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RBI keeps rates unchanged; FY23 GDP growth is seen at 7.8%.

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Summary: The MPC also decided to preserve the marginal standing facility (MSF) at 4.25 percent with a 5:1 majority. In addition, the reverse repo rate was maintained at 3.35 percent. This is the ninth time in a row that the rate has not changed. The MPC will maintain its pro-growth stance until there is evidence of long-term recovery. The most recent CPI-based retail inflation rate, from December 2021, was 5.6 percent, a five-month high. Worryingly, core inflation remained at 6.2 percent year on year for the third time. While the CPI increased, it did so in accordance with expectations, and headline inflation is likely to peak in Q4FY22 before moderating in H2GY23. Governor Das stated that this decision will give more cash sources to the local economy.

Facts and Figures:

- Key policy rates including repo rate, reverse repo rate, MSF rate remained unchanged
- MPC will continue its growth-supportive stance till the time there are signs of a durable recovery
- Retail inflation for FY23 has been pegged at 4.5%; RBI has retained the 5.3% inflation projection for FY22
- Real GDP growth for FY23 is projected at 7.8%
- Variable-rate repo and variable rate reverse repo auctions of 14-day tenor will operate as the main liquidity management tool
- With effect from March 1, fixed-rate reverse repo and MSF operations will be available between 5:30 p.m. till 11:59 p.m. on all days
- The cap under e-RUPI prepaid digital vouchers has been enhanced from ₹10,000 presently, to ₹1 lakh per voucher and can be used more than once
- Increasing the NACH mandate limit to ₹3 crores from ₹1 crore currently for trade-related settlements has been proposed
- Limit for inflows under the Voluntary Retention Scheme hiked to Rs 2.5 lakh crore from Rs 1.5 lakh crore

Opinion: Some first-world countries are attempting to control inflation, including India, which is not even a first-world country. The great majority of people rely on interest to increase their savings, and they will be watching helplessly while this government does all it can to dissuade people from saving without social security coverage. This measure will encourage middle-class people to speculate in the stock market with their hard-earned money, benefiting those who have a lot of play money and capitalists.