

13. Future Generali India Insurance Co. Ltd.
14. Universal Sompo General Insurance Co. Ltd.
15. Shriram General Insurance Co. Ltd.
16. Bharti AXA General Insurance Company Ltd.
17. Raheja QBE General Insurance Company Ltd.
18. SBI General Insurance Co. Ltd.
19. Max Bupa Health Insurance Co. Ltd.
20. L&T General Insurance Co. Ltd.

Re-Insurer:

1. General Insurance Corporation of India
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Impact of high interest rates on growth

810. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that high interest rates in India are dampening the growth momentum;
- (b) if so, whether Government proposes to advise the RBI to moderate interest rates; and
- (c) whether the country's monetary policy is out of sync with other G-20 countries around the world where interest rates are very low?

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

(a) The Reserve Bank of India has been tightening the Monetary Policy Stance in a series of steps to address inflationary pressures that has been persistent for a number of months. Controlling inflation is imperative for sustaining growth over the Medium Term. As Monetary Policy operates by containing aggregate demand in the economy, these have implications for short-term growth. While monetary tightening has impacted short-term growth momentum, several other factors have contributed to the slowdown in growth as per quarterly GDP data and other indicators like the index of Industrial production.

(b) Does not arise.

(c) The G-20 group comprises both advanced and emerging market economies and macroeconomic scenario in each of these countries is different. Broadly, most advanced economies in G-20 group are witnessing only weak recovery and there is excess capacity available in these economies. Consequently, inflation pressures there have been subdued. In contrast, most emerging market economies recovered rather fast and they started facing inflationary pressures. Therefore, they had to tighten monetary policy. During 2010 and 2011, several emerging market economies raised their policy rates.