

## To ease liquidity, India Inc wants RBI to cut CRR and repo rate

OUR BUREAU

Mumbai, January 17

India Inc on Thursday appealed to the RBI to take measures that will ease liquidity and lower interest rates for reviving the investment cycle and supporting growth.

Industry bodies such as the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Associated Chambers of Commerce and Industry (Assocham) met RBI Governor Shaktikanta Das in this regard.

The CII suggested at least a 50 basis points cut in the cash reserve ratio (CRR) to ease the tight liquidity situation, reduction in the repo rate by 50 basis points to address the high cost of credit and measures to facilitate the flow of credit to the industry, especially to micro, small and medium enterprises (MSMEs) and the infrastructure sector.

The CII delegation comprising, among others, Uday Kotak, President-Designate, and Adi Godrej, Past President, pointed out that various in-house surveys conducted by the Confederation recently revealed a positive outlook on both topline and bottomline fronts. Yet, they were cautious on industry performance due to factors such as liquidity crunch, delayed payments and subdued consumer demand.

On measures to address the financial challenges faced by MSMEs, the CII suggested that the central bank should consider limiting the collaterals sought by banks to 133 per cent of the exposure and eliminate the need for personal guarantees where sufficient collateral has been provided.

The industry body also suggested that the Letter of Undertaking (LoU) for buyers' credit be allowed in cases where MSMEs are investing in expanding capacity. The central bank may consider allowing banks to sanction buyers' credit facility to MSMEs, wherever raw materials is being imported under a Letter of Credit.

## India Inc meets RBI Gov; pitches for rate cut, more liquidity

ENSECONOMIC BUREAU  
MUMBAI, JANUARY 17

CAPTAINS OF Indian industry who met Reserve Bank Governor Shaktikanta Das on Thursday sought several sops including cut in repo rate, cash reserve ratio, more liquidity for financial sector, relaxation in the February 12 circular on loan recasts and lifting of curbs on banks under prompt corrective action (PCA) framework.

Industry chamber FICCI urged the RBI to consider cutting the repo rate and CRR to enable lowering of lending rates by banks. Sandip Somany, president, FICCI, said a reduction in the repo rate and CRR would help in reviving the investment cycle in the country and will also boost consumption and support growth. "The need of the hour is to have an accommodative monetary policy, focusing on growth. The objectives of the Monetary Policy committee should not be restricted to only price stability but also to consider growth and exchange rate stability," Somany said.

ASSOCHAM president BK Goenka said, "In order to ensure a steady growth rate of 7.5 per cent, the economy needs credit loosening so that liquidity can sustain the growth. The fund raising capability of NBFCs/HFCs has reduced significantly, warranting support from the government. They need to be provided the alternate options for raising funds. This is imperative not just for the health of NBFCs/HFCs but for the sustaining the GDP growth rate as well."

"Corporates are required to raise borrowing up to 25 per cent of their requirement through corporate bonds. After the recent developments, corporate bond trading has virtually come to a halt. The bond market can be supported by encouraging long term investors such as PF and insurance/pension funds by participating in bonds market," he said.

Confederation of Indian Industry (CII) suggested policy measures required to ease tight liquidity situation by effecting a cut in CRR rate of at least 50 basis points, measures to facilitate flow of credit to industry especially to MSMEs and infrastructure sector and address high cost of credit by considering reduction in repo rate of 50 basis points given that inflation has been consistently low.

On measures to address financial challenges faced by MSMEs, CII suggested that RBI consider limiting the collaterals sought by banks to 133 per cent

EXPLAINED  
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### Ideas to aid RBI, govt's decision-making

INDUSTRY CHAMBERS had a freewheeling meeting with the Reserve Bank of India Governor Shaktikanta Das and impressed upon RBI the need to lower interest rates, inject more liquidity in the markets and ease certain rules to support growth.

The meeting is crucial since it comes ahead of the Monetary Policy Committee's policy review scheduled on February 7 and presentation of the Union Budget likely on February 1. With inflation remaining benign, the suggestions of industry chambers will aid the RBI's and government's decision-making process with regard to key policies and support measures.

of the exposure and eliminate the need for personal guarantees where sufficient collateral exists. It also suggested that Letter of Undertaking (LoUs) for Buyers' Credit for such cases where MSMEs investing in expanding capacity may be permitted and RBI may consider allowing banks to sanction. On liquidity challenges faced by NBFCs, CII said the need to provide backstop facility to housing finance companies through the National Housing Bank and may extend the same facility directly to the systemically important deposit taking NBFCs (NBFCs-D) along with providing refinance facility for mutual funds to address the liquidity challenges.

On the February 12 circular, CII said that while the circular was aimed at improving the credit discipline and early identification of probable defaults, it has however put pressure on already distressed sectors impacted.



## Corporate India pitches for rate cut to prop up growth

**PRESS TRUST OF INDIA**  
NEW DELHI, 17 JANUARY

Ahead of the monetary policy review, corporate India today urged the Reserve Bank of India (RBI) to cut interest rate and reserve ratio to prop up growth.

In a meeting with RBI Governor Shaktikanta Das in Mumbai, industry chambers suggested various measures to ease tight liquidity situation and reduce high cost of credit in the light of consistently falling inflation.

The Confederation of Indian Industry (CII) suggested the policy measures required to ease the tight liquidity situation by effecting a cut in cash reserve ratio (CRR) by at least 50 basis points (bps), measures to facilitate flow of credit to industry, especially to MSMEs and the infrastructure sector, and steps to

address the high cost of credit by considering a reduction of 50 bps in repo rate given that inflation has been consistently low, the chamber said in a statement.

The Federation of Indian Chambers of Commerce and Industry (Ficci) also made a pitch for a cut in repo rate and CRR to enable lowering of lending rates by banks.

A reduction in repo rate and CRR would help in reviving the investment cycle in the country and will also boost consumption and support growth, Ficci president Sandip Somany said.

It will also help in reviving the investment cycle in the country and will also boost consumption and support growth.

"The need of the hour is to have an accommodative monetary policy, focusing on growth. The objectives of

the Monetary Policy Committee should not be restricted to only price stability but also to consider growth and exchange rate stability," he said.

The Associated Chambers of Commerce and Industry of India (Assocham) suggested that the economy needs credit loosening so that liquidity can sustain the growth.

"The fundraising capability of NBFCs/HFCs has reduced significantly, warranting support from the government. They need to be provided the alternate options for raising funds. This is imperative not just for the health of NBFCs/HFCs but for sustaining the GDP growth rate as well," Assocham said.

Sectors such as textile, handicraft and leather goods need to be given interest subvention to boost their export capabilities, it said.

# Chambers want rates cut, liquidity increased

ENS ECONOMIC BUREAU @ New Delhi

INDIA inc, which met the RBI governor Shaktikanta Das on Thursday, has requested him to cut the central bank's interest rate and the cash reserve ratio (CRR) in order to boost growth.

Das has met all the representatives of business chambers before his first monetary policy committee meeting, to be held on February 7.

The Confederation of Indian Industry (CII) suggested a cut in the RBI-mandated CRR for banks by at least 50 basis points (bps) to facilitate flow of credit to industry, especially to MSMEs, and steps to reduce

the high cost of credit, like a reduction of 50 bps in the repo or RBI's short-term lending rate for commercial banks.

Even The Federation of Indian Chambers of Commerce and Industry (Ficci) urged the RBI to consider cutting the repo rate and CRR to enable lowering of lending rates by banks.

Leading industry chambers also suggested various measures to ease the ongoing liquidity crunch and reduce the high cost of credit, according to statements issued by the industry bodies.

"Some of the other important issues discussed at the

meeting included NBFC's (non-banking finance companies) liquidity concerns, measures required to streamline and boost MSME (micro, small and medium enterprises) financing and steps needed to push export-led growth," Ficci added.

On measures to address the financial challenges faced by the MSMEs, CII suggested that RBI consider limiting the collaterals sought by banks to 133 per cent of the exposure and eliminate the need for personal guarantees where sufficient collateral exists.

Assocham noted NBFCs' reduced fundraising capacity.



50	133%
basis pts cut in the RBI-mandated cash reserve ratio sought by CII	of exposure should be the limit for collaterals banks seek: CII



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FICCI

## रिजर्व बैंक के गवर्नर से मीटिंग में इंडस्ट्री ने मांगा सस्ता लोन

विशेष संवाददाता | नई दिल्ली |

इंडस्ट्री चाहती है कि आरबीआई लोन सस्ता करे। उसे बिजनेस बढ़ाने के लिए अधिक कर्ज भी चाहिए। छोटे उद्योग लोन रिस्ट्रक्चरिंग की मांग कर रहे हैं ताकि वे फिर से ग्रोथ की राह पर बढ़ सकें। रिजर्व बैंक के गवर्नर शक्तिकांत दास के साथ इंडस्ट्री चैंबर्स की गुरुवार को हुई मीटिंग में ये बातें रखी गईं। इस बैठक में सीआईआई, फिक्की और एसोचैम के प्रतिनिधि समेत कई बड़े कारोबारी शामिल हुए। इंडस्ट्री ने एक सुर में गवर्नर से रेपो और रिवर्स के साथ कैश रिजर्व रेशियो (सीआरआर) में 0.5 फीसदी कटौती की मांग की। सूत्रों के अनुसार, आरबीआई गवर्नर ने इन मांगों पर गौर करने का भरोसा दिया। उन्होंने कहा कि मॉनेटरी पॉलिसी कमेटी (एमपीसी) की मीटिंग में इन पर चर्चा होगी। आरबीआई गवर्नर ने बैंकिंग सिस्टम में कैश बढ़ाने के लिए ओपन मार्केट ऑपरेशन (ओएमओ) जारी करने का वादा भी किया। रिजर्व बैंक 7 फरवरी को मॉनेटरी पॉलिसी की समीक्षा करेगा। कहा जा रहा है कि पॉलिसी रेट्स में कटौती के साथ आरबीआई लोन सस्ता करने का रास्ता साफ कर सकता है। बैठक में इंडस्ट्री चैंबर सीआईआई ने सुझाव दिया कि नकदी की कमी दूर करने के लिए कैश रिजर्व रेशियो (सीआरआर) में कम से कम आधा प्रतिशत की कटौती की जानी चाहिए।