RBI Cuts Repo Rate to 6.25% Amid Easing Inflation and Slowing Growth

The **Monetary Policy Committee (MPC)** of the **Reserve Bank of India (RBI)** has cut the **repo rate by 25 basis points (bps) to 6.25%**, marking the first revision in two years. This decision, made unanimously, comes amid **easing retail inflation** and **slowing economic growth**, even as the **Rupee faces global tariff war pressures**. This was the last policy meeting for **FY25** and the first under new **RBI Governor Sanjay Malhotra**.

Despite the rate cut, the RBI has maintained a **neutral stance**, ensuring flexibility in addressing **inflation risks and economic stability**. The **GDP growth forecast for 2025-26** stands at **6.7%**, supported by **consumption and investment**, while **inflation is expected to ease to 4.2%**, barring any major shocks. However, **global risks, including geopolitical tensions, trade policy changes, and financial market volatility, remain key concerns**.

Other key policy adjustments include:

- **Standing Deposit Facility (SDF) rate** at **6.00%**
- **Marginal Standing Facility (MSF) rate & Bank Rate** at **6.50%**

For **2024-25**, the **GDP growth estimate** is **6.4%**, driven by **private consumption recovery**, while **headline inflation** has declined due to **falling food prices**. The **Consumer Price Index (CPI) inflation projection** for **2024-25** is **4.8%**, with a further drop to **4.2% in 2025-26**.

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