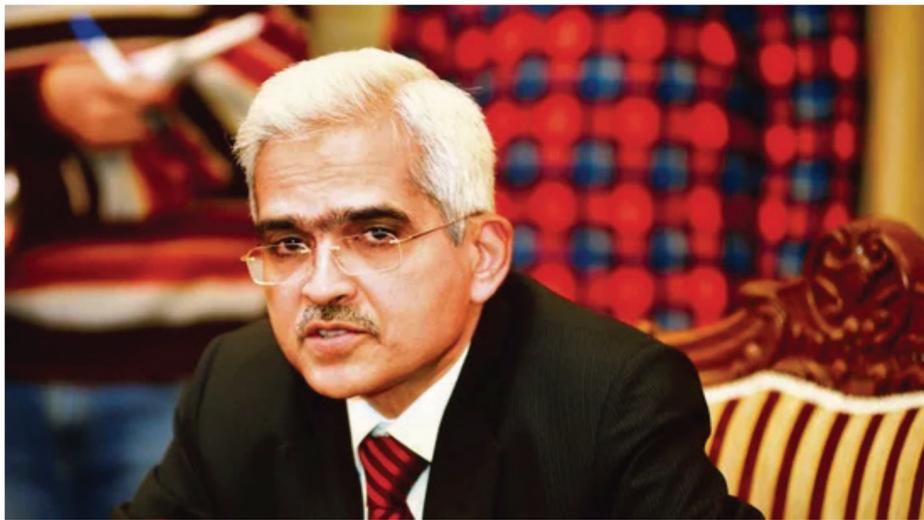


Policy rates to remain unchanged? RBI governor Das to announce at 10am

By hindustantimes.com | Written by Karan Manral, New Delhi | UPDATED ON JUN 04, 2021 07:30 AM IST

If the repo rate and reverse repo rate are retained at 4% and 3.35% respectively, this would be the sixth consecutive time that these would have been left unchanged.



RBI governor Shaktikanta Das.RBI (File Photo)

Reserve Bank of India (RBI) governor Shaktikanta Das will at 10am on Friday announce the decisions of the central bank's Monetary Policy Committee (MPC), which is likely to keep the repo rate and reverse repo rate unchanged at 4% and 3.35% respectively for the sixth consecutive time.

"Watch out for the Monetary Policy statement of the RBI Governor @DasShaktikanta at 10 am on June 4, 2021. Post-policy press conference telecast at 12 noon on the same day," the RBI's official Twitter handle tweeted on Thursday afternoon.

MPC, which is the RBI's rate-setting panel, began its three-day deliberations on the monetary policy on June 1. According to experts, it is mainly on the account of "uncertainty" over the impact of the second wave of the Covid-19 pandemic that the panel could keep the policy rates unchanged. At the time of the previous monetary policy announcement by Das, on April 7, India was reporting more than 100,000 Covid-19 cases per day, along with close to or more than 4,000 related fatalities each day.

Subsequently, the country's daily Covid-19 caseload also breached the 400,000-mark. However, in recent days, the number of fresh infections and daily fatalities has come down, though daily cases continue to be over 100,000-mark.

Earlier this week, speaking to news agency PTI, M Govinda Rao, chief economic advisor, Brickwork Ratings, said the "better than expected" Gross Domestic Product (GDP) numbers provide the much-needed comfort to the MPC on the growth outlook. However, Rao also warned that the imposition of lockdown or lockdown-like curbs in several parts of the country to break the chain of the transmission of the virus has "intensified" the downside risk on growth recovery.

"Hence, the RBI is likely to continue with its accommodative monetary policy stance. Considering the risk of inflation emanating from the rising commodity prices and inputs costs, Brickwork Ratings expects the RBI MPC to adopt a cautious approach and retain the repo rate at 4%," he said.

On May 31, data released by the central government's National Statistical Office (NSO) showed the Indian economy rose by 1.6% in the January-March quarter from the previous year but, on the whole, witnessed a contraction of 7.3% for the entire fiscal year, its worst in more than 40 years.