

## FICCI Comments on Monetary Policy

### RBI signals a possible rate reversal going forward

**New Delhi, December 16, 2011:** RBI decided to keep the repo rate as well as the CRR unchanged in the mid-term review of credit policy. “The indications of a reversal in rate cycle is a welcome step and is a clear departure from the monetary tightening phase” **said, Dr Rajiv Kumar, Secretary General, FICCI.**

The decision to hold rates reflects as per RBI, the concern that core inflation rates are still hovering close to 8%. However, FICCI research shows that on a seasonally adjusted basis, inflation rates (in the non-food manufacturing segment) is tapering off”, **observes, Dr. Kumar.**

The decline in rupee value against the dollar by 17% since the downgrade of the US ratings, is a matter of concern, as per RBI. “While we feel, inflation rates will be coming off in next couple of months, there will be a significant uptick on imported inflation given the rupee depreciation”, **feels Dr. Kumar.** “To this end, the RBI should continue to be vigilant and proactive in its exchange rate management”, **adds Dr. Kumar.**

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