

- in the case of borrowers who have lost their boats, nets and other equipment, reprasing of payment of existing dues may be allowed on merit.
- fresh loans to be granted with loan maturity of 3-4 years.
- loans for repairs to boats of existing borrowers to be considered in coordination with the concerned State Government Department (Department of Fisheries).

Slashing of rates on fixed deposits

1229. SHRI SHYAMAL CHAKRABORTY: Will the Minister of FINANCE be pleased to state:

(a) the interest on savings bank Fixed Deposits (FD) in short and long term period fixed by Government;

(b) the reasons for slashing the interest rate on FD inspite of rising prices of essential commodities; and

(c) whether this wouldn't disillusion the public from Public Sector Banks and drive depositors to private sector banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) With effect from October 22, 1997, barring savings bank accounts, Reserve Bank of India (RBI) has given the freedom to all commercial banks to fix their own interest rates on domestic term deposits of various maturities with the prior approval of their respective Board of Directors/Asset Liability Management Committee (ALCO). Accordingly, the rates of interest on domestic term deposits are being determined by bank themselves. The savings bank interest rate, however, is regulated by the Reserve Bank of India (RBI) and is currently fixed uniformly at 3.5% per annum remaining unchanged since March 1, 2003.

(b) During 2009, with availability of ample liquidity in the system, reduction in repo rates and significant moderation of WPI based inflation, many banks reduced interest rates on deposits including those on fixed deposits.

(c) During 2009, deposit growth of Public Sector Banks was higher than that of Private Sector Banks.

Withdrawal of stimulus package

1230. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Chairman of Prime Minister's Economic Advisory Council made a strong case for withdrawal of stimulus given to the industry to combat the impact of the global economic meltdown because the growth impulses are strong now; and

(b) if so, what is the reaction of his Ministry in the matter?