

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2853  
ANSWERED ON:24.07.2009  
IMPACT OF RECENT POLICY MEASURES ON MICRO UNITS  
Siricilla Shri Rajaiah

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

- (a) the details of liquidity expansion made in banks from March, 2007 to November,2008;
- (b) whether the Government has made assessment of the impact of the recent policy measures taken to tackle the global meltdown on various sectors including micro units;
- (c) if so, the details thereof and reaction of the Government therefrom; and
- (d) if not, the reasons therefor?

**Answer**

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

(a) From March, 2007 to August, 2008, the Reserve Bank of India (RBI) increased, in phases, the Cash Reserve Ratio (CRR) for the banks from 6.0% to 9.0%. However, during this period, the Statutory Liquidity Ratio (SLR) was kept unchanged at 25%. In response to the knock-on effects of the evolving global financial crisis on the domestic financial markets, RBI took a number of measures since mid-September 2008 to ensure uninterrupted and adequate credit to the productive sectors of the economy, including incremental reduction in CRR and SLR requirements for the banks, thereby augmenting domestic liquidity in the system, as under -

Measure/ Facility (Rs. in crore)

1 CRR Reduction 1,60,000

2 Unwinding / buy Back/  
De-sequestering of  
MSS securities 97,781

3 Term Repo Facility 60,000

4 Increase in Export  
Credit Refinance 25,512

5 Special Refinance  
Facility for SCBs  
(Non-RRBs) 38,500

6 Refinance Facility 16,000  
for SIDBI/NHB/EXIM Bank

7 Liquidity Facility 25,000  
for NBFCs through SPV

Total 4,22,793

Memo: Statutory Liquidity.5,000 crore 40,000  
Ratio (SLR) Reduction including the  
option of additional Rs

(b) to (d): The information is being collected and will be laid on the Table of the House to the extent available.