

[25 July, 2006]

RAJYA SABHA

Production Credit to the farmers. It has been decided to provide interest subvention to Public Sector Banks and RRBs on their own funds used for Short Term Agriculture Production Credit and to provide concessional refinance to RRBs and Cooperatives.

For 2 months period April and May 2006, a total of Rs. 21495.68 crore has been provided as agricultural loans to the farmers from Public Sector Banks, Cooperative Banks and RRBs. No separate data on Short Term Loan is available at the moment.

(b) and (c) The State Governments have been requested to provide interest subsidy to Cooperative Banks on the amount of their own involvement to ensure that they can disburse ground level credit at a rate of 7% per annum.

Special interest rate on deposits to senior citizens

103. SHRI SANTOSH BAGRODIA:

SHRI MAHENDRA MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that special 9 percent interest rate on the deposits was offered to the senior citizens as a special consideration to them;

(b) whether it is also a fact that Government have recently advised the banks and other institutions to deduct tax on the interest earning from such special savings schemes for the senior citizens;

(c) if so, how does Government propose to reconcile this directive with the special consideration extended to senior citizens while offering 9 per cent interest rate; and

(d) whether Government would consider withdrawing such directive as a special consideration to our senior citizens?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. The Senior Citizen Savings Scheme carrying 9 per cent interest rate was launched for senior citizens.

(b) and (c) Government has clarified that Interest payable under the scheme is taxable as per the provisions of the scheme and tax is deductible at source as per the provisions of Section 194A of the Income Tax Act. However, senior citizens of the age of 65 years and above, whose estimated

tax on total income for a financial year is nil, may furnish a declaration in Form 15H for no deduction of tax at source. Other depositors are eligible for claiming no deduction of tax at source on furnishing a declaration in Form 15G, subject to other prescribed conditions. Moreover, **any** depositor may obtain a certificate for no deduction or lower deduction of tax at source under Section 197(1) of the Income **Tax** Act from his assessing officer, provided the specified conditions are fulfilled.

There is no change in the basic features of scheme as it continues to provide all the slated benefits, including higher return to depositors.

(d) No such proposal is presently under consideration.

Slow down for economy

104. SHRIMATI SYEDAANWARA TAIMUR:
SHRI VIJAY J. DARDA:

Will the Minister of FINANCE be pleased to state:

(a) whether a slow down in the economy is becoming more and more visible and it is becoming clear that the country might not achieve the growth rate of over 8 percent which has been achieved in the last three years;

(b) if so, the reasons therefor; and

(c) what action Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) No Sir. There are no indications of slowdown in the economy in 2006-07. The industry and services sectors are expected to maintain the high growth momentum of the recent years.

Government's initiatives with regard to enlarging of infrastructure facilities, enabling environment for investment, credit support and its thrust on rural employment, education and health etc. are expected to provide the required momentum for sustained high growth of the economy.

Release of funds under Accelerated Power Development Reforms Programme in Orissa

105. MS. PRAMILA BOHIDAR:
SHRI B.J. PANDA:

Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Orissa has requested for release