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# RBI maintains repo, reverse repo rate; India Inc hails it a 'welcome move'

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The Reserve Bank of India has kept the interest rate unchanged and maintained its accommodative stance with a modest inflation forecast and GDP growth of 7.8 percent in FY23.

India Inc weigh in with their views:

**Rajee R, Chief Ratings Officer, Brickwork Ratings**

In line with BWR's expectations, RBI continued its dovish stance and remained accommodative by reiterating that despite the economic recovery and aggregate demand gaining traction and improving inflation outlook, continued policy support is warranted to support domestic growth, which is the highest priority. Continuing with its calibrated liquidity management policy to maintain financial stability, RBI emphasized that VRR and VRRR would be the main tools for liquidity adjustment indicating gradual policy normalization on the liquidity front. While stating that headline inflation will peak in Q4 of the current fiscal, RBI maintained its inflation projections at 5.30 percent for FY22 and a dovish forecast at around 4.50 percent thereafter. Enhancement of cap and multiple-use under e-RUPI prepaid digital voucher, new credit default swap (CDS) guidelines (to be announced today) and extension of on tap liquidity for emergency health services and contact intensive sectors till June 30, 2022, are welcome steps. Hiking of limit under Voluntary Retention Route (VRR) scheme from Rs. 1.5 lakh crore to Rs. 2.5 lakh crore will provide additional sources of capital for domestic debt markets and government securities. Increase in NACH mandate from Rs 1 crore to Rs. 3 crore for TReDS related settlements are expected to improve the receivables financing and overall liquidity position of the MSMEs.