PHDCCI Analysis of Reserve Bank of India's Monetary Policy Committee Announcement – December 2025

PHDCCI Research Bureau

Policy Summary

S.No	Announcement	Previous Rate (%) – August 2025	Previous Rate (%) – October 2025	New Rate (%) – December 2025
1.	**Repo rate**	5.5	5.5	5.25
2.	**Standing Deposit facility (SDF) rate under liquidity adjustment facility (LAF)**	5.25	5.25	5.00
3.	**Marginal Standing Facility (MSF) rate**	5.75	5.75	5.50
4.	**Bank rate**	5.75	5.75	5.50
5.	**Policy Stance**	Neutral	Neutral	Neutral
6.	**Cash Reserve Ratio**	4	4	4

Source: Governor's Statement: December 05, 2025 (https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61750)

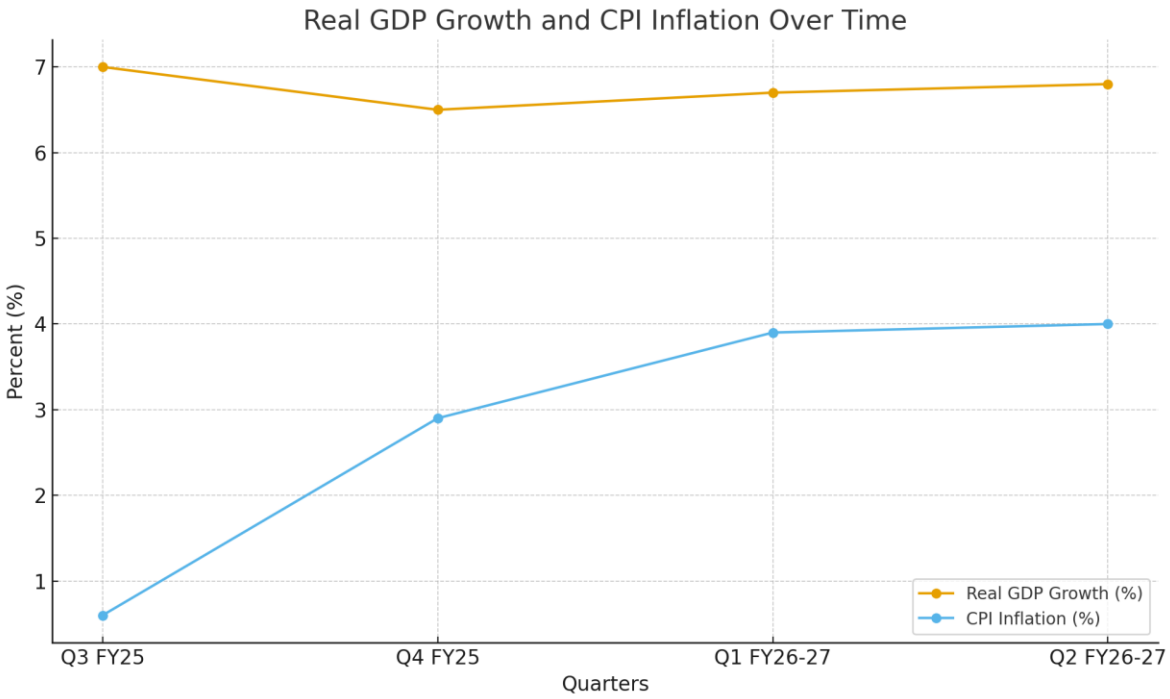
Macroeconomic Projections and Economic Outlook

Baseline Assumptions for Projections

Indicator	MPR April 2025	MPR October 2025
Crude Oil	US$ 70 per barrel during 2025-26	US$ 70 per barrel during H2: 2025-26
(Indian Basket)	₹ 86/US$ during 2025-26	₹ 88/US$ during H2: 2025-26
Exchange rate	Normal for 2025-26	Normal for 2026-27
Monsoon	3.1 per cent in 2025	3.0 per cent in 2025
Global growth	3.0 per cent in 2026	3.1 per cent in 2026
Fiscal deficit (Per cent of GDP)	To remain within BE 2025-26, Centre: 4.4, Combined: 7.1	To remain within BE 2025-26, Centre: 4.4, Combined: 7.4
Domestic macroeconomic/structural policies during the forecast period	No major change	GST rationalisation

Notes: – Monetary Policy Report (October 2025)
1. The Indian basket of crude oil represents a derived numeraire comprising sour grade (Oman and Dubai average) and sweet grade (Brent) crude oil.
2. The exchange rate path assumed here is for the purpose of generating the baseline projections and does not indicate any 'view' on the level of the exchange rate. The Reserve Bank is guided by the objective of containing excess volatility in the foreign exchange market and not by any specific level of and/or band around the exchange rate.
3. BE: Budget estimates.
4. Combined fiscal deficit refers to that of the Centre and States taken together.
Sources: RBI estimates; Budget documents; and the International Monetary Fund (IMF).

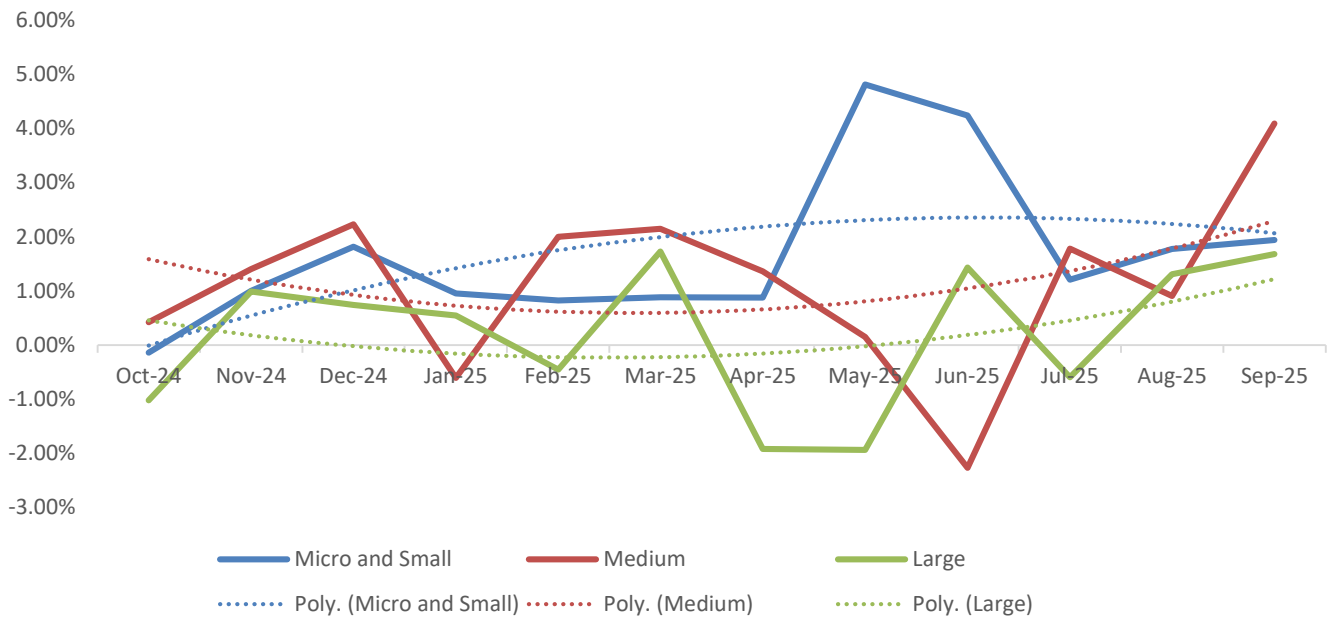
Macroeconomic Projections – CPI and Real GDP



Source: Governor's Statement: December 05, 2025 (https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61750)

Bank Credit Analysis

Deployment of Bank Credit – Share of MSME and Large Industry



Source: RBI data base
Note:
"Medium Enterprises" under the priority sector include credit to medium enterprises in industry and services sectors.

- **Micro & Small**
  - Growth has been consistently positive since November 2024 except for a minor dip in October 2024.
  - Strong acceleration around May–July 2025, **peaking near +4.8% in June 2025.**
  - Sustained expansion indicates improving credit demand or easing lending conditions.
- **Medium**
  - More volatile than Micro & Small.
  - Notable contractions in Feb 2025 and July 2025.
  - **Sharp rebound in Sep 2025, reaching ~4%, the highest across all categories in that period.**
- **Large**
  - Highest volatility with alternating expansion and contraction.
  - Negative growth phases during Oct 2024, Apr–Jun 2025, and Aug 2025.
  - Suggests cyclical drawdowns in working capital utilization by large firms.

Policy Rates Transmission

Policy Transmission & Liquidity

- Transmission has been broad-based across sectors. On the deposit side, the weighted average domestic term deposit rate (WADTDR) on fresh deposits has declined by 105 bps, while that on outstanding deposits has softened by 32 bps during February-October 2025
- There has been moderation in weighted average lending rate (WALR) of outstanding rupee loans to the extent of 63 bps during same period
- **Measures to strengthen Liquidity**
  - RBI has decided to conduct Open Market Operation purchases of government securities of ₹1,00,000 crore
  - 3-year USD/INR Buy Sell swap of USD 5 billion this month in view of the evolving liquidity conditions and outlook

Non - Monetary Policy Measures

Category	Key Measures (Summary)
Improving customer services	Focus on improving customer services Proposal to hold a two-month campaign from 1st January next year with an aim to resolve all grievances pending for more than a month with the RBI Ombudsman.

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Thank You