

- (b) if so, the details thereof with a sector-wise list;
- (c) whether Government has conducted any survey to ascertain the causes of this slow down;
- (d) if so, the details thereof; and
- (e) the details of measures taken by Government to halt the slow down?

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

(a) The official estimates regarding the growth rate of GDP for the year 2011-12 will be available on February 7, 2012. However, growth rate of GDP at factor cost for the first quarter of 2011-12 was placed at 7.7 per cent as against a level of 8.8 per cent in the first quarter of 2010-11.

- (b) Does not arise.
- (c) No such specific survey has been conducted by the Government.
- (d) Does not arise.
- (e) The Government has pursued prudent macroeconomic policies on an ongoing basis with a countercyclical focus in recent years to obviate the impact of global financial crisis, strengthened structural measures to promote growth, develop product as well as financial markets, and increased social spending to provide a stronger foundation to protect the poor. Specific measures taken in the recent period to boost growth include, among others, enhancing investment in the Infrastructure sector through creation of Infrastructure Debt Fund, focusing on Public Private Partnerships, announcement of New Manufacturing Policy, announcement of new Draft Telecom Policy, introduction of Land Acquisition Bill in the Parliament, and a number of legislative measures to develop banking sector in India.

Downgrade of Indian Banks by Moody's Investors Services

819. SHRI JAI PRAKASH NARAYAN SINGH :
SHRI K.N. BALAGOPAL :

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware that global rating firm Moody's Investors Services have downgraded its outlook for Indian Banks to 'negative' from stable;
- (b) if so, the reaction of Government thereto;
- (c) whether such rating by global and Indian rating firms have direct impact on small investors when price of banking shares falls; and
- (d) if so, what steps Government is considering in this regard for safeguarding small investors and Indian Banking System?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) In November, 2011, Moody's Investor Service had changed its outlook for India's banking system to "negative" from "Stable" citing concerns of high inflation, monetary tightening, rapidly raising interest rates, etc.

(b) to (d) There is no cause of concern as:—

- (i) Almost all banks are having above 9% Tier-I capital and 11% total capital. RBI requirement is 6% and Basel-II requirement is 4% for Tier-I capital.
- (ii) Over and above Basel-II requirement, Indian banks are providing a counter-cyclical buffer upto 70% of the risk weighted assets.
- (iii) The NPAs of Indian banks are in the range of 3 - 3.5% and the net NPAs which include assets which have gone for recovery are less than 1%.

There has been no significant change in this in the last two quarters. The above indicates that the Indian banking sector is in sound financial health and Moody's ratings would not have a long lasting effect on the banking sector in India.

The Indian banking sector and Government of India are fully aware of the challenges and taking all steps to counter the challenges which are primarily coming from outside India. The Government of India is committed to keep the banking sector in good health. Therefore, interest of small investor would not be affected in the long run.

Loss in rupee value

820. SHRI SANJAY RAUT:
SHRI GOVINDRAO ADIK:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that in order to check high volatility in local currency value, Central banks world over intervene in markets through buying or selling of foreign currencies;
- (b) if so, the details thereof;
- (c) the extent of loss of rupee value *vis-a-vis* US dollar in the last three months and the reasons behind such depreciation of rupee; and
- (d) whether Government is thinking of intervening?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) In countries that follow a managed float exchange rate policy, Central Banks sometimes intervene in the foreign exchange market by buying and selling their own currency against one or more foreign currencies according to their respective exchange rate management policy.