

FICCI DIRECTOR GENERAL ON CREDIT POLICY

New Delhi, March 17, 2011. Series of hikes in repo and reverse repo rates have had a visible impact on the Industrial production numbers, which have decelerated substantially in recent months. There is also a lot of nervousness in the market given the global developments.

“RBI’s action in raising policy rates though expected will adversely affect growth prospects”, said **Dr. Rajiv Kumar, Director General, FICCI**. RBI seems to be suggesting this by pointing to the upside risks for growth in the coming year.

“It may be recalled that FICCI’s two most recent surveys viz. Business Confidence Survey and Manufacturing Survey have pointed towards weakening of business confidence and projected a moderation in industrial growth as a consequence of rising cost of finance and rise in prices of other important raw materials”, he added.

The government will have to focus urgent attention to addressing supply side constraints and improve the investment environment.

FICCI hopes that going ahead RBI would fine tune the monetary policy taking full cognizance of Industry’s concerns and will act in concert with the government to address both the demand and supply side issues that are contributing to inflationary pressures becoming more broad based, added Dr. Rajiv Kumar.

MEDIA DIVISION

Taresh Arora
Media Relations Officer
FICCI
Federation House, Tansen Marg, New Delhi 110 001

E: taresh@ficci.com

T: +91-11- 23357392, 23753117

M: +91-9899115719

F: +91-11-23753119 (Fax)

W: www.ficci.com