

Interest rate hike to hurt growth prospects: India Inc

NEW DELHI, JUNE 6

The industry on Wednesday said 25 basis points rate hike by the RBI will hurt India's growth prospects and exhorted the central bank to revert to the policy of benign interest rates.

However, a section from India Inc said the decision of the RBI was a clear hint to the industry to push for growth by taking investment decisions, while some believe the central bank's hawkish monetary policy stance is here to stay for a while.

The RBI for the first time in four-and-half-years raised key interest rate on Wednesday by 25 basis points to 6.25% on inflation concerns arising from surge in international oil prices.

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— Chandrajit Banerjee, DIRECTOR GENERAL, CII

“The input cost pressures as highlighted by the RBI policy review would only increase for the exporters with the increase of the repo rate by 25 basis points”

— Ravi Sehgal, CHAIRMAN, ENGINEERING EXPORT PROMOTION COUNCIL INDIA

Revival in realty may be delayed: Builders

“The RBI decision may lead to suppressed growth in the Indian real estate sector which has shown substantial resilience over the past 18 months. The real estate sector requires lower rates to provide further thrust to ‘Housing for all by 2022’”

— Jaxay Shah, CREDAI NATIONAL PRESIDENT

to the task of tackling inflation,” CII Director General Chandrajit Banerjee said.

He hoped that going forward, the RBI would reassess and revert to the policy of benign interest rates which would be

growth supportive.

“Going forward, the hardening of interest rate scenario is here to stay at least in the short term, however, much we may not like it,” Assocham secretary general DS Rawat said.

“The input cost pressures as highlighted by the RBI policy review would only increase for the exporters with the hiking of the repo rate by 25 basis points,” engineering exporters' body EEPC India Chairman Ravi Sehgal said.

“The rate hike gives a clear hint to India Inc to push for growth, take investment decisions as it can now foresee growth rate to pick up,” said George Alexander Muthoot, MD, Muthoot Finance Limited.

Realtors' body Naredco's national president Niranjana Hiranandani said the hike is justified on account of inflationary trends, global hardening of interest rates as also petroleum prices moving upwards.

“It will not make a major difference to real estate. However, in the long run, we would prefer rates coming down,” he said. — PTI

RBI rate hike to hurt

PTI ■ NEW DELHI

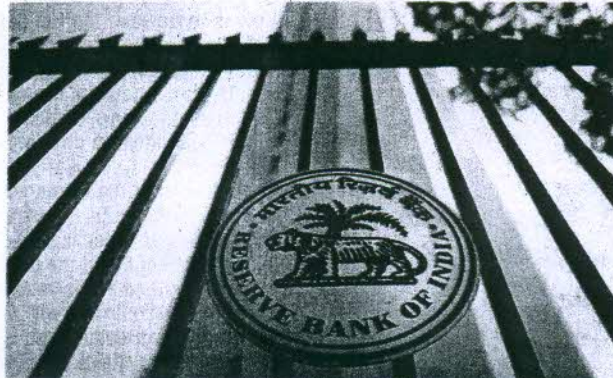
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Industry sees rate hike hurting growth recovery

AGENCIES

New Delhi

The RBI's decision to increase the key lending rate by 25 basis points will hurt India's growth prospects and hit business sentiment, the industry said today, and exhorted the central bank to revert to the policy of benign interest rates.

However, a section from India Inc said the decision of the Reserve Bank (RBI) was a clear hint to the industry to push for growth by taking investment decisions, while some believe the central bank's hawkish monetary policy stance is here to stay for a while.

"Given that inflation is being led by supply side issues, CII believes that raising interest rate would hurt growth while proving unequal to the task of tackling inflation," CII Director General Chandrajit Banerjee said. PHD Chamber of Commerce and Industry President Anil Khaitan said the hike in policy rate would affect the overall business sentiments including the production possibility frontiers of industry, expansion of

was in a catch-22 situation in terms of managing a fine balance between emerging inflationary pressures and a nascent economic recovery.

"Going forward, the hardening of interest rate scenario is here to stay at least in the short term, however much we may not like it," Assocham Secretary General D S Rawat said.

Rashesh Shah, President, FICCI said, "Today's 25 bps rise in repo rate by RBI is based on the ground realities and it indicates towards the positive sentiments in the economy."

"The input cost pressures as highlighted by the RBI policy review would only increase for the exporters with the hiking of the repo rate by 25 basis points," engineering exporters' body EEPC India Chairman Ravi Sehgal said.

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