

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4739

ANSWERED ON:04.05.2012

WIDENING INTEREST RATES IN INDIA AND UNITED STATES QUESTION

Dashmuni Deepa

Will the Minister of FINANCE be pleased to state:

- (a) whether the gap between interest rates prevailing in United States of America and that in India has widened and if so, the details thereof for the last three years;
- (b) whether a review/study on the likely impact of such phenomenon on the economy of the country has been made; and
- (c) if so, the details thereof and reaction on the findings thereof?

Answer

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

(a) Yes, Sir. The difference in interest rate prevailing in India and the US has widened in the last three years. The difference between the ten year yields of Government securities in India and US has increased from 3.2 percentage points on 4.5.2009 to 6.7 percentage points on 2.5.2012. The interest rate in an economy is influenced by a large number of factors including policy rates set by the Central Bank. US policy rates have remained at 0 - 0.25 per cent in view of the slow pace of recovery and in India policy rates were raised to control inflationary pressures.

(b) No, Sir.

(c) Does not arise.