



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## RBI kept Repo Rate unchanged at 6.50%

Reserve Bank of India's MPC has decided to keep the repo rate at 6.50% and remain focused on withdrawal of accommodation while supporting growth. Consequently, the standing deposit facility (SDF) rate will remain unchanged at 6.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 6.75 per cent. This move is aimed at curbing inflationary pressures and ensuring financial stability in the Indian economy. Going ahead, it will continue to maintain strong vigil on evolving inflation so that it remains within band, aligns with target.

### **Economic Growth**

- India's real gross domestic product (GDP) is expected to have recorded a growth of 7.0 per cent in 2022-23.
- Real GDP growth for 2023-24 is projected at 6.5 percent.
- On the supply side, rabi foodgrains production is estimated to increase by 6.2 percent in 2022-23.
- PMI manufacturing remained robust at 56.4 in March, recording expansion for the 21st consecutive month due to favourable domestic demand.
- PMI services remained in expansion zone at 57.8 in March, driven by favourable demand conditions and new business gains.

### **Inflation**

- CPI inflation is projected to moderate to 5.2 per cent for 2023-24; with Q1 at 5.1 per cent; Q2 at 5.4 per cent; Q3 at 5.4 per cent; and Q4 at 5.2 per cent.
- Projections for 2023-24 point to a softening in inflation, though the disinflation is likely to be gradual and protracted, given the rigidity in core or underlying inflation pressures.

## External Sector

- The current account deficit (CAD) for the first three quarters of 2022-23 stood at 2.7 percent of GDP. In Q3, CAD narrowed significantly to 2.2 per cent from 3.7 percent in Q2 on account of lower merchandise trade deficit and robust growth in services exports.
- The CAD is expected to remain moderate in Q4:2022-23 and in the year 2023-24 at a level that is both viable and eminently manageable.
- Overall, external sector indicators have improved significantly. Foreign exchange reserves have rebounded from US\$ 524.5 billion on October 21, 2022 and now stand in excess of US\$ 600 billion taking into account our forward assets.

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Warm Regards,

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