

TRENDS & TIDES

**RBI MPC October 2025
maintains status quo on rates
and stance**



RBI holds repo rate steady but signals further room for policy easing

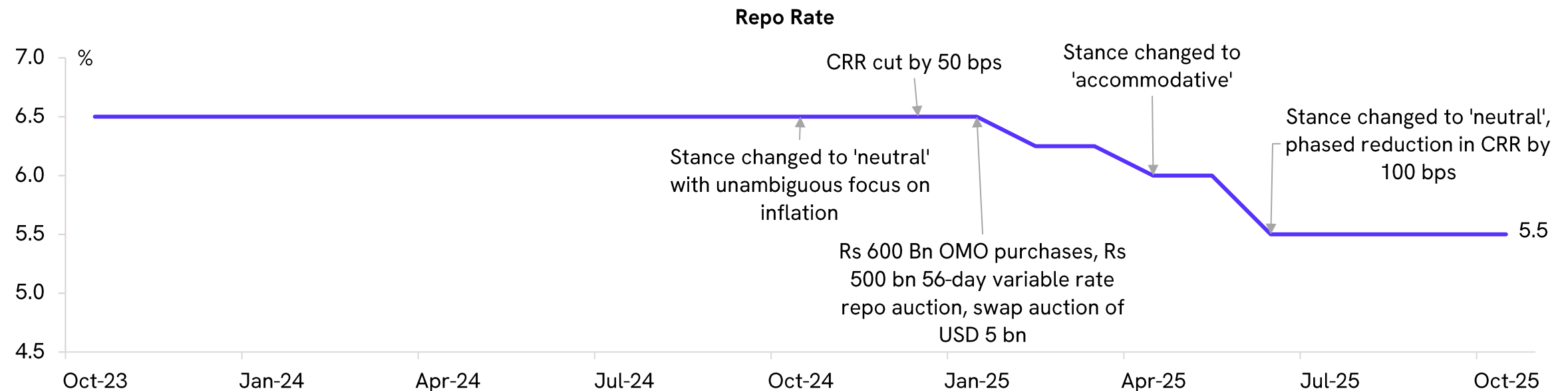
The MPC notes that the inflation outlook has turned benign, while growth continues to fall short of aspirations

The RBI's Monetary Policy Committee (MPC) has decided to keep the repo rate and policy stance unchanged at its October 2025 meeting

The MPC statement notes that macroeconomic conditions have opened up policy space to further support growth

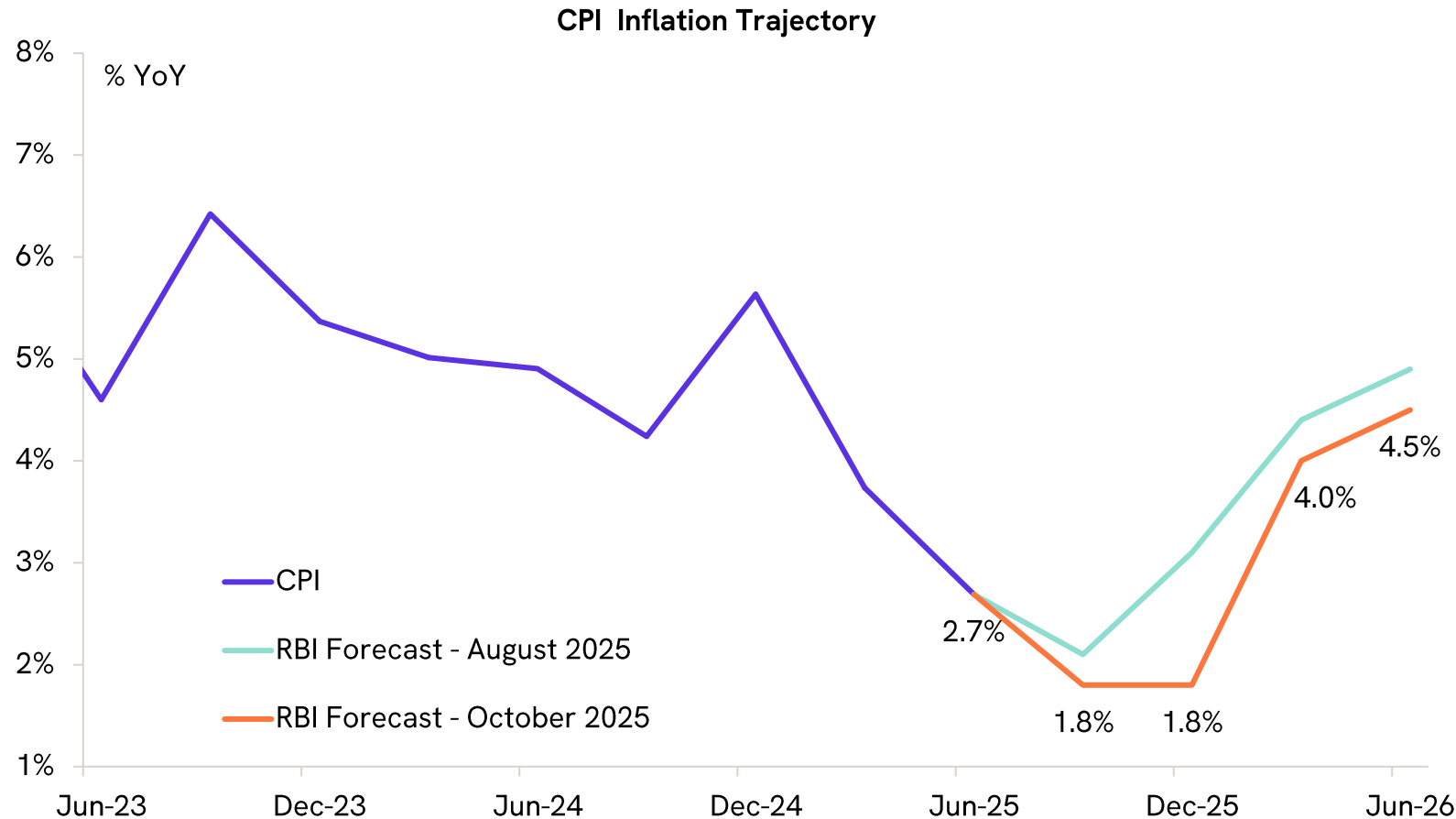
However, front-loaded monetary policy actions and recent fiscal measures are still playing out, while trade-related uncertainties are also unfolding

The rationalisation of Goods and Services Tax (GST) rates is likely to have a moderating impact on inflation while stimulating consumption and growth



RBI lowers FY26 CPI projection to 2.6% YoY from 3.1% in the previous policy

The reduction in the inflation projections is primarily on account of GST rate cuts and benign food prices



RBI Inflation Outlook:

The MPC observed that the overall inflation outlook has turned even more benign in the last few months, due to a sharp decline in food prices and the rationalisation of GST rates

Healthy progress of the south-west monsoon, higher kharif sowing, adequate reservoir levels and a comfortable buffer stock of foodgrains should keep food prices benign

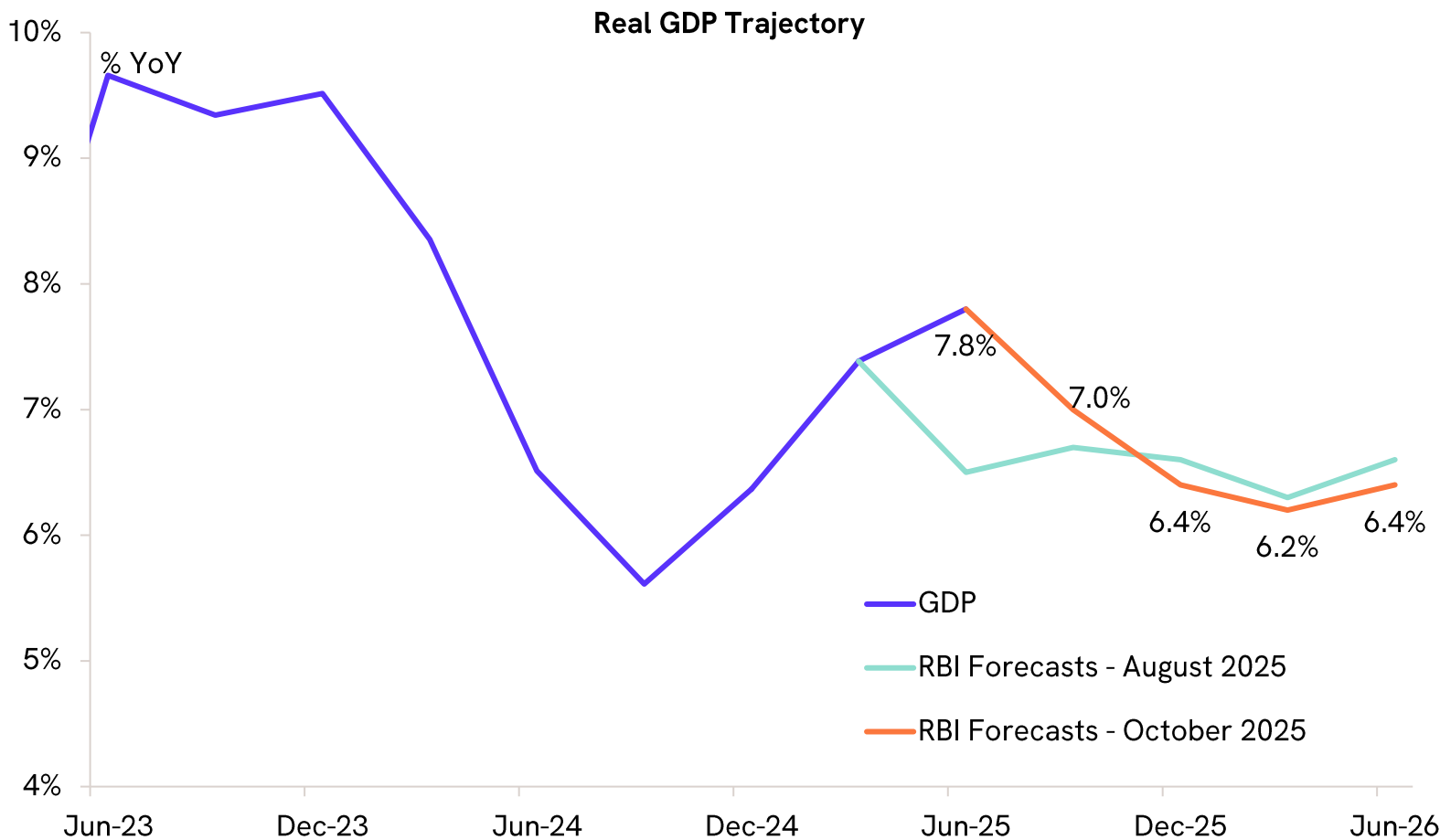
The recently implemented GST rate rationalisation would lead to a reduction in prices of several items in the CPI basket

Projections for Q4FY26 and Q1FY27 are broadly aligned with the target, despite unfavourable base effects

Core inflation for FY26 and Q1FY27 is also expected to remain contained

RBI revises the FY26 GDP growth projection upward to 6.8% YoY

Prevailing global uncertainties and tariff-related developments will likely slow growth in H2 and beyond



RBI Growth Outlook:

An above normal monsoon, good progress of kharif sowing and adequate reservoir levels have further brightened prospects of agriculture and rural demand

Buoyancy in the services sector, coupled with steady employment conditions, is supportive of demand, which is expected to get a further boost from the rationalisation of goods and services tax (GST) rates

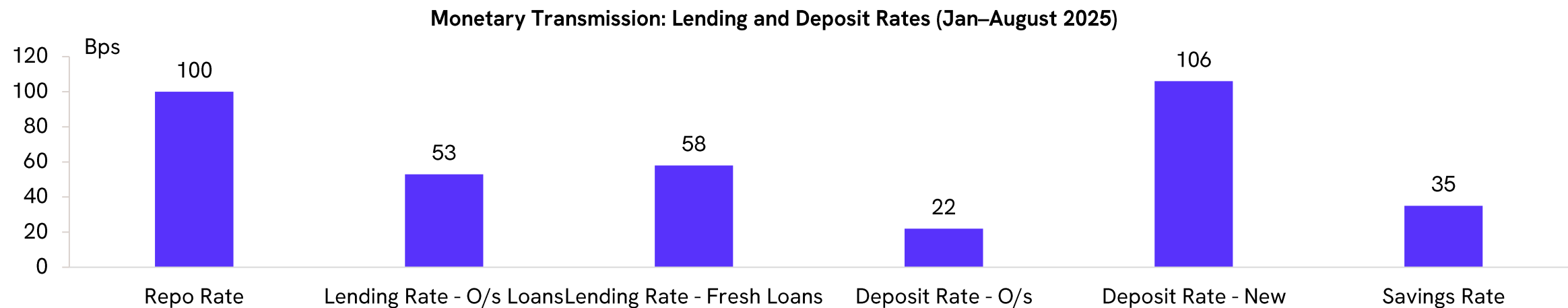
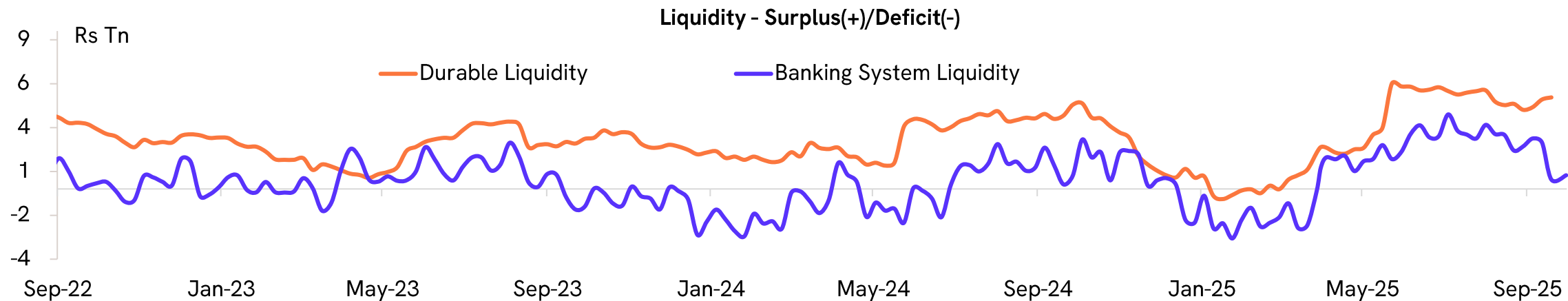
However, ongoing tariff and trade policy uncertainties will impact external demand for goods and services

Prolonged geopolitical tensions and volatility in international financial markets caused by risk-off sentiments also pose downside risks to the growth outlook

Source: MOSPI, RBI, 360 ONE Asset Research

Liquidity dips on advance tax outflows, but durable surplus persists

Government cash drawdowns and the remaining 75 bps of cuts in the cash reserve ratio will aid banking system liquidity



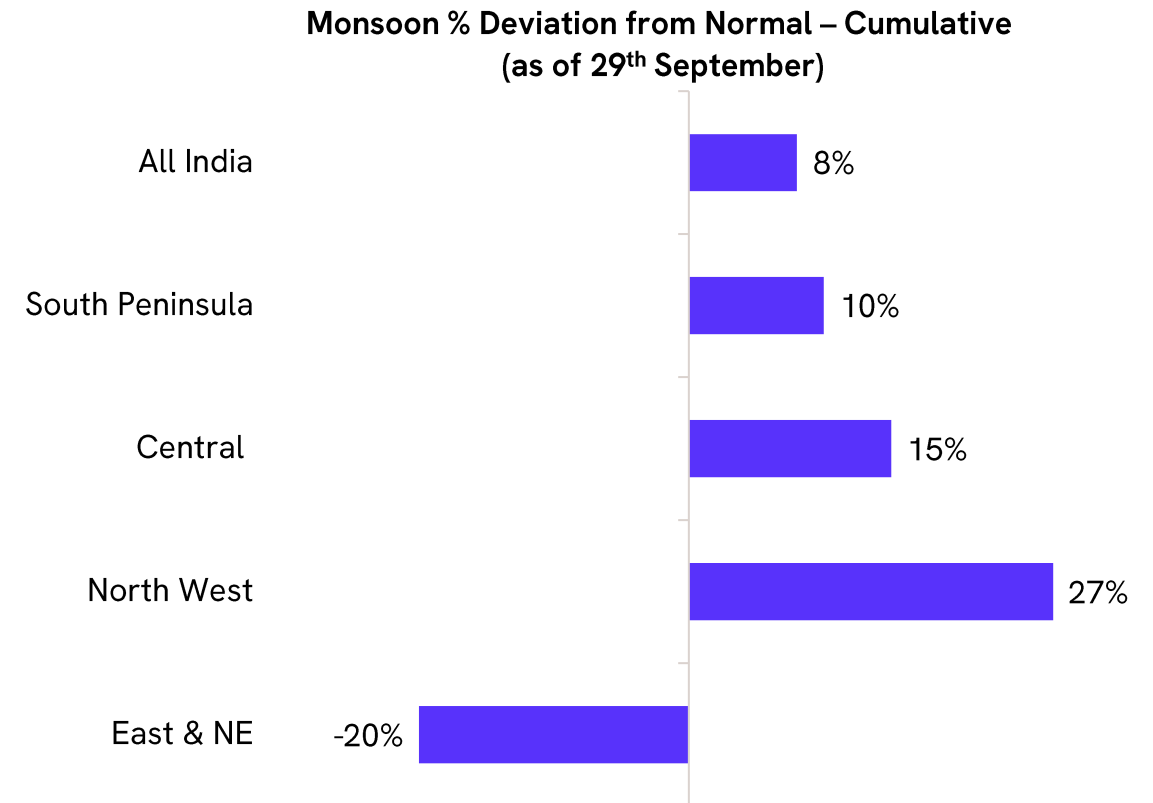
Outlook: A 25-bps rate cut is likely at the next policy meeting

RBI has opted for a dovish pause in the October meeting, indicating that policy space has opened up to further support growth

GST 2.0 could provide a ~Rs 2 tn boost to consumption & push GDP growth higher by 40-50 bps

Intense rains have caused flooding across parts of Northwest India, likely impacting crop yields and agricultural production

GST 2.0 impact on Exchequer and Consumption		Rs Bn
A	Gross revenue loss to exchequer on account of GST 2.0	930
B	Gains on account of introduction of 40% slab in GST 2.0	450
C = A-B	Net loss to exchequer on account of GST 2.0/ Potential gain to the consumer	480
D	Gain on account of withdrawal of compensation cess	1,671
C + D	Net consumption boost	2,151



Disclaimer

This document constitutes confidential and proprietary material and may not be reproduced or further distributed in part or full to any other person without the written permission of 360 ONE AMC. This document is the property of 360 ONE AMC and must be returned to 360 ONE AMC or its affiliates upon request. This document is provided for assistance only and is not intended to be used for taking investment decisions or otherwise. This document is not investment, legal, tax, or accounting advice. The recipients should also inform themselves, and should take appropriate advice, on the legal requirements and shall not rely on this document for any subscription, purchase, holding, exchange, redemption or disposal of any investments. The opinions expressed herein are the personal opinions of the author. Past Performance is not an indicator/guarantee of future returns. Investment in securities are subject to market risk. Whilst every care has been taken in preparing this document, 360 ONE AMC and its affiliates and agents to the fullest extent permitted by applicable law disclaim any liability or responsibility for any error or omission or inaccuracy or mistake of any nature or any consequences of the use of the material/ information displayed on this document. Notwithstanding the aforesaid, nothing set out above shall exclude liability for any undertaking, representation, warranty or other assurance made fraudulently. The information given in this document is not exhaustive and is subject to change without notice.

asset 360 ONE

