

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:32  
ANSWERED ON:08.08.2012  
RBI POLICY RATES TO CONTAIN INFLATION  
Rane Dr. Nilesh Narayan

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

- (a) whether the Reserve Bank of India has gradually raised the policy rates in Reverse Repo Rate, Repo Rate and Cash Reserve Ratio;
- (b) if so, the details thereof;
- (c) the manner in which these rates are likely to contain inflation; and
- (d) the remedial measures taken/proposed to be taken to check further rise in inflation?

**Answer**

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

(a) and (b) Yes, Sir. The movement of key policy variables in the last one year are given in table below:

(per cent)

Effective since    Repo Rate    Reverse Repo Rate    Cash Reserve Ratio (CRR)

May 3, 2011	7.25	6.25	6.00
June 16, 2011	7.50	6.50	6.00
July 26, 2011	8.00	7.00	6.00
September 16, 2011	8.25	7.25	6.00
October 25, 2011	8.50	7.50	6.00
January 28, 2012	8.50	7.50	5.50
March 10, 2012	8.50	7.50	4.75
April 17, 2012	8.00	7.00	4.75

(c) To contain inflation and anchor inflationary expectations, Monetary Policy operates through demand channels by calibrating liquidity and raising its costs. However, to support a sustainable growth path over medium term, monetary policy continues to provide credit support to productive sectors.

(d) The Government monitors the price situation regularly as price stability remains high on its agenda. Fiscal and administrative measures have been taken to contain price rise of essential commodities. As a result of these measures adopted by the Government and Reserve Bank of India (RBI), inflation has started moderating. Since the high inflation in the protein rich items was one of the important factors for keeping the inflation at elevated levels, Government has proposed special measures in Union Budget 2012-13 to increase the domestic availability of protein supplements and to remove the structural imbalances in demand and supply of these products.