

Other Hotline

December 08, 2011

INDIA NEEDS NEW BANKS, LIQUIDITY

The recent downgrade of the Indian banking system by Moody's, from stable to negative, should make the Reserve Bank of India (RBI) rethink some of its existing policies. Whether the downgrade is justified or not will only be known over time. However, the inability of the banking sector to raise sufficient capital to support credit growth now is a cause of concern.

The RBI has postponed the release of guidelines for new banking licences in the private sector. But it surely has to device ways to pump more money into the economy and the banking system to meet the demands of the industry. Against this background, a close look at two important pending banking sector guidelines is warranted.

Ms. Pratibha Jain, Head - Banking, Finance & Public Policy has recently written an article which was published in The Economic Times dated November 30, 2011. The same can be accessed from the link provided below:

[India needs new banks, liquidity](#)

- Pratibha Jain

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