"A temporary pause while keeping stance accommodative is understandable as long as it keeps nudging the banks to significantly pass the benefits of earlier combined repo rate cuts of 135 bps since February"

B K GOENKA,
President, ASSOCHAM
India Inc: RBI rate cut pause disappointing

Says demand revival key at this juncture

TRIBUNE NEWS SERVICE/PTI

NEW DELHI, DECEMBER 5

Expressing disappointment at the RBI's decision to keep interest rates unchanged, industry body Ficci today said there is a need for continued action on the policy rate front to boost growth.

Meanwhile, Assocham said accommodative stance on policy is understandable as long as banks are nudged to pass on the rate cut benefits to customers.

RBI has given an adequate approach to the accommodative stance of monetary policy in the era where lot of developmental activities are on the move and thrust of the government is to create demand in the economy, PHD Chamber said.

"The RBI has left the repo rate unchanged in today's announcement. This is contrary to what Ficci was expecting given the weakening growth scenario in the economy. We note with concern that the transmission of the earlier policy rate cuts has not happened adequately, and are disappointed with the decision to not cut the repo rate as there is need for continued action on the policy rate front," Ficci president Sandip Somany said.

He said a reversal in the declining economic growth trajectory is clearly the need of the hour and all steps should be taken to bring about this change.

"A cut in the policy rate was also important for boosting the sentiment in the market and among investors, and Ficci was hoping for a bolder action on this front. In fact, we feel that a further cut of 75 to 100 basis points in the repo rate is required in a short period of time to strengthen growth in the economy," he added.

Assocham president BK Goenka said, "A temporary pause by the RBI to the policy interest rate reduction cycle while keeping its stance accommodative is understandable as long as it keeps nudging the banks to significantly pass the benefits of earlier rate combined repo rate cuts of 135 basis points since February this year." While inflation control remains the mandate of the RBI, balancing the target with growth is equally important, Goenka said, adding the focus should majorly be directed towards demand revival.

"At this juncture, the full transmission of the earlier policy rate cuts by the banking sector in terms of reduced lending rates would be crucial to boost liquidity, induce demand and industrial growth in the country.

"Going ahead, we look forward to the continued softer stance of monetary policy to help revive demand, enhance sentiment for investments and expanding production capacities," said DK Aggarwal, president, PHD Chamber of Commerce and Industry.
A temporary pause by the RBI to the policy interest rate reduction cycle while keeping its stance accommodative is understandable as long as it keeps nudging the banks to significantly pass the benefits of earlier rate combined repo rate cuts...

B K GOENKA
PRESIDENT, ASSOCHAM
RBI’s pause in rate cut disappointing, says Ficci

PRESS TRUST OF INDIA
NEW DELHI, 5 DECEMBER

Expressing disappointment at the RBI’s decision to keep interest rates unchanged, industry body the Federation of Indian Chambers and Commerce and Industry today said there is a need for continued action on the policy rate front to boost growth.

Meanwhile, ASSOCHAM said accommodative stance on policy is understandable as long as banks are nudged to pass on the rate cut benefits to customers.

The RBI has given an adequate approach to the accommodative stance of monetary policy in the era where lot of developmental activities are on the move and thrust of the government is to create demand in the economy, PHD Chamber said.

"The RBI has left the repo rate unchanged in today’s announcement. This is contrary to what Ficci was expecting given the weakening growth scenario in the economy. We note with concern that the transmission of the earlier policy rate cuts has not happened adequately, and are disappointed with the decision to not cut the repo rate as there is need for continued action on the policy rate front," Ficci president Sandip Somany said in a statement.

"A cut in the policy rate was also important for boosting the sentiment in the market and amongst investors, and Ficci was hoping for a bolder action on this front. In fact, we feel that a further cut of 75 to 100 basis points in the repo rate is required in a short period of time to strengthen growth in the economy," he added.

ASSOCHAM president B K Goenka said: "A temporary pause by the RBI to the policy interest rate reduction cycle while keeping its stance accommodative is understandable as long as it keeps nudging the banks to significantly pass the benefits of earlier combined repo rate cuts of 135 basis points since February this year."

While inflation control remains the mandate of the RBI, balancing the target with growth is equally important, Mr Goenka said, adding the focus should majorly be directed towards demand revival.

While the government does seem to be doing the heavy lifting, revival of consumer confidence would do the trick, he said.
ASSOCHAM in the News

Millennium Post (Page 12)

NEW DELHI: Expressing disappointment at the RBI’s decision to raise the policy rate 0.5 per cent to 6.25 per cent, ASSOCHAM President Prabhat Kumar Singh said it would impact the industrial growth in the country. Mr Singh said a band of 3,000 people had demonstrated in front of the Prime Minister’s residence and the Finance Ministry to oppose the decision. ASSOCHAM had earlier said a 0.25 per cent hike in the policy rate was enough. 

Mr Singh said, “We support the government’s move to cut the fiscal deficit and raise the policy rate. However, the decision has come at a time when the economy is not in a position to absorb such a hike. It is a much-needed step, but it should be done in small steps. The government should also consider cutting indirect taxes to help the industrial growth.”

The decision to raise the policy rate is a negative step, Mr Singh added. He said the decision would impact manufacturing, which is the lifeblood of the economy. The government should consider cutting some indirect taxes, he added. He also urged the government to consider cutting the fiscal deficit to 3 per cent of GDP.

Mr Singh said the government should consider cutting the fiscal deficit to 3 per cent of GDP. He also urged the government to consider cutting some indirect taxes, he added. He also urged the government to consider cutting the fiscal deficit to 3 per cent of GDP.