

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (c) No Sir, the Reserve Bank of India (RBI) has deregulated the interest rates on term deposits from October, 1997. Accordingly, banks are now free to fix the interest rates on term deposits subject to the approval of their respective Boards. The Reserve Bank has also deregulated the savings bank deposit interest rate with effect from October 25, 2011. Accordingly, banks are now free to determine their savings bank deposit interest rate, subject to the following two conditions:

- (i) Each bank is required to offer a uniform interest rate on savings bank deposits up to ₹1 lakh;
- (ii) For savings bank deposits over ₹1 lakh, a bank may provide differential rates of interest, if it so chooses. However, there should not be any discrimination from customer to customer on the interest rates for similar amount of deposit.

With the introduction of Base Rate system since July 1, 2010, all rupee lending rates (including advances up to ₹2 lakh) have been deregulated. In a deregulated environment, banks have complete freedom in deciding their spread, risk premia, term premia and other customer specific charges as considered appropriate on the loans and advances based on their commercial judgment. However, there are some exceptions where the loans can be priced without reference to the Base Rate *viz*: Differential Rate of Interest (DRI) advances, loans to banks' own employees and loans to banks' depositors against their own deposits

Rural banking facilities for villages in Odisha

2569. SHRI A.V. SWAMY: Will the Minister of FINANCE be pleased to state:

- (a) the number of villages with rural banking services in Odisha; and
- (b) the number of villages being planned for coverage in Odisha during 2014-15 against the existing 47000 unbanked villages for accelerating the coverage under the Pradhan Mantri Jan-Dhan Yojana (PMJDY) including the naxalite affected areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) As per information received from State Level Bankers' Committee (SLBC) Odisha, banking services have been provided in 27,577 villages through various modes.

In order to provide universal access to banking facilities with at least one basic bank account for every household, Pradhan Mantri Jan-Dhan Yojana (PMJDY) has been launched across the country as a national mission on financial inclusion. Under

PMJDY rural areas of the entire country, including State of Odisha, have been mapped in Sub Service Areas (SSAs). All such SSAs have been allocated to banks for coverage through brick and mortar branches or Business Correspondents (BCs)

Low GDP growth rate

2570. SHRIMATI WANSUK SYIEM: Will the Minister of FINANCE be pleased to state:

(a) whether the National Council of Applied Economic Research (NCAER) has lowered India's GDP growth forecast to 5 per cent in the current financial year compared to its earlier projection at 5.7 per cent;

(b) whether the NCAER's latest projection of GDP growth rate at 5 per cent is based on weak economic fundamentals and uncertainties in growth prospects; and

(c) whether despite NCAER's thumbdown, Moodys, Standard and Poor and Fitch still feel buoyant on India's GDP growth rate ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) Different agencies make projections about growth in India based on their methodology and the available information and revise such projections from time to time. The National Council of Applied Economic Research (NCAER) projected the rate of growth of GDP, at constant prices, for 2014-15 at 5.7 per cent in July 2014. In October 2014, the NCAER lowered the forecast for the rate of growth of GDP, to 5.0 per cent for the year 2014-15.

(b) The NCAER's revision of forecast for growth is largely due to the downward revision of the projected growth in industrial and agricultural sectors. NCAER has mentioned that the fundamentals of the economy remain weak with uncertainties prevailing.

(c) Moody's Investor Service expects strong growth in India and mentions that the planned economic reforms spur economic activity in India. In October 2014, India Ratings and Research, a Fitch Group Company, projected that the real GDP of India will grow by 5.6 per cent. They mentioned that the slow start to the monsoon, followed by excessive rains leading to devastation and flood in certain parts of the country will weigh on the growth prospect for 2014-15. They further mentioned that, although this will be offset by some recovery in the industrial and services sectors, the pace of industrial recovery will be slower than earlier envisaged. In September 2014, Standard and Poor's Ratings Services revised the outlook on sovereign rating on India from negative to stable, reflecting their view that the country's improved