

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:915  
ANSWERED ON:10.07.2009  
TACKLING GLOBAL MELTDOWN  
Siricilla Shri Rajaiah

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of policy measures announced by the Government/Reserve Bank of India (RBI) to tackle the impact of the global meltdown during the last one year;
- (b) the extent to which the measures have proved to be beneficial to the Indian Economy, sector-wise;
- (c) whether there has been 31 per cent liquidity expansion of banks from 2008 following the RBI's steps to tackle the crisis; and
- (d) if so, the details thereof?

**Answer**

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

(a) : During the first six months of the financial year 2008-09, RBI addressed the need to regulate monetary expansion resulting from high global and domestic inflation and increased capital inflows. The Cash Reserve Ratio and the repo rates were revised upward. With the onset of the global financial crisis in September 2008, the economy witnessed liquidity tightening. RBI announced downward revision in the repo rate, reverse repo rate, and the cash reserve ratio in various tranches. The Statutory Liquidity Ratio was cut from 25 per cent of Net Demand & Time Liabilities to 24 per cent in November 2008 to enable increased liquidity. The Government also came up with fiscal stimulus packages involving tax cuts, expenditure hikes and sector specific measures for textiles, housing, infrastructure, automobiles, micro and small sector and exports sectors.

(b) : The impact of the policy measures taken by the Government / RBI has been favourable. The liquidity situation has improved significantly. The economy has also recorded a real GDP growth of 6.7% for the year 2008-09. However, since the policy measures have macro-economy wide focus, it is difficult to gauge the sector-wise precise effect.

(c) & (d) : Broad Money (M3) growth during 2008-09 was 18.4 per cent as against 21.2 percent growth in 2007-08. During the current year, year on year growth in M3 as on June 19, 2009 was 20.2 per cent as against 21.5 percent in the corresponding period last year.