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Feb 07, 2019 09:27 PM IST | Source: Moneycontrol.com

# RBI Policy meet highlights: Policy rightfully signals rates may further soften further, says SBI Chairman

RBI Governor Shaktikanta Das promises to cut repo rate if inflation is below 4 percent.

Feb 07, 08:19 PM (IST)



The Reserve Bank of India (RBI) Monetary Policy Committee (MPC) has cut the repo rate by 25 bps, and currently stands at 6.25 percent. Tune in to the podcast below to see which stocks and sectors can benefit from the rate cut:

Rate Cut by 25 bps - Which Stocks and Sectors  
moneycontrol Podcast

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Feb 07, 05:56 PM (IST)



## RBI MPC meet: Key highlights from the policy document



“ *The RBI's monetary policy committee on February 7 cut benchmark lending rate by 25 bps and changed its stance to "neutral" from "calibrated tightening".*

Feb 07, 08:54 PM (IST)



Repo rate cut to lower homebuyers' mortgage, developers' working capital cost



“ For a sector that received a Budget bonanza last week, the Reserve Bank of India's decision to reduce the repo rate by 25 bps to 6.25 percent is good news for the real estate industry.

Feb 07, 08:29 PM (IST)



India Inc cheers RBI rate cut



“ *India Inc on February 7 cheered RBI's move to slash key interest rate by 25 basis points and hoped it would encourage banks to lower lending rates, thereby stimulating consumption and investment demand to boost economic growth.*

Feb 07, 07:47 PM (IST)



Data is deity for new RBI governor as inflation projections, PCA action questioned



“ *Serial entrepreneur Andy Dunn once said, "Passion provides purpose, but data drives decisions." Reserve Bank of India (RBI) Governor Shaktikanta Das seems to strictly abide by these words.*

Feb 07, 07:30 PM (IST)



"This is great news for borrowers, especially those who are planning to invest in real estate. With the budget scrapping tax from notional rent on second self-occupied property and enabling the capital gains to be invested in two houses instead of one, the interest in the real estate has already gone up. This additional rate cut will further sweeten the deal. A 25 bps rate cut on a 20-year home loan of Rs.40L at 8.85 percent will bring down the interest payable from Rs.45.4L to Rs.43.9L at 8.6 percent. That is a savings of Rs.1.5L over the tenor of the loan." - **Adhil Shetty, CEO, BankBazaar.**

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Feb 07, 07:17 PM (IST)



“The RBI has clearly focused on driving growth with the change in stance to neutral and the 25 bps rate reduction. This will help boost credit flow and also drive consumption. With the downward revision in inflation forecasts, it will be interesting to see the stance and rate decisions in the subsequent monetary policies. The statement on developmental and regulatory policies also reflects growth orientation. The highlight being the enhancement of the limit of collateral-free agriculture loan to Rs.1.60 lakh will bring more farmers within the formal credit system.” **Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank.**

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Feb 07, 05:49 PM (IST)



"There are several innovative announcements in policy apart from a rate cut that could potentially trigger a new paradigm for financial markets. The decision to rationalise the risk weights for on lending to rated NBFCs will enable better price discovery, lower capital requirement and facilitate credit flow from the banks. Opening up the ECB route for applicants under the IBC could facilitate a faster turnaround. The proposal to rationalise interest rate derivative regulations will provide the desired boost to the ultimate goal of developing a dynamic environment for management of interest rate risk. Decision to withdraw the provision of stipulations for FPI exposure to corporate bonds to a single corporate will incentivize the investors. Raising the limit for collateral-free agri loan to agriculture loans from Rs 1 lakh to Rs 1.6 lakh will result in enhanced coverage of small and marginal farmers. Further, the policy rightfully signals that rates may further soften further going forward, with headline inflation consistently undershooting RBI inflation mandate and inflation expectations materially down." **-Rajnish Kumar, Chairman, SBI.**

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Feb 07, 05:38 PM (IST)



“The RBI has delivered a timely 25 basis points repo rate cut and also softened its monetary stance to neutral, on the back of consistently low inflation and slowing global economic growth. The RBI has been supplying liquidity through sustained Open Market Operations (OMOs) of government securities and with this rate cut, we should see a moderation in borrowing rates. Providing banks with increased flexibility on

bulk deposits is a welcome move and will assist them in better managing their asset liability mismatches.” **Zarin Daruwala, CEO, India, Standard Chartered Bank.**

Feb 07, 04:15 PM (IST)



"As inflation eased to approximately 2 percent from November to December in 2018, it was only a matter of time before rates were cut. We hope that the rate cut will be transmitted by the financial sector to the real economy, so that the economic activity could achieve the benefits and private consumption/investments may also grow faster. If oil prices remain subdued and inflation remains below the RBI's mandate of 4 percent, another rate cut in April cannot be ruled out. The market will take It very positively." -**Motilal Oswal, Chairman & MD, MOFSL.**

Feb 07, 04:04 PM (IST)



**pallavi ghosh**   
@\_pallavighosh



RBI cuts repo rate : cheer for home buyers who on loan

♥ 116 6:38 AM - Feb 7, 2019



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Feb 07, 03:54 PM (IST)



**Rajiv Kumar**    
@RajivKumar1



Glad to see RBI cutting the Repo Rate by 0.25% This will provide a very timely impetus to private investment and improve investor sentiment.

♥ 111 6:51 AM - Feb 7, 2019



💬 28 people are talking about this



Feb 07, 03:49 PM (IST)



"We expect the sovereign yield curve to steepen as today's rate cut and expectations of a further rate cut will support the short end (one to four year) of the curve while the Bond Demand/Supply dynamics are likely to deteriorate going ahead negating a big

move down in Long Term Yields. We expect the credit spreads to remain elevated as the current risk aversion continues to persist over the next three to four months." - **Puneet Pal, Deputy Head-Fixed Income, DHFL Pramerica Mutual Fund.**

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Feb 07, 03:48 PM (IST)



"The drop in repo rate was the actual requirement for real estate sector in the current scenario given the recent budget announcement that paved the way to opening investment market for second homes. The announcement is parallel to government's 'Housing for All' vision as it will give real estate sector the necessary fillip which was requisite particularly since the year has just begun. With home loans interest rate going down, we expect a good housing demand coming in and we hope that the market which had been witnessing lull period for quite a while now not just floats but also soars." - **Boman Irani, Chairman & Managing Director, Rustomjee Group.**

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Feb 07, 03:04 PM (IST)



"With an extremely benign inflation reading and limited risks to upside and with the INR having stabilized, it was it was clear to us that the time is right to provide the much-needed support to economic growth. This could also be gauged from the RBI policy announcement, where members unanimously voted in favour of changing their policy stance to Neutral from that of Calibrated Tightening. To our mind, it was only a matter of whether rates were cut in today's meeting or the during the next policy meet of RBI. We welcome this decision and believe that the present situation opens up doors for more rate cut action in the year 2019." - **Amar Ambani, President and Head of Research, YES Securities**

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Feb 07, 02:54 PM (IST)



"The overall direction of the monetary policy is oriented towards growth and the change in stance provides the Cental Bank much needed flexibility to meet growth challenges in the future. This augurs well for the real estate sector and could lead to fence sitters coming back to the market. It is now up to the banks to reduce lending rates and ensure that the common man reaps the benefit of this move." -**Surendra Hiranandani, Founder and Director, House of Hiranandani.**

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Feb 07, 02:27 PM (IST)



"Overall the case has been very convincingly laid out for a rate cut in the overall background of moderate growth especially on the trade front with global headwinds. There is no mention of fiscal risks in the entire document. This clearly shows that the firm focus is back on 'price stability' based on actual data while supporting 'growth'" **Bekxy Kuriakose, Head – Fixed Income, Principal Mutual Fund.**

Feb 07, 02:14 PM (IST)



**Piyush Goyal** ✓  
@PiyushGoyal



RBI's decision to reduce the repo rate by 25 basis point from 6.5% to 6.25% and change of stance to 'Neutral' will give a boost to the economy, lead to affordable credit for small businesses, homebuyers etc. and further boost employment opportunities

♥ 5,173 8:13 AM - Feb 7, 2019



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Feb 07, 02:05 PM (IST)



**Sameer Kalra**  
@kalrasam



[#RBIPolicy](#) Important Points which boost [#Nifty](#) Further :

1. [#Ratecut](#) of 25 bps
2. [#Neutral](#) stance keeping further rate cuts open
3. [#Agri](#) Collateral free Loan increased to Rs.160000 from Rs.100000.
4. Rethinking on [#External](#) [#benchmarking](#) rate

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♥ 1 8:24 AM - Feb 7, 2019



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Feb 07, 01:57 PM (IST)



RBI MPC has surprised all stakeholders in the market with rate revision of .25 bps. On grounds of easing out inflation rate and stable recovered crude oil rates along with

world trade movements. Other major announcements are easing ECB policies for external borrowings. Limit for without collateral loans to farmers also increased to 1.6 lacks from earlier 1 lack, it could be more impactful politically than economically in election season, though an adverse impact on health of banks specially nationalized one cannot be completely rolled out. All in all MPC decision looks positive and aiming to growth - **Shivendra Foujdar, Founder and Managing Partner, Avighna Trades.**

Feb 07, 01:47 PM (IST)



**Sunil Bajaj**  
@SunilBajajG



RBI policy, very balanced and neutral keeping in mind the current inflation and liquidity scenario. RBI surprises with 25 basis rate cut, EMIs may get cheaper. [#RBIPolicy](#) [#RBIMonetaryPolicy](#) [#Governor](#) [#developments](#) [#Bank](#) [#Indianeconomic](#) [@DasShaktikanta](#) [@RBI](#)

♥ 8 8:11 AM - Feb 7, 2019



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Feb 07, 01:45 PM (IST)



The first Monetary Policy Committee (MPC) meeting under RBI Governor Shaktikanta Das, and an ideal 'positive' to mark the same – a rate cut by 25 bps; change in stance to 'neutral'. The repo rate now will be 6.25 percent, while the reverse repo rate stands reduced to 6 percent. This is the perfect follow-up to the Budget Speech by Finance Minister Piyush Goyal, and this will not just enhance liquidity in the economy but also boost investment and give the economy a positive growth phase. The option for further rate cuts in forthcoming reviews remains an option, and I hope we will see more such 'positive moves' from the RBI. From a real estate perspective, this will impact home loan interest rates, and reduced EMIs are among the best harbingers of positive sentiment, leading up to further off-take of real estate across India - **Niranjan Hiranandani, National President, Naredco and Founder & MD, Hiranandani Group.**

Feb 07, 01:41 PM (IST)



The rate cut decision has been justified on the back of a sharp cut in projected headline inflation by the RBI. We think the combination of reflationary budget last week along with monetary easing by the RBI will provide a further boost to the consumption demand. We believe the implication for inflation is somewhat on the higher side and RBI may have taken a benign view in this respect - **Dhananjay Sinha, Head of Research, Economist & Strategist, Emkay Global Financial Services.**

Feb 07, 01:37 PM (IST)



**Subhash Chandra Garg**  
@SecretaryDEA



A very balanced and pragmatic policy statement. Assessment of growth and inflation is quite realistic and underlines low inflation and high growth path for India for 2019-20. Welcome change of stance to neutral and rate cut by 25 bps. Also welcome removal of FPI restriction.

♥ 168 8:04 AM - Feb 7, 2019



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Feb 07, 01:29 PM (IST)



This rate cut means a lot for the market as it is announced post budget. With clear words from RBI, the rate cut has accounted for every phenomenon. The recent changes in the tax rates, the relaxations, GST and the expense and the revenue of the budget. Though it primarily aims to keep inflation in a tab and boost growth, this is a much-needed breather for market and specifically interest rate sensitive sectors like Housing, Automobile, and also it will to an extent try to settle the dust of recent liquidity crunch post the ILFS fiasco - **Mustafa Nadeem, CEO, Epic Research.**

Feb 07, 01:26 PM (IST)



The decision to remove the 20 percent single issuer limit for corporate bonds is a good move as it had hampered genuine foreign investor flows into Corporate Bonds. We though do not expect large flows immediately as fiscal concerns and political uncertainty will weigh on investor sentiment - **Pankaj Pathak - Fund Manager - Fixed Income, Quantum Mutual Fund.**

Feb 07, 01:24 PM (IST)



**Shereen Bhan** ✓  
@ShereenBhan



[#RBIPolicy](#) Governor Das 'Since inflation target is on track, there is room to act. The decision of the MPC doesn't go beyond the RBI act, which includes the objective of growth. Gone by numbers presented by Govt in Budget for fiscal deficit  
[@CNBCTV18News](#) [@CNBCTV18Live](#)

♥ 8 6:55 AM - Feb 7, 2019



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Feb 07, 01:22 PM (IST)



The RBI MPC has delighted market participants by changing stance to neutral and cutting repo rate by 25 bps. Q3FY20 inflation expectation cut to 3.9% means some more rate cuts can be expected in the course of the next few meetings. While Bond yields are yet to respond to the rate cut, we think they may start to fall materially when FPIs revise their short term view on India (overcoming their fears on fiscal situation). Equity markets could rise some more, welcoming an attempt to address recent issues in the credit markets, ultimately leading to higher growth - **Dhiraj Relli, MD & CEO, HDFC Securities.**

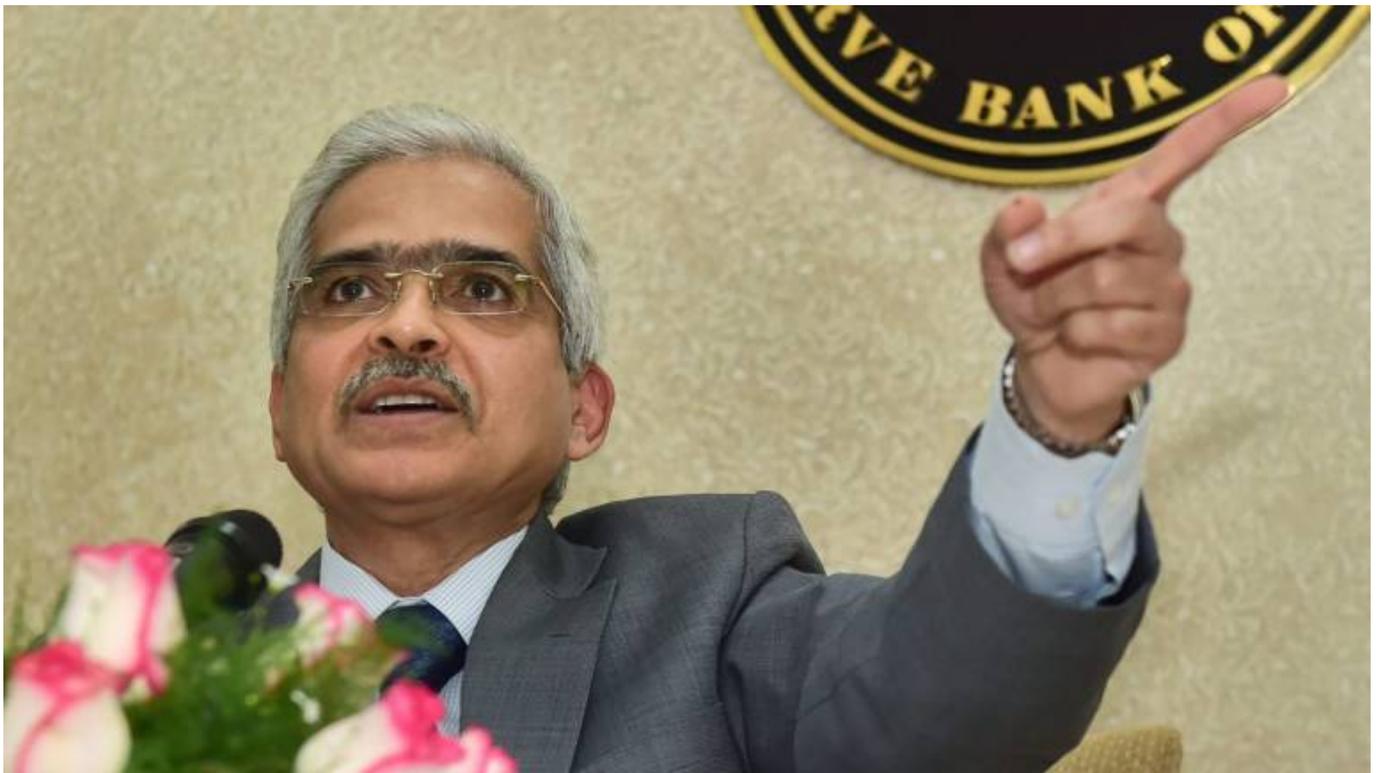
Feb 07, 01:21 PM (IST)



With an extremely benign inflation reading and limited risks to the upside and with the INR having stabilized, it was it was clear to us that the time is right to provide the much-needed support to economic growth. This could also be gauged from the RBI policy announcement, where members unanimously voted in the favour of changing their policy stance to Neutral from that of Calibrated Tightening. To our mind, it was only a matter of whether rates were cut in today's meeting or the during the next policy meet of RBI. In our recent strategy note post Union Budget, we opined that while the Central Bank will take cognizance of the budgeted pause in the fiscal deficit glide, it will not hold back from cutting the Repo rate - **Amar Ambani, President and Head of Research, YES Securities.**

Feb 07, 01:17 PM (IST)





“ *The committee said that despite softening of crude oil prices and the lagged impact of the recent depreciation of rupee on net exports, slowing global demand could pose headwinds.* ”

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