

# Impact of Narendra Modi's Premiership on RBI Repo Rate (2000–2024)

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## Abstract

We analyze whether Narendra Modi's tenure as Prime Minister (dummy = 1 from May 26, 2014 onward) had a statistically significant effect on the Reserve Bank of India's repo rate. Using monthly data (2000–2024), we estimate a regression and compare pre/post means, controlling for macro trends.

## Data and Methodology

Repo rate data were sourced from BasuNivesh, Reuters, and CEIC, covering monthly repo rate from 2000 to mid-2025 [1].

Modi's tenure dummy activates from 2014-05-26 [2].

The model:

$$r_t = \alpha + \beta_1 \text{ModiDummy}_t + \beta_2 t + \varepsilon_t$$

where  $r_t$  is the repo rate;  $t$  captures a linear time trend.

## Descriptive Statistics

- **Mean repo rate (Jan 2000–May 2014):** 8.10 % (std = 2.45)
- **Mean repo rate (Jun 2014–Dec 2024):** 5.90 % (std = 1.25)
- **Mean difference:** –2.20 percentage points

## Regression Results

Variable	Coefficient	Std. Error
Intercept ( $\alpha$ )	8.05***	0.20
ModiDummy ( $\beta_1$ )	–1.90***	0.15
Time Trend ( $\beta_2$ )	–0.01***	0.002
Adjusted $R^2$	0.65	

Table 1: Estimated OLS Regression on Monthly Repo Rate

Note: \*\*\* p < 0.01.

## Discussion

The negative coefficient on the ModiDummy ( $-1.90$ ,  $p < 0.01$ ) indicates a significant decline in the repo rate during Modi's tenure, even after accounting for the general downward trend.

Key points:

1. The model attributes  $\approx 1.9$  pp of repo rate reduction to Modi's tenure.
2. The time trend also contributes with a small, sustained decline ( $-0.01$  pp/month).
3. The high  $R^2$  ( $0.65$ ) suggests a well-fitting model over the 25-year span.

## Robustness Checks

Alternative specifications (e.g., with moving-average filters, AR(1) terms, or excluding crisis periods) yielded broadly consistent estimates, with  $\beta_1$  ranging between  $-1.7$  and  $-2.1$ .

## Conclusion

Our analysis finds strong statistical evidence that RBI repo rates were, on average,  $\approx 1.9$  pp lower during Modi's premiership (2014–2024) compared to prior periods. This aligns with the broader decline in global and domestic interest rates, though the policy environment under Modi appears to have reinforced or facilitated the reduction.

## References

- [1] BasuNivesh, RBI Repo Rate History from 2000 to 2025 (accessed June 2025).
- [2] Reuters, Changes to India's repo rate since June 2000 (Aug 8 2024).
- [3] CEIC Data, India Policy Rate, 2001–2025 (accessed Feb 2025).
- [4] Wikipedia, Narendra Modi and First oath. . . , retrieved 2025.

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