

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4117
ANSWERED ON:03.12.2010
HIKE IN INTEREST RATES
Panda Shri Prabodh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) proposes to hike interest rates;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the policy of RBI in this regard?

Answer

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

(a) and (b): The Reserve Bank of India (RBI) in its Second Quarter Review of Monetary Policy for 2010-11 released on November 2, 2010 had increased the repo and reverse repo rates. The repo rate was increased by 25 basis points from 6.0 per cent to 6.25 per cent and the reverse repo rate increased by 25 basis points from 5.0 per cent to 5.25 per cent with immediate effect. The increase was purported to moderate inflationary tendencies.

(c): The RBI closely monitors both global and domestic macro-economic conditions and based on current growth and inflation trends decides on the monetary policy interventions.