

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**FINANCE MINISTER HOPES RBI'S TODAY ANNOUNCEMENTS WOULD
HELP IN REGAINING GROWTH MOMENTUM IN REMAINING PERIOD OF
CURRENT FISCAL; WELCOMES RBI'S RESOLVE TO CHECK THE
SPECULATIVE INTERVENTIONS IN THE FOREIGN EXCHANGE MARKET**

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The Union Finance Minister, Shri Pranab Mukherjee has stated that today's announcements of RBI concerning Monetary Policy would help in regaining our growth momentum with improved macro-economic parameters in the remaining period of the current fiscal 2011-12. The Finance Minister was reacting to the RBI's Mid Quarter Review of Monetary Policy for 2011-12 which was announced by RBI Governor in Mumbai today. Shri Mukherjee welcomed the RBI Governor's resolve to check the speculative interventions in the foreign exchange market which among other factors has contributed to the sharp depreciation in the Indian Rupee against the US Dollar. The Finance Minister, Shri Mukherjee said that inflation will moderate further in the coming weeks and therefore, the today's announcements of RBI are welcome.

The Finance Minister, Shri Pranab Mukherjee further said that the RBI has changed its policy stance from monetary tightening to a pause for the first time in the current year, following the Mid Quarter Review of Monetary Policy for 2011-12. It means that there is no change in any policy variables including the repo rate which stays at 8.50%. The Finance Minister, Shri Mukherjee said that the RBI Governor has chosen to reflect his concerns on growth which has faltered in the past few months with the October IPP reflecting a significant contraction across all industry sectors.

The Finance Minister Shri Mukherjee said that there has been appreciable decline in food inflation in the month of November resulting in a dip in headline inflation for that month. However, inflation in manufactured goods remains firm around 7.7%. Shri Mukherjee said that the need to improve the business sentiments and recover the growth momentum in the remaining months of the current fiscal necessitated a review of the monetary policy stance.

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