

Policy repo rate cut by 40 basis points - from 4.4% to 4%.

RBI maintains accommodative stance.

### **Covid blow**

- Top 6 states contributing to manufacturing in red
- Power and fuel consumption has plunged
- Double whammy- losses in production and crashing demand

Agricultural sector has offered a ray of hope.

Domestic economic activity contracted severely in two months lockdown.

The biggest blow came from private consumption slump with consumer durables production falling 33 percent in March 2020.

Volume of world trade can shrink by 13-32% this year

Headline inflation may remain firm in the first half but will ease out in the second half.

GDP growth is estimated to be in negative territory in FY 2020-2021.

### **For greater flexibility of SIDBI**

- Another 90 days extension for the 90-day term loan facilities offered
- This will provide additional liquidity support to the MSME sector

Supply chock in April will persist for the next coming months.

Merchandise exports slumped to the worst level in 30 years

Combination of fiscal, monetary, and administrative measures will help economy revive in the H2.

An improvement in passing on a lower rate to borrowers has been noticed across various business segments.

### **Policy announcements**

- Improve functioning of markets and market participants
- Support exports and imports
- Relief on debt servicing
- Steps to ease the financial constraints of state governments

RBI extends the three-month moratorium, from June 1 to August 31

RBI allocates Rs 15,000 crore to EXIM banks to avail US dollar swap facility.

Maximum permissible period of pre and post shipment of credits increased from 1 year to 15 months.

Group exposure limit of banks will be increased from 25% to 30%.

**Voluntary retention route for FPIs**

- Voluntary retention route for FPIs announced
- Extension of 3 months
- 75% utilisation of investment limits need to be met

In order to manage importer's operative cycle, outward remittances against normal imports into India, reduced to 6 months from 12 months.

RBI is vigilant and ready to do whatever it takes to tackle the unknown future.