

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2140
ANSWERED ON:12.12.2008
``COMMITTEE ON FINMACIAL SECTOR REFORMS``
Angadi Shri Suresh Chanabasappa

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has can stituted a high level committee on Financial Sector Reforms;
- (b) if so,the terms of reference of the Committee;
- (c) whether any report has been submitted by the committee;
- (d) if so,the details thereof and action taken by the Government thereon;
- (e) whether the Committee has mad(~ some rccommendations regarding interest rate cut vis-a-vis inflation;and
- (f) if so,the action taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a to d): The Planning Commission had constituted a High Level Committee on Financial Sector Reforms in August 2007 with he following terms of reference:

- (i) To identify the emerging challenges in lleeting the financing needs of the Indian economy in the coming decade and to identify real sector reforms that would allow those needs to be more easily met by the financial sector.
- (ii) To examine the performance of various segments of the financial sector and identify changes that will allow it to mett the needs of the real sector.
- (iii) To identify changes in the regulatory and the supervisory infrastructure that can better allow the financial sector to pley its role,whi]e ensuring that risks are contained; and
- (iv) To identify changes in other areas of the economy-including in the conduct of monetary and fiscal policy, and the operation of the legal system and the educational system-that wuld help the financial sector function more effectively.

The Committee submitted its report to the Planning Comm ission on September 2008 making wide ranging recommendations on the macro-economic framework, broadening access` to finance, levelling the playing field, creating more efficient and liquid markets, creating a growth-friendly regulatory environment and creating a robust infrastructure for credit.

The recommendations need to be examined before any action can `be taken by the Govt. thereon.

- (e): No specific recommendation has been made regarding interest rate cut vis-a-vis inflation.
- (f): Does not arise.