

(d) LIC has already initiated necessary steps to connect the remaining branches through the network.

#### **Low growth in sales of consumer goods**

2191. SHRI DEVDAS APTE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that growth in sales of consumer goods this year was less than 2 per cent whereas sensex scaled highest ever; and

(b) what are Government's comments on this upward trend in Indian economy *vis-a-vis* consumer downtrend?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) As per the index of industrial production, during the first half of 2005-06, consumer goods — both durables and non-durables—have maintained the impressive double-digit growth rates of the last two years. Surveys of major companies in the consumer goods sector also indicate a good performance this year. The stock markets have also shown an upward trend in the recent past. The movement of index of share prices is a function of changes in investment arising out of the perception about the economy and/or a sector or the stocks constituting the index. Besides, the movement of stock indices also depends on various domestic and international events, market sentiments, corporate performance, and the fundamentals of the economy. The Securities and Exchange Board of India (SEBI) is keeping a constant vigil on the markets. As a part of its surveillance activities, SEBI has taken several measures, which, *inter-alia*, include shifting of several scrips to trade-to-trade segment, imposition of circuit filters/price bands on several scrips, and advising the stock exchanges to take action wherever warranted to protect investors interest.

#### **Loans on Higher Interest Rates to SSI**

†2192. SHRI DEVDAS APTE: Will the Minister of FINANCE be pleased to state:

(a) whether big companies are being providing loans on lesser

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†Original notice of the question was received in Hindi.

[13 December, 2005]

RAJYA SABHA

interest rates while farmers and the Small Scale Industries are given loans on higher interest rates in the country;

(b) whether the Governor of the Reserve Bank of India has cautioned the Government in this regard, if so, the steps Government are going to take in this regard; and

(c) whether Government are aware that while speaking on global banking in the Joint Convention of the FICCI and Indian Bankers Association on 6th October in Mumbai the Governor of RBI expressed his concern over it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per the interest rate policy of Reserve Bank of India (RBI), interest rates on loans given by commercial banks have been deregulated. However, the interest rate on loans upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR) of the banks concerned. Commercial banks are, therefore, free to decide their lending rates on loans above Rs. 2 lakh subject to the announcement of BPLR. Banks are also free to lend at sub-BPLR rates to creditworthy borrowers based on an objective and transparent policy, subject to the approval of their Boards. Banks decide their BPLR by taking into account, *inter-alia*, their cost of funds, transaction cost and risk cost.

(b) and (c) On 7th October, 2005, the Governor of the RBI had shown his concern about the public perception that there was under pricing of credit risk for private sector corporates while there could be overpricing of risks in lending to agriculture as well as small and medium enterprises.

#### **Disinvestment of Shipping Corporation of India**

2193. SHRI AMAR SINGH:  
SHRI SHAHID SIDDIQUI.

Will the Minister of FINANCE be pleased to state:

(a) whether Government have recently decided to hive off 15 per cent stake in the profit-making Shipping Corporation of India;

(b) if so, the details thereof;

(c) whether similar disinvestment has also been made in respect of some other profit-earning public sector undertakings; and