

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2639  
ANSWERED ON:17.03.2006  
SMALL SAVINGS LOAN  
Thakkar Smt. Jayaben B.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government of Gujarat has requested the Government of India for surrender or pre-payment of small savings loans;
- (b) if so, the response of the Union Government;
- (c) whether there are instances wherein the Government is charging about 12 per cent on old small savings loans and even not accepting pre-payment; and
- (d) if so, the details thereof and reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE: SHRI PAWAN KUMAR BANSAL:

(a) to (d) The on-lending rate of interest on small savings transfers from the National Small Savings Fund (NSSF) to States/ UT Governments through investment in special securities issued by these Governments is linked to the rate of interest paid to the depositors and the management cost paid to the Department of Posts/banks and to small savings agents. Accordingly, the on-lending rate of interest is 13.5% for 1999-2000, 12.5% for 2000-01, 11% for 2001-02, 10.5% for 2002-03 and 9.5% with effect from 1.4.2003.

Requests have been received from State Governments from time to time on issues relating to small savings including devolution and repayment of small savings loans. State Governments have already been enabled to pre-pay small savings loans contracted prior to 1.4.1999, under the State Debt Swap Scheme. At present, there is no proposal under consideration of the Government to discontinue the existing arrangement regarding release of loans to States against small saving collections or repayment of securities issued to NSSF from 1.4.99 in this regard.