



Title: Re: Recent hike in repo rate by RBI.

PROF. SOUGATA RAY (DUM DUM): Sir, the Reserve Bank of India on Wednesday last hiked the repo rate by 25 basis points to 6.5 per cent. The Governor of RBI announced the decision of the Monetary Policy Committee which was passed by a majority of 4 members out of 6 members. In December 2022, the repo rate was raised by 0.35 percentage points to 6.25 per cent. The standing deposit facility rate will stand revised to 6.25 per cent and the marginal standing facility rate and the bank rate to 6.75 per cent. The Monetary Policy Committee also decided by a majority of 4 to 6 to remain focused on the withdrawal of accommodation to ensure that inflation remains within target going forward while supporting growth. While announcing the outcome of the Monetary Policy Committee earlier, the Governor, RBI said, 'Looking ahead while Inflation is expected to moderate in 2023-24, it is likely to roll above the 4 per cent target. The outlook is clouded by continuing uncertainties from geopolitical tensions, global financial market volatility, rising non-oil commodity prices and volatile crude oil prices. Foreign portfolio flows, however, are negative during the financial year so far. I, therefore, urge upon the Government that this will increase the cost of borrowing for all types of loan. The impact on home loan borrower this time could not just be extension of home loan tenor but higher EMIS also.