

# RBI likely to maintain status quo as inflation risks weigh

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PRESS TRUST OF INDIA  
NEW DELHI, 1 APRIL

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This would also be the first monetary policy announcement after the Budget, which has slightly deviated from the fiscal consolidation roadmap.

The six-member Monetary Policy Committee (MPC), headed by RBI Governor Urjit Patel, is to meet on 4 and 5 April.

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## TIGHTROPE WALK FOR APEX BANK

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"We expect the MPC to keep policy rates on hold and maintain its neutral stance," analysts at American brokerage Morgan Stanley said in a note.

Bank of America Merrill Lynch (BofAML) also echoed the view, but added that it expects a rate cut in the August review if the monsoons are favourable.

"We expect the RBI MPC to strike a balanced tone on 5 April, with March quarter inflation set to average 4.6 per cent, 0.50 per cent below their 5.1 per cent forecast," it said.

After surging to a concerning 5.2 per cent in December, the headline inflation

cooled off to 5.07 per cent in January and further to 4.4 per cent in February.

Even industry chambers are of the view that the central bank would opt for status quo as the government's Budget announcement to provide farmers 1.5 times of minimum support price (MSP) for their produce may jack up inflation.

"This would leave very little leeway for the RBI to cut rates in this monetary policy and hence we expect the RBI

to keep the key interest rate unchanged," Assocham said in a statement.

Currently, repo rate - the short-term lending rate at which the RBI lends to banks - stands at 6 per cent. Consequently, the reverse repo rate is 5.75 per cent and the marginal standing facility (MSF) rate and the bank rate stand at 6.25 per cent.

According to Kotak Mahindra Bank, the RBI is expected to be on an extended pause as inflation is likely to remain close to 4.5 per cent during fiscal 2018-19.

"We expect the RBI's Monetary Policy Committee (MPC) to maintain status quo as it awaits clarity on monsoon sustainability of high crude oil prices post the winter squeeze and global financial conditions," it said in a note.

The Patel-headed MPC has two other representatives from the RBI - deputy governor Viral Acharya and executive director Michael Debabrata Patra. The three external members are Chetan Ghate, Pami Dua and Ravindra Dholakia.

# India faces inflation risks due to higher MSP, says Assocham

AGE CORRESPONDENT  
NEW DELHI, APRIL 1

Indian economy face risk of inflation due to higher minimum support prices (MSP) for agricultural items, populist spending in the run-up to the 2019 general elections and strengthening of global crude oil prices, industry body Assocham has said in its pre-credit policy review letter to the RBI.

Assocham secretary general D. S. Rawat in a letter to RBI has said though consumer price index (CPI) showed a decline in retail inflation to 4.44 per cent in February from 5.1 per cent in the previous month, "the key risks to the base case CPI inflation forecast include higher Minimum Support Prices (MSPs), global crude oil prices strengthening further and populist spending in the run-up to 2019 general election".

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It said the chamber

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Bank of America Merrill Lynch also echoed the view, but added that it expects a rate cut in the August review if monsoons are favourable.

"We expect the RBI MPC to strike a balanced tone on April 5, with March quarter inflation set to average 4.6 per cent, 0.50 per cent below their 5.1 per cent forecast," it said. —PTI

appreciates RBI for maintaining status quo in the previous bi-monthly monetary policy statement and keeping the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.0 per cent.

Consequently, the reverse repo rate under the LAF remained at 5.75 per cent, and the marginal

standing facility (MSF) rate and the Bank Rate at 6.25 per cent, it said.

Lower inflation in fuel and food helped ease India's wholesale inflation in February to a seven month low of 2.48 per cent. Wholesale Price Inflation (WPI) was 2.84 last month and 5.51 per cent in February 2017, said

Assocham.

The rate of inflation based on WPI Food Index consisting of 'Food Articles' from Primary Articles group and 'Food Product' from manufactured products group decreased from 1.65 per cent in January, 2018 to 0.07 per cent in February, 2018, it added.

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PTI ■ NEW DELHI

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# ब्याज दरों में बदलाव के आसार कम

■ नई दिल्ली (भाषा)।

भारतीय रिजर्व बैंक 2018-19 की पहली मौद्रिक समीक्षा बैठक में ब्याज दरों के मोर्चे पर यथास्थिति कायम रख सकता है। वैश्विक स्तर पर कच्चे तेल की कीमतों में तेजी से घरेलू स्तर पर मुद्रास्फीति का जोखिम बना हुआ है। यह आम बजट के बाद पहली मौद्रिक समीक्षा होगी।

रिजर्व बैंक गवर्नर उर्जित पटेल की अगुवाई वाली मौद्रिक नीति समिति (एमपीसी) की द्विमासिक मौद्रिक समीक्षा बैठक 4-5 अप्रैल को होगी है। खुदरा मुद्रास्फीति में कमी तथा वृद्धि को रफ्तार देने की जरूरत की वजह से केंद्रीय बैंक पर नीतिगत दरों में कटौती का दबाव है।



अमेरिकी ब्रोकरेज कंपनी मोर्गन स्टेनली ने एक नोट में कहा, 'हमारा अनुमान है कि एमपीसी नीतिगत दरों को यथावत रखेगी और अपना तटस्थ रुख कायम रखेगी।'

बैंक आफ अमेरिका मेरिल लिच (बोफाएमएल) ने भी यही राय जताई है। हालांकि, उसने कहा कि यदि मानसून अनुकूल रहता है, तो अगस्त समीक्षा में

■ चार और पांच अप्रैल को होगी है मौद्रिक नीति की समीक्षा

■ महंगाई दर न घटने से ब्याज दरों में नहीं होगी कटौती

■ बोफा ने कहा, मानसून अनुकूल रहा थो घट सकती हैं दरें

केंद्रीय बैंक ब्याज दरों में कटौती कर सकता है।

उद्योग मंडलों का भी मानना है कि रिजर्व बैंक ब्याज दरों में बदलाव नहीं करेगा। एसोचैम ने बयान में कहा कि रिजर्व बैंक के पास ब्याज दरों में कटौती की काफी कम गुंजाइश है ऐसे में हमारा अनुमान है कि इसमें बदलाव नहीं होगा।

