

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**FSDC DECIDES TO TAKE STEPS TO MAKE CORPORATE BOND MARKET  
MORE VIBRANT;  
ASKS GOVERNMENT TO  
STRENGTHEN INTERACTION WITH RATING AGENCIES**

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The Financial Stability and Development Council (FSDC) has decided to take steps to make Corporate Bond Market more vibrant. Reviewing the action taken on the decisions taken in the first two meetings of the Sub Committee of FSDC, the Council noted that the Corporate Bond Market should be developed to enable the industry to raise funds for debt funds for infrastructure. This was decided in the 3<sup>rd</sup> Meeting of the FSDC, which was held today under the Chairmanship of the Union Finance Minister, Shri Pranab Mukherjee. Among others who attended the meeting include Dr. D. Subbarao, Governor, Reserve Bank of India(RBI), Shri R. S. Gujral, Finance Secretary, Shri R. Gopalan, Secretary, Department of Economic Affairs, Dr. Kaushik Basu, Chief Economic Advisor, Ministry of Finance, Shri U. K. Sinha, Chairman, Securities and Exchange Board of India(SEBI), Shri J. Hari Narayan, Chairman, Insurance Regulatory and Development Authority (IRDA), Shri Yogesh Agarwal, Chairman, Pension Fund Regulatory and Development Authority(PFRDA), Shri Bimal Julka, Additional Secretary, Department of Economic Affairs, and Dr. Thomas Mathew, Joint Secretary (CM), Department of Economic Affairs.

The Council also underscored the need to immediately establish the Infrastructure Debt Funds with a view to enabling the private sector raise half of the trillion-dollar outlay envisaged in the 12<sup>th</sup> Five Year Plan.

Beside above, the following issues were also discussed in the aforesaid meeting:

- i) Action taken on the decisions of the FSDC Sub-Committee;
- ii) State of the Indian Economy: Short-term Prospects and Challenges;
- iii) Sovereign Credit Rating of India: Issues and Way Forward; and
- iv) Monitoring Financial Stability

On the state of the Indian economy, the general consensus was that while inflation may not be conducive to short-term economic growth, India's medium to long-term economic growth prospects remain bright. In the short-term, it is necessary to tackle inflation. It was noted by the Council that investment as a percentage of GDP is encouraging and this should help growth prospects of the nation. The Provisional Tax collections figures for the first quarter of current fiscal are encouraging and they give reason for optimism on growth and meeting the fiscal targets.

On the issue of Sovereign Credit Rating of India, it was decided that it would be necessary for the government to strengthen its interaction with the rating agencies. The Council noted the recent structure that has been put in place in the Ministry of Finance for the exchange of information with the credit rating agencies. For better interaction with the agencies, it was decided to further broad base the process and present India's case for higher rating by studying the methodologies adopted by the rating agencies.

With regard to the issue on Monitoring Financial Stability, it was decided that the regulators would share their assessments in the Sub-committee of the FSDC and with the Secretariat of FSDC and discuss the same in the Council. This process will be an input in their reports on assessment of financial stability.

**DSM/SS/GN/PM**