

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) The origin of global financial crisis lay in structured investment instruments created out of subprime mortgage lending in United States of America. The securitization process, however, was not backed by due diligence and led to large-scale default. The complexity of the instruments, the role of credit rating agencies and lax regulatory structure played a contributory role. The high ratings assigned to certain tranches of structured instruments, which were quickly reserved with the onset of the crisis, created a panic situation among investors and precipitated the crisis. Following the collapse of Lehman Brothers in mid September, 2008, there was a full-blown financial meltdown, which severely affected the financial and real sectors of the development and developing countries.

At the meeting of leaders of Group of 20 countries (G-20) held in London in April, 2009 against the backdrop of the worst economic and financial crisis, India has, *inter-alia*, stressed, upon the need for longer term reform of the global financial architecture including increasing the representation of developing and emerging market economies in international organisations; reform of the global financial system through stronger regulation and improved supervision, especially to systemically important financial institutions, through, among other things, developing an effective early warning system which can spot a build up of risks threatening global financial stability. Further, it has strongly emphasised the need to avoid protectionist sentiments in goods and services trade and taking concrete steps to ensure adequate credit flows, including trade finance, to developing countries. It has also endorsed sharing information and bringing tax havens and non-cooperating jurisdictions under closer scrutiny.

The major initiatives agreed upon in the G-20 meeting included strengthening the financial system and global financial institutions; resisting protectionism and promoting global trade and investment, and measures to ensure a fair and sustainable recovery.

Stake sales in PSUs

3424. MS. SUSHILA TIRIYA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is considering a proposal to modify rules to allow Government to use funds realized from stake sales in the Public Sector Undertakings (PSUs); and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

National Housing Bank

3425. SHRI MOHD. ALI KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether National Housing Bank (NHB) will host an electronic site for the South Asia Housing Forum;