

RBI vide its circular dated 3.5.2011 has advised banks to comply the following caps on margin and interest rate as also other 'pricing guidelines', to be eligible to classify these loans as priority sector loans :

- (i) Margin cap at 12% for all MFIs. The interest cost is to be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.
- (ii) Interest cap on individual loans at 26% per annum for all MFIs to be calculated on a reducing balance basis.
- (iii) Only three components are to be included in pricing of loans viz., (a) a processing fee not exceeding 1 % of the gross loan amount, (b) the interest charge and (c) the insurance premium.
- (iv) The processing fee is not to be included in the margin cap or the interest cap of 26%.
- (v) Only the actual cost of insurance i.e. actual cost of group insurance for life, health and livestock for borrower and spouse can be recovered; administrative charges to be recovered as per Insurance Regulatory Development Authority (IRDA) guidelines.
- (vi) There should not be any penalty for delayed payment.
- (vii) No Security Deposit/Margin is to be taken.

**Reduction in customs duty on import of ships for recycling**

222. SHRI BHARATSINH PRABHATSINH PARMAR: Will the Minister of FINANCE be pleased to state:

- (a) whether the Central Government has received any representation to reduce the custom duty from 5 per cent to 0 per cent on import of ships for recycling;
- (b) whether Government is considering to boost production of secondary steel from ship recycling in view of the price rise in steel; and
- (c) whether Government is aware that high custom duty at Alang Ship recycling center in comparison to duty on scrap melting is crippling the local industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) No Sir, no such representation has been received in the current Financial Year.

(b) No such proposal is under consideration.

(c) The number of ships imported for breaking at Alang has gone up from 270 to 379 while the customs duty paid on such ships has increased from Rs.615.40 crores to Rs.1008 crores between 2008-09 and 2010-11, indicating healthy growth in this sector.

**Timely appointment of Pay Commission**

223. SHRI K.N. BALAGOPAL : Will the Minister of FINANCE be pleased to state:

(a) whether Government is examining any proposal to end the retrospective effect of Pay Commission awards to Central Government employees; and

(b) if so, whether Government will ensure that Pay Commissions are appointed and their reports accepted in time?

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

(a) and (b) The 13th Finance Commission has recommended that structural shocks such as arrears arising out of Pay Commission awards should be avoided by, in the case of arrears, making the pay award commence from the date on which it is accepted. This recommendation is to be examined in due course.

**Outcome of investigation against account holders in German Bank**

224. SHRI K.E. ISMAIL : Will the Minister of FINANCE be pleased to state:

(a) whether the investigations against the persons who are having bank accounts in Liechtenstein as revealed by Germany have been concluded; and

(b) if so, the names of these account holders and other details thereof and action taken if any, by Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM):

(a) and (b) Yes Sir. On the basis of information provided by the German Tax Authorities income tax assessments have been completed under Section 147 read with Section 143(3) of the Income Tax