

(d) to (g) The benefits of Gratuity and pension/family pension have been provisionally allowed *vide* Department of Pension and Pensioners' Welfare OM No.38/41/06-P & PW (A) dated 5.5.2009. This is in respect of Central Government employees covered by the NPS in cases where a Government servant is retired on invalidation/disability and in the case of death of a Government servant in service, on same rate as are applicable under the old Pension Scheme as per Rule 50 of CCS (Pension) Rules 1972.

**Complaints against rate of interest on loan**

3379. DR. T.N. SEEMA: Will the Minister of FINANCE be pleased to state:

(a) whether Government has received a number of complaints that usurious interest (including processing and other charges) are levied on loans and advances by public/private sector banks across the country;

(b) if so, the details thereof and the reaction of Government thereto;

(c) the corrective steps taken or proposed to be taken by Government;

(d) whether the Reserve Bank of India (RBI) has framed any guidelines to regulate lending rate of interest on various loans offered by the public or private sector banks; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Reserve Bank of India (RBI) has informed that fifteen Offices of Banking Ombudsmen in India, handle complaints received on deficiency of banking services, under the Banking Ombudsman Scheme, 2006. There are 27 grounds of complaints specified in the Scheme on which customers can approach Banking Ombudsmen. However, "Usurious interest levied by banks on loans and advances" is not a specific ground of complaint under the Banking Ombudsman Scheme.

(c) to (e) RBI has deregulated the interest rates on advances sanctioned by Scheduled Commercial Banks, with effect from October 18, 1994 and these interest rates are determined by banks themselves with the approval of their Boards. In terms of RBI's circular dated May 7, 2007 on 'Complaints about Excessive Interest Charges by Banks' advised the banks to lay out appropriate internal principles and procedures so that usurious interest, including processing and other charges, are not levied by them on loans and advances.

Since July 1, 2010 all categories of loans, except specified exemptions, are priced only with reference to the Base Rate, which is announced by banks after seeking approval from their respective Boards.

**State Governments demand for moratorium on interest repayment**

3380. DR. KANWAR DEEP SINGH: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that in the recent past some of the State Governments had demanded for moratorium on interest repayment on States debts;
- (b) if so, the details thereof; and
- (c) the action taken by Government so far on the demand the details thereof, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (c) The demands for debt relief measures, including moratorium on interest repayment on State debts, have been received in recent past from some of the States, including West Bengal, Kerala, Punjab, Tamil Nadu and Andhra Pradesh. Such requests are dealt within the ambit of recommendations of the Finance Commissions. In accordance with recommendations of Twelfth Finance Commission (TFC, award period 2005-10) and Thirteenth Finance Commission (FC-XIII, award period 2010-15), the following debt and interest relief measures have been extended to the States, consequent upon the enactment of their Fiscal Responsibility and Budget Management Act.

- Central Loans (from Ministry of Finance) contracted by the State up to 31st March, 2004 and outstanding as on 31st March, 2005 amounting to ₹ 1,22,348 crore were consolidated; debt waiver of ₹ 19,726 crore was provided to eligible States during TFC award period; and loans for Centrally Sponsored Schemes/ Central Plan Schemes (CSS/CPS), other than MoF, were written off to the extent of ₹ 2,335 crore as outstanding on 31.3.2010 had been written off, as per details given in Statement-I (*See below*).
- Interest reset on National Small Saving Funds (NSSF) loans contracted till 2006-07 and outstanding at the end of year proceeding the year of enactment of the States' FRBMA, subject to fulfillment of FRBMA targets. The eligible have got interest relief of ₹ 5,222 crore till 2013-14 on this account as per details given in Statement-II (*See below*).