

The Public Sector Banks (PSBs) have reported that by and large they do not levy any pre-payment charges when the amount is paid by the borrowers from their own sources.

(b) In general, own funds means funds generated through 'own sources' and not through borrowings by any lender. Prepayment of loan by a borrower can take place on account of (i) takeover of his/her loan by other lender, and (ii) out of their own sources. In the first case, the borrower often gets their existing loan refinanced by other lender, if the interest rate offered by other lending institution in the market was lower and attractive.

(c) and (d) In terms of RBI guidelines, in the context of granting greater functional autonomy to banks, freedom has been given to scheduled commercial banks, including public sector banks, private sector banks and foreign banks, on all operational matters pertaining to banking transactions.

Adoption of taxation regime put in place by EU

3598. SHRI RAMA CHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering the policy, practice and safeguards under taxation regime put in place by the European Union post-global slowdown; and

(b) if so, what are the areas of India's interest?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b) No, Sir. Government has a well defined taxation policy as regards direct taxes, which is to have simple tax laws with moderate rates of tax on a wide tax base with minimal exemptions. Further in the backdrop of global slowdown, the excise duty rates were reduced from 16% to 8% and service tax rates from 12% to 10%, as part of fiscal stimulus package announced by the Government between December, 2008 and February, 2009.

Proposal for additional subsidy on diesel to farmers

†3599. SHRI NARENDRA KUMAR KASHYAP: Will the Minister of FINANCE be pleased to state:

†Original notice of the question was received in Hindi.