction in the quantum of interest paid by the farmer. Further, transaction cost for the farmer for availing of loan from the bank is also reduced.

With a view to make KCC more comprehensive in its coverage of credit needs of the farmers through a single window, the scope of the KCC scheme has been extended to cover term loans for agriculture and allied activities and a reasonable component for consumption loan. The banks have also been advised to ensure that the crop loans are routed through KCC only.

Investment Schemes of NSSF

4378. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) names of investment schemes which constitute the National Small Savings Fund;

(b) rate of interest payable to investors as on 1st April 2007,

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scheme-wise and that charged from State Governments and other loanees of fund applicable on same date;

(c) corpus of the fund as on 31st March, 2007;

(d) gain that accrued, if any, to the fund during the last three years ending 31st March, 2007, year-wise; and

(e) whether there is any proposal to increase rate of interest on various schemes of the fund, in view of the rising interest rates of bank fixed deposits, and high inflation rates and if so, by when a decision is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The small savings schemes and the rate of interest/maturity value payable to investors as on 1.4.2007 is as follows:

(i) Post Office Savings Account (3.5%); (ii) Post Office Recurring Deposit Account (Rs. 728.90 maturity value of a Rs. 10/- denomination account); (iii) Post Office Monthly Income Account (8%); (iv) Post Office Time Deposits, 1-Year Deposit (6.25%), 2-Year Deposit (6.50%), 3-Year Deposit (7.25%), & 5-Year Deposit (7.50%); (v) National Saving Certificate (VIII Issue) (Rs. 160.10 maturity value for a certificate of Rs. 100/- denomination); (vi) Kisan Vikas Patra (Doubles in 8 years and 7 months); (vii) Senior Citizens Saving Schemes (9%) and (viii) Public Provident Fund (8%).

The rate of interest on investment in special State Government securities against net collections is 9.5 per cent per annum. Sums received in the Fund on redemption of securities are re-invested in Central Government special securities at market rate of interest based on average secondary market yields on G-secs. of comparable residual maturity as on the relevant date.

(c) The corpus of the Funds as on 31st March 2007 is Rs. 7148.55 crore (Provisional Account).

(d) No gain has accrued to the Fund during the last three years. The accumulated deficits during 2005-06, 2006-07 (RE) and 2007(BE) have been Rs. 18551 crore, Rs. 20080 crore and Rs. 18490 crore, respectively.

(e) There is no proposal at present to increase the rate of interest of various small savings schemes.

Steps to Develop Mumbai as International Financial Centre

4379. DR. P.C. ALEXANDER: Will the Minister of FINANCE be pleased to state:

(a) the special steps proposed to be taken by the Central Government in the next five years to make Mumbai an International Financial Centre as announced by him in his speech presenting the Budget for 2007-08;

(b) whether his statement at Mumbai on 23rd April, 2007 that "Mumbai needs autonomy to govern itself to become an International Financial Centre" means that no financial assistance is being contemplated till Mumbai gets greater autonomy; and

(c) if not, what exactly is meant by his reference to "autonomy to govern itself" as a condition for assisting Mumbai to develop as an International Financial Centre?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As announced in the Budget Speech for 2007-08, the report of the High Powered Expert Committee (HPEC) constituted by Government, on developing Mumbai as an International Financial Centre (IFC) is now in the public domain, both as a priced publication in the market and on the website of the Ministry of Finance (www.finmin.nic.in). Feedback has been invited on the report. Taking into view the feedback and comments received, Government would work towards building a consensus on the key recommendations of the Committee to promote a world class financial centre in Mumbai and to realize the objective of making 'financial services' the next growth engine for India.

(b) No, Sir,

(c) The reference to autonomy for Mumbai to govern itself in the Finance Minister's address at the Ministry of Finance-CII National Conference on 23rd April, 2007, was made in the context of the kind of governance structure Mumbai requires in order to effectively provide local public goods such as good housing schools, water supply, roads