

(c) The equity induction would ease the cash flow situation of the company and preclude borrowing from the markets at high costs to this extent.

#### **Separate fund for empowerment of Panchayats**

\*17. SHRI KISHORE KUMAR MOHANTY: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) the funds provided to the Panchayats for the development of villages of Orissa during the last three years;

(b) whether Government proposes to set up a separate fund for the empowerment of Panchayats;

(c) if so, the details thereof; and

(d) the progress achieved in this regard, so far?

THE MINISTER OF PANCHAYATI RAJ (SHRI C.P. JOSHI): (a) The funds under the development grant component of the Backward Regions Grant Fund (BRGF) Programme are released to the State Governments for onward transmission to the Panchayats and the Municipalities who are the planning and implementing agencies under the Programme. Nineteen districts of Orissa are covered under the BRGF. The development grant released to the BRGF districts of Orissa since 2007-08 are as follows:

(i) 2007-08: Rs. 264.02 crore, (ii) 2008-09: Rs. 227.85 crore and (iii) 2009-10: Rs. 200.40 crore.

(b) to (d) The Ministry of Panchayati Raj has been implementing the Panchayat Empowerment and Accountability Incentive Scheme (PEAIS) since 2005-06 which aims at encouraging the States to empower the Panchayati Raj Institutions (PRIs) and putting in place arrangements for bringing about accountability of the PRIs. Performance of the States in these respects is measured through a Devolution Index (DI). A token award is also given to the States, for which the annual provision is currently Rs. 10 crore.

#### **Interest rates on fixed deposits**

† \*18. MISS ANUSUIYA UIKEY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the interest rates on fixed deposits have been reduced;

(b) if so, the reasons therefor and the new interest rates along with new interest rates fixed for senior citizens; and

(c) whether a hike in interest rates on fixed deposits for senior citizens is being considered?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) Yes, Sir.

(b) In terms of extant RBI guidelines banks have been permitted to fix interest rates on domestic term deposits of various maturities with the approval of their respective

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†Original notice of the question was received in Hindi.

Boards and to formulate fixed deposit schemes specifically for resident Indian Senior citizens offering higher fixed rates of interest as compared to normal deposits of any size. The interest rate on deposits for senior citizens is generally higher by 50 basis points compared to normal rates. Scheduled Commercial Banks reduced the deposit rates for various maturities, as per details given in the Statement (See below). The reduction in interest rates has been in response to softening of WPI inflation rate during the major part of 2009, reduction in key policy rates of the RBI and ample liquidity in the system. The maximum reduction in interest rates occurred when the inflation rate was decelerating last year.

(c) As the interest rates on domestic term deposits stand deregulated, it is for the respective banks to take a decision in the matter.

**Statement**

*Interest Rates on Domestic Deposits*

(Per cent)

	March 2008	March 2009	June 2009	September 2009	December 2009	15 January 2010
<b>Public Sector Banks</b>						
Up to 1 year	2.75-8.50	2.75-8.25	1.00-7.00	1.00-6.75	1.00-6.25	1.00-6.25
>1 year-3 years	8.25-9.25	8.00-9.25	6.50-8.00	6.50-7.50	6.00-7.25	6.00-7.25
>3 years	8.00-9.00	7.50-9.00	7.00-8.50	6.50-8.00	6.25-7.75	6.25-7.75
<b>Private Sector Banks</b>						
Up to 1 year	2.50-9.25	3.00-8.75	2.00-7.50	2.00-7.00	2.00-6.75	2.00-6.50
>1 year-3 years	7.25-9.25	7.50-10.25	6.00-8.75	5.25-8.00	5.25-7.50	5.25-7.50
>3 years	7.25-9.75	7.50-9.75	6.00-9.00	5.75-8.25	5.75-8.00	5.75-8.00
<b>Foreign Banks</b>						
Up to 1 year	2.25-9.25	2.50-8.50	1.80-8.00	1.25-8.00	1.25-7.00	1.25-7.00
>1 year-3 years	3.50-9.75	2.50-9.50	2.25-8.50	2.25-8.50	2.25-7.75	2.25-7.75
>3 years	3.60-9.50	2.50-10.00	2.25-9.50	2.25-8.50	2.25-8.50	2.25-8.50

Source: RBI, Macro Economic and Monetary Development Third quarter review-2009-10

**Rising inflation**

\*19. SHRI D. RAJA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the annual food inflation based on Wholesale Price Index (WPI) has risen further to 17.56 per cent for the week ending 23 January, 2010;