

Title: Regarding downgrading of India's investment ratings by the leading international credit rating agencies.

DR. NITISH SENGUPTA (CONTAI): Sir, I would like to draw the attention of the Government and in particular of the Ministry of Finance to a very serious situation which has been caused by the abrupt downgrading of India's investment ratings by two of the leading international credit rating agencies, namely, Standard & Poor and Moodys. Sir, this will affect the foreign direct investment and inflow from the multilateral institutions. Sir, I am afraid that the Ministry of Finance's approach has been very casual. This kind of downgrading is normally done after some degree of discussion and consultation. So, I would like to know whether the Ministry of Finance was consulted. If so, what did they do at that stage to allay the apprehensions about the lack of seriousness about the economic reforms in India or about containing fiscal deficit? What did they do exactly because this could not happen suddenly?

Secondly, what exactly is the approach of the Ministry of Finance? One approach could be to deal with these matters which have been pointed out as the reason for the downgrading. The other approach could be to ignore them as we did in 1998. After Pokhran also, they downgraded India but we took the view that it did not matter very much as India's basic fundamentals were very sound. The State Bank's success in the Resurgent Bonds which were floated all over the world and which were subscribed many times displayed that. That was the resounding answer to that downgrading. So, the point is that, we can say that we do not bother about it. As a matter of fact, before 1991 when we went to the IMF, we never bothered about international credit rating.

MR. DEPUTY-SPEAKER: What do you want from the Government?

DR. NITISH SENGUPTA : Sir, I want a strong and energetic action by the Ministry of Finance either to refute them or to take appropriate action against them. It is because bad image is something which is very easy to get and difficult to lose and good image is something which is difficult to get but easy to lose....(*Interruptions*)

श्री लक्ष्मण सिंह : यहां राज्य मंत्री बटे हैं, यह बहुत महत्वपूर्ण मुद्दा है, इनको कुछ कहना चाहिए। (व्यवधान)

MR. DEPUTY-SPEAKER: Shri Bwiswmuthiary, your letter regarding privilege matter has been referred for verification from the Ministry of Home Affairs.