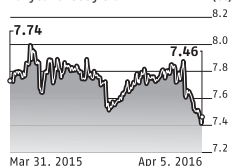


OPENING THE TAP

Falling yields signal further easing



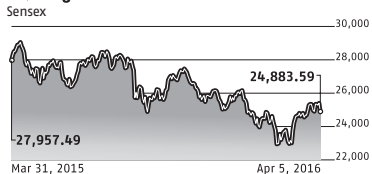
Could bring treasury profit for banks

Price drops to contain oil import bill



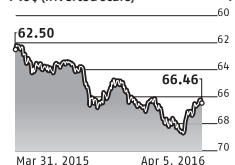
Helps to keep energy inflation in check
*Till 1700 hours IST

Adverse global cues could hit sentiment



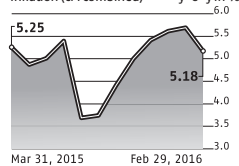
A rough ride impacts capital flows

Volatile trading magnifies forex risks



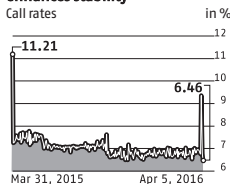
A weak rupee makes import costly while strong currency limits export gains

Falling prices healthy for cost of living

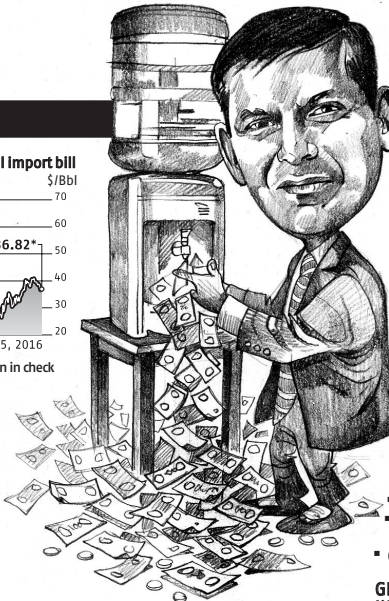


Gives better returns for money

Moving closer to policy rates enhances stability



A positive for monetary policy credibility



Theoretically there was no reason for banks to complain about lack of liquidity because we were supplying it at relevant rates

RAGHURAM RAJAN
Governor, RBI

UNCERTAINTIES SURROUNDING INFLATION PATH

- Recent unseasonal rains
- Distribution of monsoon
- Low water level at reservoirs
- Recent upturn in commodity prices such as oil

FACTORS THAT WILL OFFSET PRESSURES

- Tepid demand in global economy
- Supply-side steps to keep a check on food prices
- Commitment to fiscal consolidation

GROWTH MAY STRENGTHEN IN FY17 ON

- Prospects of normal monsoon
- Pay hike for govt staff; pension for defence personnel
- Continuing monetary accommodation

BUT RISKS TO GROWTH COULD SPRING FROM

- Fading impact of lower input costs
- Persisting corporate sector stress
- Risk aversion in banking system
- Weaker global economy