FICCI's Reaction on RBI's Monetary Policy

New Delhi, 17 June, 2013: Given the depreciation seen in the value of the rupee in the recent past, the decision of RBI to put on hold any further rate cut was not totally unexpected. With some of the earlier concerns like inflation, negative IIP growth slowly receding, and performance of the monsoon being reassuring, the situation does appear to be improving and it is hoped that investment is in high focus as it needs a boost to trigger growth", said Ms. Naina Lal Kidwai, President, FICCI.

"As has been pointed out by FICCI before , investment sentiment has to be supported constantly. FICCI's recent Business Confidence Survey (Q4 FY13) pointed out that nearly 74% of the participants reported if the lending rates are not brought down with immediate effect it would have a serious to moderate impact on their investment plans. As the monetary transmission mechanism has been weak, RBI will need to focus on the outcome of lower lending rates by banks ", said Ms. Kidwai.

"Despite the 75 bps cut in repo rate so far this year, the investment sentiment hasn't really become buoyant and apprehensions remain. The lending rates have not come down and a pick up in non food credit is still elusive", added Ms. Kidwai.
We have to remain on guard to tackle stress caused by the sudden fall in the rupee, which we believe RBI most certainly would as and when required.

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