



On 8th June 2023 RBI Announced Unchanged Repo Rate At 6.5%.



Mr. Rakesh Reddy
Managing Director
Aparna Constructions



"In a largely anticipated event, the Reserve Bank of India has maintained the repo rate of 6.50% for a second consecutive term due to easing consumer price inflation. This decision to continue the status quo will temporarily alleviate the pressure on retail borrowers, especially those seeking home loans. The projected inflation continues to surpass the RBI's tolerance threshold, though the current pause still signals an overall tightening stance. The repo rate has increased by 250 basis points since May 2022 and we are yet to see the full impact of this across the economy. A positive signal for future rate reductions is that the real GDP growth for 2022-23 has surpassed initial projections and is currently maintaining a healthy rate. While it is undeniable that a reduction in interest rates would have served as an effective means of reinforcing market confidence, it is essential that we adopt a

judicious approach during this juncture to establish a strong foundation for enduring economic growth and stability. In light of the prevailing global conditions marked by unpredictability and sustained inflationary pressures, it would be advisable for the RBI to retain the ability to implement additional monetary policy tightening if necessary. The RBI must manage inflation expectations in a timely manner in order to achieve the desired inflation target. The real estate sector is poised to benefit greatly from this pause in rate hikes, with the cost of financing remaining stable for the time being. Importantly, the pause presents a significant window of opportunity for prospective homebuyers to secure favourable home loan rates. Consequently, the industry anticipates a positive impact on the overall homebuying sentiment in the market."