

RBI holds rates, cuts GDP forecast

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India (RBI) on Friday left benchmark interest rates unchanged and reiterated that it would retain its accommodative stance for “as long as necessary to revive and sustain growth on a durable basis”, as it cut its GDP growth forecast for the fiscal year by 100 basis points to 9.5%.

The RBI’s Monetary Policy Committee, after taking stock of the evolving macro-economic and financial conditions as well as the impact of the second wave of the COVID-19 pandemic, voted unanimously to keep the policy repo rate unchanged at 4%, Governor Shaktikanta Das said.

Acknowledging that the sudden rise in COVID-19 infections and fatalities had impaired the nascent recovery that was underway, Mr. Das said the second wave had, however, “not snuffed it out”.

“The impulses of growth are still alive,” he asserted.

Ramping up the vaccination drive and bridging the gaps in healthcare infrastructure could mitigate the pandemic’s devastation, he stressed.

The bank also marginally raised its projection for CPI inflation during 2021-22 to 5.1%.

CONTINUED ON ► PAGE 8