

FICCI on RBI's Bi-Monthly Monetary Policy Statement

NEW DELHI, 1 December 2015: Reacting to RBI's fifth bi-monthly monetary policy statement, 2015-16 announced earlier today, **Dr. A Didar Singh, Secretary General, FICCI** said *"RBI has kept the policy rates unchanged. While this was expected, it is important to note the central bank's observation on the transmission of the policy rate cuts announced till date. As mentioned, just about half of the policy repo rate reduction of 125 basis points has been transmitted by the banks till now. We would like banks to pass on the full benefits in the form of lower lending rates for both consumers and investors. This is important for revving up overall demand in the economy, which is still far from being robust. Of particular concern is the demand in the rural areas that has weakened on account of deficient monsoons."*

"GDP numbers released yesterday showed an uptick and we are in the early stages of recovery. However, for the growth momentum to be maintained and strengthen further, the investment cycle will have to be supported by all measures. The government has already taken the lead by front loading public investments and enhancing ease of doing business. A lower interest rate regime will fortify these efforts and support revival of domestic private investments" **added Dr. Singh.**

"The policy statement indicates that the RBI is soon expected to finalize the methodology for determining the base rate based on marginal cost of funds and the Government is also examining linking small saving interest rates to market interest rates. We look forward to these moves as these will allow for an improved transmission of repo rate movements in to lending rates by banks", **said Dr. Singh.**

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