

BHARAT SCHOOL OF BANKING

MONETARY POLICY

- ✓ This monetary policy decision was taken by the newly constituted **Monetary Policy Committee (MPC)**. This was also **Urjit Patel's** maiden monetary policy announcement as RBI Governor.
- ✓ All the six members of MPC unanimously decided to cut key policy rate with the aim of achieving a midterm inflation target of **4% within a band of plus or minus 2%**.
- ✓ With this, RBI moved away from tradition of RBI governor having the final say on monetary policy decisions.

POLICY RATES

- ✓ Repo rate under the liquidity adjustment facility (LAF): 6.25 percent.
 - ✓ Reverse repo rate under the LAF: 5.75 per cent.
 - ✓ Marginal standing facility (MSF) and Bank Rate: It was adjusted to 6.75 per cent.
 - ✓ Statutory Liquidity Ratio (SLR): 20.75 per cent.
- Reserve Ratios Cash Reserve Ratio (CRR) of scheduled banks: Unchanged at 4.0 per cent of net demand and time liability (NDTL).