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# New RBI Monetary Policy - Repo Rate Remains Unchanged at 6.50%

Reserve Bank of India (RBI) conducted its monetary policy review of the current fiscal year on Wednesday. Monetary Policy Committee has 6 members, three of whom are the officials of the Reserve Bank of India and three external members are nominated by the Government of India. MPC meetings are held 4 times each year and the decisions are published after each meeting. Their functions revolve around formulating the monetary policy for which Reserve Bank's Monetary Policy Department (MPD) assist the MPC members. In the last MPC meeting, three main topics were considered to be addressed including repo rate, benign inflation and investment activity. Read the important highlights from the meeting to know about the current Monetary Policy.

## Monetary Policy Meeting Highlights:

- After two consecutive hikes from June, all the 6 members of monetary policy review (MPR) voted in favor to keep the lending rate for banks the same. The repo rate was, thus, unchanged at **6.5%**.
- Reverse repo rate remains at 6.25 percent, bank rate at 6.75 percent and cash reserve ratio stands at 4 percent.
- For keeping the policy stance as "calibrated tightening", the vote ratio of the MPR members turned out to be **5:1** in favor of the same, which finally ended up being unchanged.
- The inflation projection was also lowered from **3.9-4.5% to 2.7-3.2%** for October-March 2018-2019.
- The GDP growth estimate has been retained at **7.4%** for current fiscal.
- Decline in prices of crude oil is expected in order to boost growth prospects.





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- Next meeting of the MPC is scheduled on 5-7 February.

## What is RBI Monetary Policy?

Monetary policy is basically managed by the Central bank of the Country i.e Reserve Bank of India. It is also known as the '**credit policy**'.

It controls the money supply & amount of credit in the economy. Through credit policy RBI controls these rates like Bank Rates, MSF, Repo Rate, Reverse Repo rate & Statutory Liquidity Ratio in order to manage price stability in the economy. The new values are as follow:

**Repo Rate - 6.50%**

**Reverse Repo Rate - 6.25%**

**Marginal Standing Facility (MSF) Rate - 6.75%**

## Main Objectives of RBI Monetary Policy

The Main objectives of monetary policy are:

- Price stability
- Exchange Rate Stability
- Inflation targetting
- Economic Growth

## More News on RBI Policy Change

The Monetary Policy Committee (MPC) has kept Repo Rate unchanged keeping in mind the headwinds from escalating trade wars, tightening of global financial conditions with rising oil prices. The MPC has attributed their move as calibrated tightening observing substantial risks to growth and inflation outlook. This decision is consistent with the

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neutral stance of monetary policy with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 percent with relaxation of +/- 2%. RBI has also kept the reverse repo rate and the Marginal Standing Facility rate unchanged at 6.25% and 6.75% respectively. The Cash Reserve Ratio (CRR) as of now is 4%. The GDP growth projection for 2018-19 at 7.4% by MPC has also retained the. The MPC is scheduled to meet from December 3 to 5, 2018 for next bi-monthly Monetary Policy Review.

You can visit the [RBI Official Site](#) to read the get all other RBI updates. Also check the following links to know more information regarding the Banking Sector.

<a href="#"><u>Learn Repo Rate, Reverse Repo Rate &amp; Other Important Terms</u></a>	<a href="#"><u>Weekly Banking Awareness Capsule for Bank Exams</u></a>
<a href="#"><u>Finance &amp; Banking Abbreviations in PDF</u></a>	<a href="#"><u>Gita Gopinath – IMF's 1st Female Chief Economist</u></a>
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