

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4832
ANSWERED ON:07.08.2009
IMPACT OF GLOBAL ECONOMIC CRISIS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) looks for reversing the expansionary policy pursued in the wake of the Global economic crisis as reported in the 'Indian Express' dated June 21, 2009;
- (b) if so, the reasons therefor and the likely impact on revival plans of the Industry and rising prices of consumer goods; and
- (c) the precautionary measures being taken in this regard?

Answer

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

(a), (b) & (c) The First Quarter Review of Monetary Policy 2009-10 by the Reserve Bank of India (RBI) issued on July 28, 2009 is the latest official release by the RBI. Therein, the RBI has stated that on the basis of overall assessment, the stance of monetary policy for the remaining period of 2009-10 will inter alia be to "maintain a monetary and interest rate regime consistent with price stability and financial stability supportive of returning the economy to the high growth path". Further, the RBI has also mentioned that the "Reserve Bank will maintain an accommodative monetary stance until there are definite and robust signs of recovery. This accommodative monetary stance is, however, not the steady state stance. On the way forward, the Reserve Bank will have to reverse the expansionary measures to anchor inflation expectations and subdue inflationary pressures while preserving the growth momentum. The exit strategy will be modulated in accordance with the evolving macroeconomic developments".