

# Era of higher interest rates; encourage cut in duties on fuel: CII

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THE CONFEDERATION of Indian Industry (CII) on Monday said an immediate measure to ease inflation could be to moderate taxes on fuel products, which constitute a large share of the retail pump prices of petrol and diesel.

"CII would encourage Centre and state governments to collaborate in reducing these duties," CII president Sanjiv Bajaj said. The Reserve Bank decision to raise benchmark interest rates and the likelihood of a good monsoon will help in containing inflation, Bajaj said, addressing his maiden press conference after taking over as the industry body's chief.

"I do believe that we are now in an era of higher interest rates. This will help us in bringing down inflation, at least a part of that going forward," he said, adding that various factors combined with the hope of a strong monsoon "should put us in a better place" by the second half of the year for policymakers to decide where inflation and interest rates move.

Bajaj said the rise of inflation has two aspects — demand and supply side. "RBI has already started the cycle of taking interest rates up and we should expect interest rates to continue moving up



**CII president Sanjiv Bajaj** *File*

in the coming year. We would expect from the RBI a clear direction to how they are going to address interest rates. Hopefully in the next monetary policy review we should be able to hear from them something to that extent," he said.

"Global headwinds and inflation will have to be countered with robust policy reforms, both domestic and external sector reforms, to unlock the growth potential of the economy.

"CII expects the GDP growth in a range of 7.4-8.2 per cent in 2022-23, with the outlook critically hinging on the trajectory of global crude oil prices.

"Global headwinds and inflation will have to be countered with robust policy reforms, both domestic and external sector reforms, to unlock the growth potential of the economy," he said.