

Mumbai, April 09, 2025: A dovish tilt from the RBI in its monetary policy decision today. The combination of a 25bps rate cut along with the change in stance to accommodative is a decisive signal from the RBI that more rate cuts can be expected in the coming months. We expect two more rate cuts in 2025, with the next rate cut likely to be delivered in the June policy. As liquidity conditions continue to improve, expected to average above neutral in the current quarter, transmission of rate cuts to money market rates and for deposit rates is also likely to increase.

Recognising the increasing global headwinds due to tariff tensions, the RBI revised down its GDP growth forecast by 20bps to 6.5%. If global tensions continue to escalate, we see a further downside risk to these projections. We expect GDP growth at 6.3% for FY26 assuming that there is some retraction in current tariff announcements with successful bilateral negotiations.

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