

FICCI Chief R V Kanoria's reaction to inflation data

NEW DELHI, September 14, 2012. The President of FICCI, Mr. R. V. Kanoria, expressed his disquiet over the disconcerting rise in headline inflation to 7.55% in August from 6.87% in July.

Although there has been a decline in prices of food articles prices from 10.1% last month (July 2012) to 9.1% in August 2012, there has been an increase in prices of certain commodities like cereals and pulses. Deficient rains in the first two months of the monsoon season are likely to have some impact on food prices in the coming months. It is hoped that the late rainfall will make up for the deficiency and have a positive impact on food prices in the months ahead.

The hike in diesel price on Thursday demonstrates the Government's resolve to take hard economic decisions to restore the country's fiscal health, a cue that that has been picked by the stock markets by looking up strongly, the FICCI Chief said.

While the RBI is credited with the view that it is the Government's responsibility revive growth and investments, "I feel that the RBI should appreciate the intent of the Government in putting its fiscal house in order and perhaps complement its efforts in stimulating investment and consequently employment by making private borrowings from the banking system cheaper," Mr. Kanoria said.

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