

**Government of India  
Ministry of Finance  
Department of Economic Affairs**

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**PRESS RELEASE**

The third Meeting of the Financial Stability and Development Council (FSDC) was held today under the Chairmanship of the Union Finance Minister. The list of other participants is attached.

2. The following issues were discussed in the 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

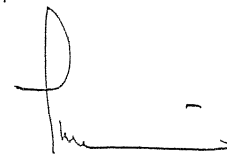
3. Reviewing the action taken on the decisions taken in the two meetings of the Sub-committee of FSDC, it was decided to take steps to make the Corporate Bond market more vibrant. The Council also noted that the Corporate Bond Market should be developed to enable the industry to raise funds for debt funds for infrastructure. 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.

4. 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.

5. 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 broadbase the process and present India's case for higher rating by studying the methodologies adopted by the rating agencies.

6. 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.



(Dr. Thomas Mathew)  
Joint Secretary (CM)

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Dated 27<sup>th</sup> July 2011

Press Information Bureau is requested to give wide publicity to this Press Release.

Press Information Officer  
Press Information Bureau  
New Delhi

## List of Participants

### Participants

1. Dr. D. Subbarao, Governor, Reserve Bank of India
2. Shri R. S. Gujral, Finance Secretary
3. Shri R. Gopalan, Secretary, Department of Economic Affairs
4. Dr. Kaushik Basu, Chief Economic Advisor, Ministry of Finance
5. Shri U. K. Sinha, Chairman, Securities and Exchange Board of India
6. Shri J. Hari Narayan, Chairman, Insurance Regulatory and Development Authority
7. Shri Yogesh Agarwal, Chairman, Pension Fund Regulatory and Development Authority
8. Shri Bimal Julka, Additional Secretary, Department of Economic Affairs
9. Dr. Thomas Mathew, Joint Secretary (CM), Department of Economic Affairs