

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4028

ANSWERED ON:05.09.2012

SLASHING KEY POLICY RATES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has not changed its policy rates;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the said rates are being manipulated by the RBI in order to keep a check on inflation; and
- (d) if so, the details thereof ?

Answer

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

(a) & (b): To control inflation and inflationary expectations, the Reserve Bank of India (RBI) regularly raised the repo rate to 8.5 per cent till October 2011. In view of the slow down in the growth of the economy and slight moderation in inflation, it reduced the repo rate to 8 per cent on 17.4.2012 while releasing its Monetary Policy 2012-13 and has not modified it thereafter till date.

(c) & (d). The RBI takes a view on the repo rate based on its assessment of inflation, inflationary expectations and the growth of the economy.