

cent respectively. The average growth rate for first three quarters of 2011-12, works out to be 6.9 per cent.

(d) Monetary tightening to control inflation and anchor inflationary expectations generally results in compression of demand that comprises investment and consumption. Tightening of monetary policy, in particular, raising the repo-rate in order to control inflation resulted in slowing down of investment and growth particularly in the industrial sector. The Economic Survey 2011-12, has forecast the growth rate of real GDP for 2012-13 to be 7.6 (+/-0.25) per cent.

#### **Economic growth rate**

5007. SHRI Y.S. CHOWDARY: Will the minister of FINANCE be pleased to state:

(a) whether it is a fact economic growth is likely to fall to a three year low of 6.9 per cent in the 2011-12;

(b) if so, the details thereof; and

(c) the steps taken/being taken by Government to improve the growth rate.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) As per the Advance Estimates released by Central Statistics Office (CSO) on February 7, 2012, growth rate of Gross Domestic Product at factor cost at 2004-05 prices for the financial years 2009-10, 2010-11 and 2011-12 is estimated at 8.4 per cent, 8.4 per cent and 6.9 per cent respectively. The reduction in the growth rate in India in 2011-12 vis-a-vis last two years is attributable to both domestic and global factors. Some of the global factors that resulted in slowdown include, *inter-alia*, the crisis in the eurozone area and near-recessionary conditions prevailing in Europe; sluggish growth in many other industrialized countries, like the USA; stagnation in Japan; and hardening international prices of crude oil. Among domestic factors, the tightening of monetary policy, in order to control inflation resulted in slowing down of investment and growth, particularly in the industrial sector.

(c) The Approach Paper to the Twelfth Five Year Plan (2012-17) proposes a faster, more inclusive and sustainable growth with a target of 9 per cent annual growth rate of GDP. The key requirements for achieving the goal are better performance in agriculture (at least 4 per cent growth), faster creation of jobs in manufacturing, development of appropriate infrastructural facilities, etc. Certain

specific measures taken by government, *inter alia*, include enhancing level of investment for agriculture sector including irrigation projects, promoting Micro Small and Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnership and a number of legislative measures to develop the financial sector, etc.

#### **Functioning of private banks**

5008. SHRI KANWAR DEEP SINGH: Will the minister of FINANCE be pleased to state:

(a) whether Government has received any complaints regarding some private sector banks for arbitrarily realizing interest and various types to hidden charges on various loans from the borrowers;

(b) if so, the details thereof and the steps taken by the Government in this direction;

(c) whether Government has put in place any mechanism to monitor and control the functioning of private sector banks; and

(d) if so, the details thereof and it nor, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):(a) to (d) With effect from September, 1999, banks are being given freedom to fix reasonable charges for various services rendered by them. Based on the recommendations of a Working Group, RBI had advised all scheduled commercial banks to identify basic banking services on broad parameters and principles to be adopted and followed by banks for ensuring reasonableness in fixing charges for basic banking services. Besides, the Fair Practices Code for lenders evolved by the Banking Codes and Standards Board of India (BCSBI) are also required to be framed by banks duly approved by their respective boards. Banks are also required to inform its customers charges and fees for processing as well as "all-in-cost" etc. to enable the customers to compare the charges with other sources of finance.

Under the Banking Ombudsman Scheme of RBI, complaints pertaining to deficiencies in banking service provided by private sector banks are resolved and penalties imposed on banks and compensation given to customers subject to limits stipulated. Under various provisions of Banking Regulation Act, 1949 and RBI Act, 1934, RBI monitors and supervises private sector banks through inspections, on site surveillance as well as post inspection follow-up of compliance.