

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3024
ANSWERED ON:24.07.2009
RBI MEASURES FOR REVIVAL OF ECONOMY
Sarvey Shri Sathyanarayana

Will the Minister of FINANCE be pleased to state:

- (a) the measures taken by RBI recently to revive the economy; and
- (b) the extent to which these measures gave boost to the economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : In the context of emerging liquidity constraints in the domestic economy in the wake of the global economic crisis, the Reserve Bank of India (RBI) initiated a number of measures since September 2008 to address the concerns. These included reduction in the Cash Reserve Ratio (CRR) from 9 per cent of Net Demand and Time Liabilities (NDTL) to 5 per cent in a phased manner. Besides, the Statutory Liquidity Ratio (SLR) was also reduced by 1 per cent of NDTL from 25 per cent to 24 per cent. In addition, successive reductions in repo and reverse repo rates were announced to provide for liquidity in the monetary system. Other facilities were also initiated to augment liquidity and to ensure that credit continues to flow to the productive sectors of the economy.

The impact of the policy measures taken by the Government and the RBI has been favorable. The Indian economy has exhibited resilience against the adverse impact of global economic slowdown and the effect of the global crisis has been minimal vis-à-vis most other countries. The liquidity situation has improved significantly and the economy has recorded a real GDP growth of 6.7% for the year 2008-09.