

(b) the details of revenue foregone thus during the last three years, year-wise;

(c) whether it has come to the notice of the Ministry that 80 per cent of diamond trade in the world is controlled by a few Indian families and they are concerning all tax benefits thereby denying benefit to small traders for whom Government wanted to give exemptions; and

(d) the plan of Government to deal with some of such people appearing in the list of people who stashed illegal money in LGT Bank of Liechtenstein, etc.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The information is being collected and will be laid on the Table of the House.

(c) The Industry is highly fragmented. Diamond and gemstones are concentrated in particular geographic clusters. However, jewellery manufacturing is spread across India. Industry mainly consists of micro, small and medium enterprises (MSME). Various small artisans/karigars are involved in processing of diamonds and manufacturing of gems and jewellery items.

(d) The German Tax Authorities have provided to the India Government information available with them regarding bank accounts concerning Indian nationals with the LGT bank of Liechtenstein. This information has been provided by the German authorities under the Article concerning exchange of information of the Double Taxation Avoidance Agreement (DTAA) between India and Germany read with the Protocol thereto. Based on the information received, income amounting to Rs.39.66 crore was assessed/re-assessed in the hands of 18 individuals being beneficiaries and tax demand of Rs.24.66 crore raised. Notices for imposition of penalty and prosecution under various provisions of the Income Tax Act, 1961 have been issued.

#### **Restructuring of institutional architecture of rural credit**

1291. DR. JANARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

(a) whether Government proposes to restructure the institutional architecture for the delivery of rural credit;

(b) if so, the details thereof;

(c) whether there is any proposal to make the National Bank for Agriculture and Rural Development (NABARD), the apex regulator for the rural credit with coverage extending to the Regional Rural Banks; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) In order to reposition Regional Rural Banks (RRBs) as an effective

instrument for delivery of rural credit, the Government of India, in consultation with National Bank for Agriculture and Rural Development (NABARD), State Governments and the sponsor banks has initiated State-level sponsor bank-wise amalgamation of RRBs since September, 2005. As a result, the total number of RRBs came down from 196 to 82 as on 31st March, 2010. The structural consolidation of RRBs has resulted in the formation of new RRBs, which are financially stronger and bigger in terms of business volume and outreach, enabling them to take advantage of the economies of scale and reduce operational costs.

In order to enhance/improve competitive efficiency, quality of customer service and further financial inclusion by RRBs, all sponsor banks have been advised to ensure the implementation of Core Banking Solution (CBS) in their sponsored RRBs by September, 2011. Out of a total of 82 RRBs, CBS has been fully implemented in 22 RRBs and in the remaining 60 RRBs, CBS work is in progress.

The Government of India had in September, 2009 constituted a Committee to examine the financials of RRBs with Capital to Risk Weighted Asset Ratio (CRAR) of less than 7% as on March 31, 2009 and suggest measures to bring the CRAR of RRBs to at least 9% by March, 2012. The Committee was also required to examine whether the capital base in case of capitalized RRBs needs further strengthening. The Committee has *inter-alia* recommended recapitalization of 40 RRBs to bring their CRAR level at least 9% by March, 2010.

(c) and (d) NABARD already performs a supervisory role in respect of RRBs.

#### **Revival of Debt Swap Scheme**

1292. SARDAR SUKHDEV SINGH DHINDSA: Will the Minister of FINANCE be pleased to state:

- (a) whether the Debt Swap Scheme to provide interest relief to the States on their “high cost debt” still exists;
- (b) if so, the details thereof; and
- (c) if not, whether Government proposes to revive the scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The Twelfth Finance Commission (TFC) for the award period 2005-2010 had recommended a Debt Consolidation and Relief Facility, which provided for Consolidation of central loans (from Ministry of Finance) contracted till 31.3.2004 and outstanding as on 31.3.2005 for a fresh tenure of twenty years at an interest rate of 7.5 % per annum. States which had enacted the Fiscal Responsibility and Budget Management (FRBM) Act avail of this facility.

The Thirteenth Finance Commission (FC-XIII) for the award period 2010-15 has recommended extension of the above Debt Consolidation and Relief Facility, limited to