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Ministry of Finance

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Government has taken note of Standard & Poor's (S&P) Global Ratings, a prominent global rating agency, which states, *inter-alia*, that "the worst is almost over for India's banks". It further states that India is at the tail-end of its bad-loan recognition problem as a stringent non-performing loan recognition coupled with tighter yet faster resolution under India's new bankruptcy law and rebounding corporate profits, will help banks gradually recover from a protracted bad-debt cycle and the Government's ongoing recapitalisation programme of Rs 2.1 lakh crore will help shore up depleted capital positions of the banks. It also states that the Government is working on a four-pronged strategy to improve the health of the banking sector: recognition, resolution, recapitalisation and reform ("4Rs"), and that their stable outlook on the banks reflect their view that the "4Rs" and other initiatives taken by the Government and RBI will strengthen the banking system over the next couple of years.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in a Written Reply to a Question in Lok Sabha today.

DSM/KA

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