

FICCI comments on RBI Policy

New Delhi, 5 August 2014: *“The statement from RBI today re-affirms that the economy is on the mend. The emerging green shoots need to be nurtured and we are confident that both the government and the central bank will continue to move in that direction”*, said **Mr. Sidharth Birla, President, FICCI**.

On the specific measures taken by the central bank, we see a cut in the SLR by 50 basis points while all other policy rates remain unchanged. ***“The cut in SLR should help augment liquidity in the system. We hope this move is followed by a downward movement in the cost of capital for the industrial sector”***, he added.

On the inflation front, while some softening in the both WPI and CPI is noted, RBI continues to remain cautious on account of risks related to the monsoon as well as global recovery and geo-political tensions. ***“FICCI feels that steps taken by the central government to manage food inflation should be followed up with close coordination with the states to ensure that the mitigating impact of the same are seen at the earliest”***, said Mr. Birla.