

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) and (b) A credit rating measures risk that an entity or transaction will fail to meet its financial commitments, such as interest payments and repayment of principal, on a timely basis. On 2nd May, 2017, Fitch Ratings has affirmed India's Long Term Foreign and Local Currency Issuer Default Ratings at 'BBB-'with Outlook as Stable. This is indicative of adequate payment capacity of the Government. The stable outlook reflects Fitch's assessment that upside and downside risks to the ratings are broadly balanced. There is no change in the Ratings neither an upgrade nor a downgrade from its previous Ratings in the last three years Details are given in Statement (*See below*).

(c) and (d) Yes Sir. The Government has noted the recommendations on target of 40% debt to GDP ratio to be achieved by Central Government by 2022-23 and of 20% debt to GDP ratio to be achieved by States by 2022-23, given by FRBM Review Committee.

***Statement***

*Details of ratings by Fitch in the last three years*

Year	Foreign Currency	Outlook	Local Currency	Outlook
2016	BBB – (LT) F3 (ST)	Stable	BBB-	Stable
2015	BBB – (LT) F3 (ST)	Stable	BBB-	Stable
2014	BBB – (LT) F3 (ST)	Stable	BBB-	Stable

**Interest rates on small saving schemes**

255. SHRI RAM KUMAR KASHYAP: Will the Minister of FINANCE be please to state:

(a) what are the reasons for reducing interest rates on "small savings" comprising of Postal Savings Schemes, Senior Citizen Savings Scheme and Public Provident Fund;

(b) whether drastic reduction in interest rates is impacting adversely the social security of senior citizens who are totally depended upon interest earnings for their survival;

(c) if so, whether there is any proposal to enhance interest rate on Senior Citizens Savings Scheme and PPF holders and if not, the reasons thereof; and

(d) the steps taken to address the genuine concern of small savers, particularly senior citizens and PPF holders while reviewing the interest rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) The interest rates of small savings schemes are fixed on the basis of market interest rates as determined by the yields on Government Securities of comparable maturities.

The reduction in interest rates during the 2nd quarter of 2017-18 was due to fall in the yield of Government Securities.

(b) and (c) The minor reduction in interest rate at 10 basis points each for first two quarters of 2017-18 will not adversely impact the social security of senior citizens because despite a reduction in nominal interest rates, the real interest rates have not come down because of a decline in inflation during the preceding quarter. The real interest rates have rather gone up.

(d) In order to give interest rate advantage to senior citizens and other small savers, a spread ranging from 25 basis points to 100 basis points is added to the market-determined interest rates on certain small savings schemes.

#### **Issuance of New Currency Notes**

256. DR. K. V. P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government proposes to issue new currency notes in the denomination of ₹ 200 as reported in a section of the press;

(b) if so, the justifications for the proposal;

(c) whether Government will consider to re-issue notes in higher denominations of ₹ 1000, ₹ 4000, ₹ 5000 and ₹ 10,000/-; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) to (d) Review of denomination and design of banknotes is an on-going process, conducted by the Reserve Bank of India from time to time based on economic factors and monetary reviews.

#### **Implementation of recommendations of Seventh CPC**

257. SHRI NEERAJ SHEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government has implemented the recommendations of Seventh CPC regarding allowances w.e.f. 1 July, 2017 instead of 1 January, 2016;