

Comment on RBI Credit Policy by Ms. Sakshi Gupta, Principal Economist - HDFC Bank

June 06,2025: The RBI delivered a surprise monetary bonanza today. The frontloading of the 50bps rate cut along with the 100bps cut in the CRR reflects the central bank's endeavour to do what it takes in order to spur aggregate demand in the face of global headwinds. The RBI kept its growth forecast unchanged at 6.5% while reducing its inflation forecast to 3.7% for the year. Today's decision should help accelerate the decline in borrowing costs for households and help support credit demand in the economy.

That said, looking ahead, the change in stance to neutral from accommodative perhaps indicates that the RBI could now go on pause for the foreseeable future. The central bank is likely to turn data dependent, and any further rate cut could come in only if growth surprises on the downside materially. It is likely that we see no further rate cuts in the repo rate for 2025 now.

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