

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEEENA): (a) The share of different countries in world GDP based on purchasing power parity (ppp) in 2010 is as under:

Country	Advanced Economies	United States of America	United Kingdom	Germany	Japan	India
Share	52.1%	19.5%	2.9%	4.0%	5.8%	5.5%

Source: World Economic Outlook, database IMF.

(b) and (c) AS per news release dated 26th December, 2011 of Centre for Economics and Business Research Ltd. Lóndon, United Kingdom, India will move from being the 9th largest economy in 2010 to become the 5th largest economy by 2020.

(d) The Approach Paper to the Twelfth Five Year Plan (2012-17) proposes a faster, more inclusive and sustainable growth with a target of 9 per cent increase in GDP. The key requirements for achieving the goal are better performance in agriculture (at least 4 per cent growth), faster creation of jobs in manufacturing, development of appropriate infrastructural facilities, strong efforts at health, education and skill development, improving the implementation of flagship programmes and focus on backward regions and vulnerable groups. In this connection, certain specific measures taken by government *inter alia*, include enhancing higher level of investment for agriculture sector including irrigation projects, promoting Micro Small and Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnership and a number of legislative measures to develop the financial sector, etc.

#### **New base rate system**

1425. SHRIMATI RENUBALA PRADHAN: Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has released new guidelines for new base rate system;
- (b) if so, the details thereof and the objectives of such system; and
- (c) whether it would be beneficial to the common man?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI) has issued guidelines on Base Rate system replacing the Bench Prime Lending Rate system (BPLR) with effect from July 1, 2010. In terms of these guidelines, banks determine their actual ending rate on loans and advances with reference to the Base Rate. All categories of loans are priced only with reference to the Base Rate, which are announced by banks after seeking approval from their respective Boards. Since the Base Rate will be the minimum rate for all loans, banks are not permitted to resort to any lending below the Base Rate.