

RBI hints at easing interest rates

Ahead of its mid-quarterly policy review, the Reserve Bank on Monday hinted at cut in interest rates, saying moderation in inflation due to lower economic growth and cooling global oil prices provide room for easing monetary policy.

".. the growth is somewhat lower than expectation and that may have positive, moderating impact on core inflation," RBI deputy governor Subir Gokarn said in Mumbai.

"... oil prices have come off somewhat more than expected. Those are the two factors that suggest more room (for easing monetary policy)," he said.

The central bank is scheduled to announce its first mid-quarter review of monetary policy for 2012-13 on June 18.

In its annual credit policy for 2012-13 on April 17, RBI had slashed short-term lending rate or repo rate by 0.50% to 8% to prop up economy.

India's economic growth rate slipped to 5.3% in the fourth quarter of 2011-12, the lowest in nearly nine years, following poor performance of the manufacturing and farm sectors.

As a result, GDP growth for the full year 2011-12 was down to 6.5% from 8.4% in 2010-11.

However, wholesale price-based inflation for the month of April rose to 7.23%, from 6.9% in the previous month.

Meanwhile, crude oil prices has come below \$100 per barrel for the first time in 8 months on the weak Chinese and US data and eurozone debt tensions centred on Spain.

(Hindustan Times)