

FICCI comments on RBI's Monetary Policy

New Delhi, 9 August 2016: Commenting on the monetary policy announced today, **Mr. Harshvardhan Neotia, President, FICCI** said “the economic situation is improving and a further cut in policy rate at this juncture would have been well timed. Monsoons have been above average, there has been an uptick in the demand in certain segments and we are comfortably positioned with respect to the twin deficits. The government’s decision to stick to the inflation target of 4 per cent is another positive. In this context, a further push to demand through lowering of interest rate would have translated into higher investments”.

Mr. Neotia added that the industrial sector requires continuous focus and while capacity utilisation rates have improved in a few segments, higher investments call for a sustained uptick in demand.

“FICCI would also like to reiterate that the process of transmission of earlier rate cuts by banks remains slow. As mentioned in the statement, we hope Reserve Bank of India would continue to work on improving the pass through of the previous rate cuts”, said **Mr. Neotia**.

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