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View on RBI's Monetary Policy dated 08.06.2023

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RBI has kept the rates and stance unchanged in line with the market expectations in view of easing retail inflation and anticipation of a further decline. Maintaining the growth projection of GDP for FY'24 at 6.5% reflects that RBI remains sanguine about the economic growth projections. Reduction of the Inflation projection for FY'24 also indicates optimism.

RBI's announcement on allowing Scheduled Commercial Banks to set their own borrowing limits has given much required flexibility to Banks. RBI has decided to come out with a regulatory framework for permitting First Loss Default Guarantee (FLDG) arrangements in Digital Lending which will promote more transparency and discipline in digital lending environment. Similarly, proposing the framework for widening of scope of resolution of stressed assets indicate that RBI is right on the track of instilling harmonization across Regulated Entities.

RBI continues to adopt a liberal approach towards BBPS by streamlining its processes to bring more competence and boost involvement. Further, action on internationalizing RuPay Debit Cards and Pre paid Cards points to RBI's earnest approach on broad-basing the scope of the cards and increasing comfort for Indians travelling abroad.

Overall it seems to be an action oriented policy with evenly balanced approach. However, in view of the dynamic world economic scenario, we anticipate that RBI will remain watchful.
