

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2956

ANSWERED ON:07.12.2001

ECONOMIC SLOW DOWN

ADHIR RANJAN CHOWDHURY;NEDURUMALLI JANARDHANA REDDY

Will the Minister of FINANCE be pleased to state:

- (a) whether in view of economic slowdown in the country, the Government have constituted an advisory team to suggest reforms in the financial sector;
- (b) if so, the composition of the members of the advisory team;
- (c) whether the Government have formulated any plans to overcome the economic slowdown in the country; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b): The Finance Minister has constituted an Informal Advisory Group on Financial Sector Reforms with a view to seeking suggestions for Financial Sector Reforms in the Short and Medium Term. The composition of the Group is given in the Annex.

(c) and (d) : The broad strategy for promoting economic growth has been enunciated in the Budget Speech for 2001-02. Various tax reforms measures undertaken in the Budget were, inter-alia, designed to promote greater investment and consumption demand for promoting economic growth. The Budget 2001-02 and subsequent measures have also provided emphasis on faster implementation of Central Plan Outlays and completion of projects for key infrastructure sectors and promotion of capital investment in the private sector as well. In its mid-term review of monetary and credit policy, the Reserve Bank of India has taken certain measures aimed at ensuring adequate liquidity to meet credit growth and support revival of investment demand. These included further reduction in Bank Rate from 7 per cent to 6.5 per cent, reduction in and rationalisation of cash Reserve Ratio for banks, and reduction in the maximum interest rate chargeable on export credit by 1.0 percentage point for a period of six months from September, 26, 2001. These measures are designed to stimulate demand in the backdrop of the Budget strategy and are expected to have a favourable impact on growth.

Annex

Annexe Referred to in the Lok Sabha Unstarred Question No.2956 on `Economic Slowdown` for answer on Decembner, 7, 2001

List of Members of the Informal Advisory Group on Financial Sector Reforms.

1. Mr. M.S.Verma. Chairman, TRAI
2. Mr. Deepak Parekh, Chairman, HDFC
3. Mr. L.V.Kamath, Managing Director, ICICI
4. Mr. Ravi Narain, Managing Director, National Stock Exchange

5. Mr. Ravi Mohan, Managing Director, CRISIL

6. Mr. C. Bhave, Managing Director, NSDL

7. Dr. Omkar Goswami, Chief Economist, CII

8. Dr. Rakesh Mohan, Adviser to FM.