



21<sup>st</sup> November, 2019

To,  
**Smt. Nirmala Sithararaman,**  
Hon'ble Minister of Finance  
Government of India  
New Delhi-110011.

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer

**Sub: Reduction of Repo Rate by RBI vis-a-vis Bank's lending rates**

**Respected Madam,**

Warm Greetings from Gujarat Chamber of Commerce and Industry (GCCI).

At the outset, we would like to thank you for considering our request to reduce the repo rates so that trade and industry can be benefitted from the increased liquidity in the economy. It is noteworthy that the repo rate has been periodically reduced by 135 basis points in total during the period from February till October.

Madam, even after this substantial reduction in the repo rates, the benefit of this reduction is not made available to the commercial borrowers in the form of reduction in interest rates. We had brought this issue to kind notice of your goodself and we appreciate the announcement made by you during your Press Conference in August to link the repo rates with bank rates. This issue has also been represented by us earlier to Hon'ble Governor, RBI, but the matter still remains unresolved. (copy attached)

After each reduction in Repo Rate, borrowers eagerly expect the reduction in their EMIs, we are sorry to mention that this has not effectively implemented by Banks & Financial Institutions and hence the borrower has been deprived by such excellent steps taken by the Government.

Madam, only if such benefit is passed on through the proper mechanism to the end-user, then this will give boost to the economy and movement of funds will increase in the market. In this regard, we are particularly more concerned about MSME entrepreneurs who form big chunk of India's economy and only if we can pass on such benefit to them, such pro-active steps would fetch some long-term results.



We request your kind intervention in the matter in the interest of economic growth.

Yours Sincerely,

**Durgesh Buch**  
President

C.C. to:

1. Hon'ble Prime Minister's Office, South Block, New Delhi.
2. Shri Shaktikanta Das, Hon'ble Governor, RBI

Encl: As above

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer

DR. JAIMIN R. VASA  
PRESIDENT

DURGESH V. BUCH  
SR. VICE PRESIDENT

HEMANT N. SHAH  
VICE PRESIDENT



**GCCI**  
**GUJARAT CHAMBER OF**  
**COMMERCE & INDUSTRY**  
(SINCE 1949)

AMBAR J. PATEL  
HON. SECRETARY

NILESH J. SHUKLA  
HON. SECRETARY (R)

SAURIN J. PARIKH  
HON. TREASURER

June 11, 2019

Ref: GCCCI/REPORATE/JTSGR/2019-20/7347

**Shri Shaktikanta Das,**  
Hon'ble Governor  
Reserve Bank of India

Dear Sir,

Sub: - **Reduction of Repo Rate by RBI vis-à-vis Bank's lending rates.**

Warm Greetings from GCCCI.

At the outset, we congratulate Central Bank for its consumer friendly approach amply reflected in the repeated reduction of the repo rate.

RBI's repeated reducing of Repo Rate has not been reflected in Interest Rate Reduction by Banks & Financial Institutions. Recently Reserve Bank of India announced its third repo rate cut by 25 basis points (bps) this calendar year. The Repo Rate now stands at 5.75 per cent down from 6.00 per cent.

In the previous monetary policy reviews, held in February and April 2019, RBI reduced the key policy rates by 25 bps each time.

**The Reduction of Repo Rate by RBI**

Date	Reduction	Repo Rate
	Prior to reduction	6.50
7 Feb 2019	0.25 BPS	6.25
4 Apr 2019	0.25 BPS	6.00
6 June 2019	0.25 BPS	5.75

Thus, in this calendar year itself, the central bank has reduced the rates by 75 bps in total.

While after each reduction in Repo Rate borrowers eagerly expected the reduction in their EMIs, we are sorry to mention that this has not effectively implemented by Banks & Financial institutions and hence the borrower has been deprived by such excellent steps taken by the central Bank.

In fact RBI Governor has gone on record saying that this transmission will find its impact on individual consumer loans, consumer durable loans etc. but it has actually not happened.



-2-

In fact at present deposit growth of banks has been much better compared to the same in the year 2018. Since there is good inward-flow of deposits Banks have not been compelled to increase the rate of Interest on Term Deposits and since there is reduction of repo rate, they are now in good position to pass on the benefit to the borrowers, which in reality is not happening.

It is our appeal to RBI to set up some mechanism and a monitoring system so that the benefits of such reduction in repo-rate is passed on to the borrowers whether they are borrowing for their house hold needs or for their business related needs.

Only if such benefit is passed on through the proper mechanism to the end-user, then this will give boost to the economy and movement will increase in the market. In this regard, we are particularly more concerned about MSME entrepreneurs who form big chunk of India's economy and only if we can pass on such benefit to them, such pro-active steps would fetch some long term results.

It is our humble submission that RBI may kindly look into this and set up suitable mechanism at the earliest.

We thank you in anticipation.

Yours sincerely,

**Dr. Jaimin Vasa**  
President

CC: **Shri S.K.Panigrahy, Regional Director, Reserve Bank of India.**  
**Nr. Gandhi Bridge, Income Tax Circle, Ashram Road, Ahmedabad 380 014**