

FICCI comments on RBI's Monetary Policy Review

New Delhi, June 3, 2014: *“The Reserve Bank of India has maintained status quo on key policy rates. FICCI feels an accommodative stance would have given better encouragement to investments amid early positive sentiments after the new government took charge and is pursuing a growth agenda. After this policy, our hopes are singularly hinged on the forthcoming Union Budget for reviving growth”*, **said Mr. Sidharth Birla, President, FICCI.**

“FICCI has consistently advocated that monetary policy must take due cognizance of all factors and not anchor itself to just inflation. The government and RBI must work in tandem for controlling inflation and balance it with growth. While we expect the government to attack food inflation through administrative and policy fixes from the supply side, we would have appreciated the Central bank facilitating a revival of capex cycle by exhibiting softer stance on policy rates”, **added Mr. Birla.**

“The cut in SLR has been noted. It appears that RBI is setting the stage for growth in credit flow to the private sector. However, while SLR has been brought down from 23 per cent to 22.5 per cent, most banks stay invested in government bonds to the tune of 26 to 27 per cent. In such a scenario, the effectiveness of this move will have to be seen in due course”, **Mr. Birla stated.**

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