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**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

FINANCE MINISTER HOPES RBI'S ANNOUNCEMENT TODAY OF INCREASE OF 25 BASIS POINTS IN POLICY REPO RATE WOULD HELP US IN GETTING BACK TO A MORE COMFORTABLE INFLATION SITUATION ; WOULD ALSO LEAVE SCOPE FOR GROWTH TO PICK-UP IN SECOND HALF OF THE YEAR

**New Delhi: Bhadrapada 25, 1933
September 16, 2011**

The RBI has announced today a 25 basis point increase in the policy repo rate, raising it from 8.0 per cent to 8.25.

The Union Finance Minister Shri Pranab Mukherjee said that the Reserve Bank of India (RBI)'s today's step is consistent with its monetary stance for the first half of 2011-12 and the overall concerns on growth sustainability in the medium-term. He said that he is hopeful that measure taken would get us back to a more comfortable inflation situation earlier rather than later, while leaving scope for growth to pick-up in the second half of the year.

The Union Finance Minister Shri Pranab Mukherjee said that the headline inflation continues to be a matter of concern at over 9 per cent over the last 12 months, with significant supply and demand side factors contributing to it. There are also signs of growth being affected by monetary tightening in the recent data on the real economy.

DSM/SS/GN