

Shares of public sector undertaking (PSU) banks were trading higher by up to 7% on the National Stock Exchange (NSE) ahead of the Reserve Bank of India (RBI) monetary policy decision, due later in the day today.

At 11:11 am; [Nifty PSU Bank](#) index, the largest gainer among sectoral indices, was up 1.5% at 2,925. On comparison, Nifty Bank (up 0.13%), Nifty Private Bank (0.07%) and the benchmark Nifty 50 (up 0.39%) were up less than 1% on the NSE.

Allahabad Bank, Union Bank of India, Andhra Bank, Oriental Bank of Commerce, Punjab National Bank (PNB), Syndicate Bank, Bank of India, Canara Bank, Bank of Baroda and State Bank of India (SBI) were up in the range of 1% to 7%.

The bond market seems to be expecting interest rates to remain unchanged in the RBI's Monetary Policy Committee (MPC) meeting on Wednesday as the yield on benchmark 10-year paper softened by 5 basis points (bps) to close at 7.83%, the Business Standard reported. [CLICK HERE TO READ FULL REPORT](#)

Sharp surge in global crude oil prices would not be the only factor that the [RBI](#) will look at before considering to raise rates in its June meeting, but will also be taking into consideration the increased cost of funding, Motilal Oswal Securities said in a note.

The brokerage firm expects that the central bank would maintain a status quo approach as it has many things to monitor in the backdrop. Starting with rising crude oil prices, fund outflows by FIIs from equity and debt segment, balance sheet normalization by the Federal Reserve, strength in the dollar against its major crosses and rising 10-year yields.

Broadly, we expect that [RBI](#) would hold rates unchanged and the central governor to change its stance from 'Neutral' to 'Hawkish'. Change in stance would mean that the central bank is preparing market participants to get a ready for a rate hike in its August meeting. In the short term, rupee could quote in the range of 66.70 and 68.00, it added.

Meanwhile, Prime Minister Narendra Modi took stock of various economic issues at a meeting with officiating finance minister Piyush Goyal and officials on Tuesday.

Separately, the PM's Office (PMO) discussed issues related to the RBI's new and stiffer provisioning norms for stressed loans, sources said. It appears the ministry would like a return to the earlier rule, the Business Standard reported. [CLCIK HERE TO READ FULL REPORT](#)