

Reaction from FICCI on Inflation data for June 2012

July 16, 2012. New Delhi. Commenting on the latest inflation data that came out earlier today, **Mr. R V Kanoria, President, FICCI** said *“The decline in inflation presents an opportunity for the RBI to revisit its monetary policy stance. Growth momentum in the economy has been easing and reversing this trend requires actions on three fronts. We need some amount of fiscal stimulus, an easing of monetary policy and a set of policy reforms that would lift the overall business confidence level. Countries like China and Korea have eased their monetary policies to support growth. RBI should also consider a move in that direction. A slowing economy has implications for employment generation and we are seeing that hiring activity in the country is coming down. A reduction in interest rates at this juncture would encourage entrepreneurs to revive their investment plans, which in turn would add to both growth and employment generation.”*

“In any case with prices of food articles exerting a large pressure on inflation, the government requires to address this issue from the supply side. A tight monetary policy will have no bearing on such inflation but would only continue to constrain growth”, he added.

Media Division