

RBI hikes Repo Rate by 50 basis points

Retains GDP growth forecast at 7.2%, Inflation projected at 6.7% during FY 2022-23

Credit Cards, beginning with RuPay card can be linked with UPI

e-Mandate transaction limit increased to Rs 15,000

Upper limit on housing loans by Cooperative banks hiked by more than 100%

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Key Policy Rates

- The Monetary Policy Committee of Reserve Bank of India, which met from 6-8 June 2022, has unanimously decided to hike the Repo Rate by 50 basis points to 4.90 %
- Consequently, Standing Deposit Facility Rate stands adjusted to 4.65% and Marginal Standing Facility rate and Bank Rate to 5.15%
- The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.
- Inflation
Assuming normal monsoon in 2022 and average crude oil price of \$105 per barrel in Indian basket, inflation is projected at 6.7% in 2022-23
Q1 - 7.5%
Q2 - 7.4%

Q3 - 6.2%

Q4 - 5.8%

- Growth forecast

The MPC has observed that the global economy continues to grapple with multi-decadal high inflation and slowing growth, persisting geopolitical tensions and sanctions, elevated prices of crude oil and other commodities and lingering COVID-19 related supply chain bottlenecks.

- Economic indicators for April –May indicate a broadening of the recovery in economic activity in India. Urban demand is recovering and rural demand is gradually improving. Merchandise exports posted robust double-digit growth for the fifteenth month in a row during May while non-oil non-gold imports continued to expand at a healthy pace, pointing to recovery of domestic demand.

- Real GDP growth for 2022-23 is estimated at 7.2%

Q1 - 16.2%

Q2 - 6.2%

Q3 - 4.1%

Q4 - 4.0%

- According to NSO provisional estimates released on May 31, India's GDP growth in 2021-22 is estimated at 8.7%, higher than pre-pandemic level.

Measures to benefit Cooperative Banks

1. Taking into account the increase in housing prices since the limits were last revised and considering the customer needs, it has been decided to increase the existing limits on individual housing loans by cooperative banks. Accordingly, the limits for Tier I /Tier II UCBs shall stand revised from 30 lakh/ 70 lakh to 60 lakh/ 140 lakh, respectively. As regards RCBs, the limits shall increase from 20 lakh to 50 lakh for RCBs with assessed net worth less than 100 crore; and from 30 lakh to 75 lakh for other RCBs.
3. Urban cooperative banks can now extend doorstep banking services to customers. Will enable these banks to better meet the needs of their customers, especially senior citizens and differently abled persons-

- Rural cooperative banks can now extend finance to commercial real estate (loans to residential housing projects) within existing aggregate housing finance limit of 5% of total assets

- Enhancement of limit on e-mandate transactions

To further augment customer convenience and facilitate recurring payments like subscriptions, insurance premia and education fees of larger value, limit per transaction for e-mandate based recurring payments increased from 5,000 to 15,000

- Enhancing scope of UPI payment system.

Now, credit cards too can be linked with UPI platform, beginning with RuPay cards. This will provide additional convenience to users and enhance scope of digital payments. UPI has become the most inclusive mode of payment in India. Currently, over 26 crore unique users and 5 crore merchants are onboarded on the UPI platform.

- The Monetary Policy Committee, besides the Governor Shri Shaktikanta Das comprised Dr. Shashanka Bhide, Dr. Ashima Goyal, Prof. Jayanth R. Varma, Dr.

Rajiv Ranjan and Dr. Michael Debabrata Patra
The next meeting of the MPC is scheduled during August 2-4, 2022

[RBI Governor's Detailed statement can be seen here](#)

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