08/06/2023 04:32pm

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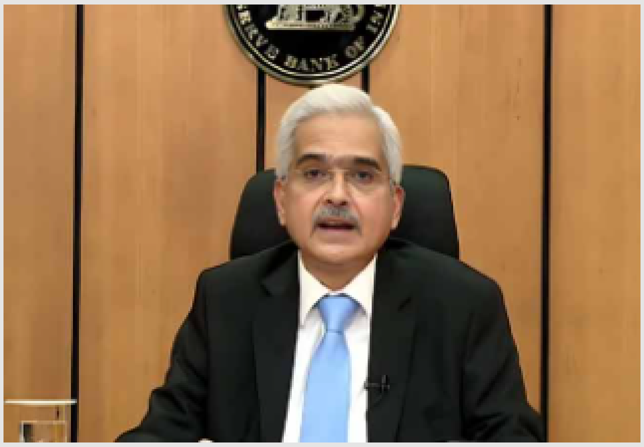

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New Delhi, June 8 (KNN) During the second bi-monthly monetary policy meeting of FY24 the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) decided to leave the repo rate unchanged at 6.5 per cent.

The focus remains on withdrawal of accommodation. The RBI also retained FY24 GDP growth forecast at 6.5 per cent, while expects FY24 CPI inflation to be at 5.1 per cent.

RBI Deputy Governor T Rabi Sankar informed that the launch of Central Bank Digital Currency (CBDC) will be gradual and calibrated.

RBI hopes to have 1 million customers by June end and it is working on making the CBDC interoperable with UPI QR codes, he added.

Commenting on the RBI MPC announcement, Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai said, "Today's policy announcement comes as a relief for corporate borrowers and individuals as the chances of further rise in bank lending rate has reduced with the RBI keeping policy rates unchanged."

"The surplus liquidity in the banking system also denotes that there is enough surplus fund in the system to support bank credit growth and banks need not hike deposit rates to attract more funds to meet the growing credit needs of industry," he said.

Kalantri opined that apart from a status-quo stance, this policy also has various favourable announcements to bring digital lending into mainstream regulation, improve ease of transactions for Indian tourists and traders visiting abroad.

“The RBI’s move to issue guidelines on Default Loss Guarantee arrangements in Digital Lending will promote responsible lending through digital platforms, which is emerging as a promising tool to promote loans to micro and small business units,” he added.

Expressing similar sentiments, Dr A Sakthivel, President, FIEO said that the increasing investment will lead to further production and easing of supply thus reducing inflation in coming months.

He also added that the status quo in rates will help exporting community, whose cost of credit has gone up substantially due to upward revision in rate during last one and half year leading to the demand to increase the interest subvention from 2% and 3% to 3% and 5% respectively.

“The resilient external sector growth backed by financial sector push has further given thrust to the economy,” he added. ***(KNN Bureau)***