Fund for implementation of Disability Act

1223. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Banks and Financial Institutions have been cornering an estimated Rs. 724 crores annually by rounding up interest tax collections since 1993, despite a Supreme Court's directive in 2004 that this money be used for creating a fund for implementation of the Disabilities Act to benefit disabled persons;

(b) if so, whether any action has been taken by the Banking authorities since 2004;

(c) if so, the details thereof; and

(d) if not, the reasons for not taking any action since 2004 and details of action taken at present?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) One M/s. Devkala Consultancy Services, a Bangalore based firm, filed a public interest litigation (PIL) against the Public Sector Banks (PSBs) before the Karnataka High Court contending that the banks had recovered excess amount of interest and tax from the borrowers amounting to Rs. 724 crore per year for the period 1991 to 1997 and that the banks should be directed to refund this amount to the borrowers. The Indian Banks' Association (IBA), on behalf of PSBs, contested the case before the Karnataka High Court, refuting the charges of the above firm. The Karnataka High Court passed an order in favour of the petitioner and on appeal by the IBA to the Hon'ble Supreme Court, the Supreme Court upheld the orders of the Karnataka High Court with modifications as under:—

(i) that a trust be constituted for the benefit of the disabled persons and the amount of excess interest collected by the banks be paid to the trust. The Comptroller and Auditor General (C&AG) of India be appointed as the Chairman of the said trust with Finance Secretary and Law Secretary of the Union of India as *ex-officio* members;

(ii) the concerned banks shall contribute Rs. 50 lakhs each to the said trust.

In compliance with the above Orders of the Supreme Court, all the 27 PSBs computed the excess interest collected by them and deposited the same with State Bank of Patiala, Shastri Bhawan Branch, New Delhi, designated by the Government for payment of the excess interest. The total amount computed by the PSBs through a formula, vetted and approved by an eminent firm of chartered accountants, worked out to Rs. 149.95 crores.

Legislation for protecting interests of depositors

†1224. DR. GYAN PRAKASH PILANIA :
SHRI LALIT KISHORE CHATURVEDI:
DR. PRABHA THAKUR:

Will the Minister of FINANCE be pleased to state:

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†Original notice of the question was received in Hindi.