

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**UNION FINANCE MINISTER HOLDS PRE BUDGET CONSULTATIONS  
WITH REPRESENTATIVES OF BANKS AND FINANCIAL INSTITUTIONS;  
CALLS FOR UNITED EFFORTS TO MEET THE CURRENT CHALLENGES  
OF ECONOMY**

**New Delhi: Pausha 29, 1933  
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The Union Finance Minister Shri Pranab Mukherjee said that the growth rate would be around 7.2 percent during the current year. He said that due to current uncertainty in global economy as euro zone crisis is still unresolved and volatility in international commodity prices especially fuel etc, it may be difficult to contain the fiscal deficit at 4.6 percent as targeted during the last budget. The Finance Minister said that this is a very challenging year for all of us. He said that we have to work together to meet these challenges. He was addressing the CMDs/CEOs of Banking and Financial Institutions in a pre-Budget meeting here today. The Finance Minister Shri Mukherjee stated that all banks and financial institutions whether public or private have a common goal of working towards a healthy economy. The Minister said that we should work together to attain this common objective. Shri Mukherjee said that the international crisis of 2008 and the ongoing Euro Zone crisis have impacted us also and resulted in problems of inflation, deceleration of GDP and fiscal deficit. He sought suggestions from the various stakeholders in formulating the Budget for 2012-13 in the current economic situation.

The representatives of Banks and Financial Institutions gave various suggestions. It was stated that there was a case for increasing the credit to GDP ratio in India which is one of the lowest in the world. It was mentioned that our savings rate is about 32 percent but only one third of it reaches the banks. Therefore, there is a need for removal of handicaps which banks face in mobilizing the deposits. In view of the high costs of education, it was said that it will be useful if education loan guarantee scheme could be launched. It was suggested that there should be a separate taxation window for pension funds and long term funds. The need to support infrastructure funding was highlighted. A demand was made to make banks eligible entities to issue tax free infrastructure bonds. The requirement for special incentives for investors to invest in infrastructure bonds was also highlighted. A need for clarity and broadening of the definition of the infrastructure was also raised. The participants said that infrastructure should be taken as a priority sector and there should be an independent

regulator for infrastructure. It was suggested that single window clearance for the infrastructure sector projects including power projects would go a long way in attracting huge investment in this sector. It was suggested that there was a need for rationalization of transaction charges in the secondary market and also to boost microfinance. Regarding financial inclusion, it was said that banks who have done well in this regard may be given incentives in order to take them to the second level of economic inclusion. Participants focussed on the need to encourage agriculture lending, SME lending and highlighted the issues of rural ware housing and food inflation etc.

Beside the Union Finance Minister Shri Mukherjee, the Minister of State for Finance, Shri Namo Narain Meena, Adviser to FM, Secretary (Economic Affairs), Secretary (Expenditure), Secretary (Financial Services), Secretary(Disinvestment), Chief Economic Advisor and Chairman, CBDT were present among others. The meeting was attended among others by Shri K.C. Chakraborty, Dy. Governor, RBI, Chairperson/CMD of various banks and Financial Institutions including Shri Prakash Bakshi from NABARD, Shri R.V. Verma from National Housing Bank, Shri Pratip Chauduri from State Bank of India, Shri D.K. Mehrotra from LIC, Ms. Chanda Kochhar from ICICI Bank, Shri K.R. Kamath from Punjab National Bank, Shri T.C.A. Ranganathan from EXIM Bank, Ms. Naina Lal Kidwai from HSBC, Shri S.K. Goel from IIFCL, Shri Sunder Rajan Raman from Canara Bank, Shri R.M. Malla from IDBI, Shri M. Narendra from Indian Overseas Bank, Shri Arun Kaul from UCO Bank, Ms. Shikha Sharma from Axis Bank, Shri Rana Kapoor from Yes Bank and Shri A.R. Sekar from New India Assurance Co. Ltd. Beside them, Shri Uday Kotak, Vice Chairman and MD, Kotak Mahindra Bank Ltd., Shri Atul Kumar Rai, CEO, IFCI and Shri Raman Aggarwal from FIDC also attended the aforesaid meeting among others.

**DSM/SS/GN**