



# RBI policy: From rate hike to inflation worries, 5 key takeaways

RBI governor announced a second consecutive hike in policy rates and highlighted geopolitical risks.



**RBI Policy:** The six-member Monetary policy Committee (MPC) of the Reserve Bank of India (RBI) unanimously voted to increase the policy rate by 50 bps, Governor Shaktikanta Das announced. Das said the upside risk to retail inflation persists, fuelled by the recent spike in tomato and crude oil prices.

***Here are the five key takeaways from RBI's MPC meet:***

## **Increase in repo rate**

- The Monetary Policy Committee of the RBI increased the policy repo rate by 50 basis points to 4.90 per cent with immediate effect. "The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth," said the monetary policy statement.

## **Inflation likely to remain a worry**

- RBI revised the inflation projection for the current fiscal to 6.7 per cent from 5.7 per cent, with Q1 at 7.5 per cent; Q2 at 7.4 per cent; Q3 at 6.2 per cent and Q4 at 5.8 per cent. Das said that inflation is likely to remain above the upper tolerance level of 6 per cent in the first three quarters of this financial year. He added, "75 per cent of the increase in inflation projections can be attributed to the food group."

## **GDP growth forecast for FY23 remains unchanged**

- RBI said that the GDP growth forecast for FY23 is seen at 7.2 per cent. GDP growth for Q1 is seen at 16.2 per cent, Q2 at 6.2 per cent; Q3 at 4.1 per cent and Q4 at 4.0 per cent.

## **Hike in recurring payments limit**

- The central bank also increased the limit for recurring payments to Rs 15,000 per transaction from Rs 5,000 currently. Making the announcement, Das said, "Requests have been received from stakeholders to increase the limit under the framework to facilitate payments of larger value like subscriptions, insurance premia, education fee, etc."

## **Proposal to link credit cards to UPI**

- RBI proposed to link credit cards to the UPI platforms, and the implementation will start with Rupay Credit Cards. Das said that the move will provide additional convenience to users and enhance the scope of digital payments.