

(d) if so, the details thereof; and

(e) the action taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) In September 2001, RBI announced the guidelines in terms of which banks were permitted on an experimental basis, to extend finance to stockbrokers for margin trading within the overall ceiling of 5% prescribed for exposure of banks to capital market, for a period of 60 days. These guidelines were reviewed by the RBI and again announced vide their circular reference No. DBOD.BC.45/21.04.137/2001-02 in November 2001.

SEBI has initiated examination of the introduction of margin trading in the capital market through institutionalised mechanism of lending of funds.

(c) SEBI has received request proposals from BSE, Securities Industry Association (SIA), BSE brokers forum (BBF) and Association of NSE Members of India (ANMI).

(d) The proposals for margin trading system envisage an electronic mechanism to capture lending and borrowing intentions. The interest rates would be determined by the demand and supply for funds in the session. The shares against which the funds are lent would be pledged in favour of the lender. The borrowing and the lending limits would be monitored by the stock exchange. The financiers would be registered with the stock exchange and would be allotted a unique client code for use across the market. The proposals provide for a separate margin trading guarantee fund. The stock exchange shall undertake risk management measures both on micro and macro scales.

(e) As stated above, SEBI has initiated examination of these proposals for the introduction of the margin trading in the capital market.

### **Differential rate of interest for Home loans**

688. SHRI H.K. JAVARE GOWDA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact, that there exists different rate of interest for Home loans among the nationalized banks in the country;

(b) if so, the details of rate of interest fixed by nationalized banks in the country alongwith the details of the Home loan schemes and rate of interest Bank-wise;

(c) whether it is also a fact that interest on Home loans is very high for the past three years; and

(d) what steps Government propose to take to reduce the rate of interest on Home loan?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):** (a) to (c) Yes, Sir. Reserve Bank of India have issued instructions to all commercial banks prescribing the annual allocation limit for housing finance. Accordingly, each bank is required to compute its share of the housing finance allocation at 3 percent of its incremental deposits over the previous year. There is no objection to banks exceeding this level having regard to their resources position. The lending rates of banks from time to time are governed by the directives on interest rate issued by RBI. As per extant guidelines the interest on loans up to Rs. 2 lakh should not exceed Prime Lending Rate (PLR) of the bank and beyond Rs. 2 lakhs, banks have been given operational flexibility in deciding their lending rate. There has been reduction in PLRs of banks following reduction in Bank Rate and Cash Reserve Ratio by RBI. The bank-wise details of home loan schemes and interest rates of Public Sector banks are indicated in the Annexure [See Appendix 197, Annexure No. 6]. The reduction in the processing fees and rates of interest coupled with options of floating rates and increase in the tenure of the loan has enabled the common people to access the formal financial sector for assistance at much more affordable rates. This positive impact is evident from the growth rates registered in the housing finance allocated and disbursed by Public Sector banks during the last three years as indicated below.

*Housing Finance by Public Sector Banks*

(Rs. in Crores)

Year	Particulars	
	Allocation	Sanction
1999-2000	2393.30	7364.52
2000-2001	2603.36	7370.29
2001-2002	4017.15	11766.43

(d) In the Mid-term review of Monetary credit policy for the year 2002-2003 announced on 29th October, 2002, Reserve Bank of India has reduced Bank Rate by 25 basis points from 6.50 per cent to 6.25 per cent with effect from close of business on 29th October, 2002. It is expected that the banks may also reduce their rate of interest on advances for different purposes.

### **VRS for Insurance Sector**

689. SHRI C.P. THIRUNAVUKKARASU: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to offer Voluntary Retirement Schemes for the employees of the Public Sector insurance companies;

(b) if so, the details thereof;

(c) whether this scheme will be available to all categories of staff;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The four public sector general insurance companies have proposed to offer a special Voluntary Retirement Scheme for the Class-II Development Officers as a part of restructuring of the existing Scheme regulating their service conditions, norms of performance and their entitlement to various incentives. The restructuring of the Scheme has been proposed consequent upon the changes in the IRDA Regulations aiming at increased procurement of insurance business through professional agents, corporate agents, brokers and change in the agency commission rates.

(c) and (d) No, Sir.

(e) Government have not received any proposal from the public sector general insurance companies for offering Voluntary Retirement Scheme to other categories of staff.

### **Cut in Import duty for pulses**

690. SHRIMATI N.P. DURGA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state: