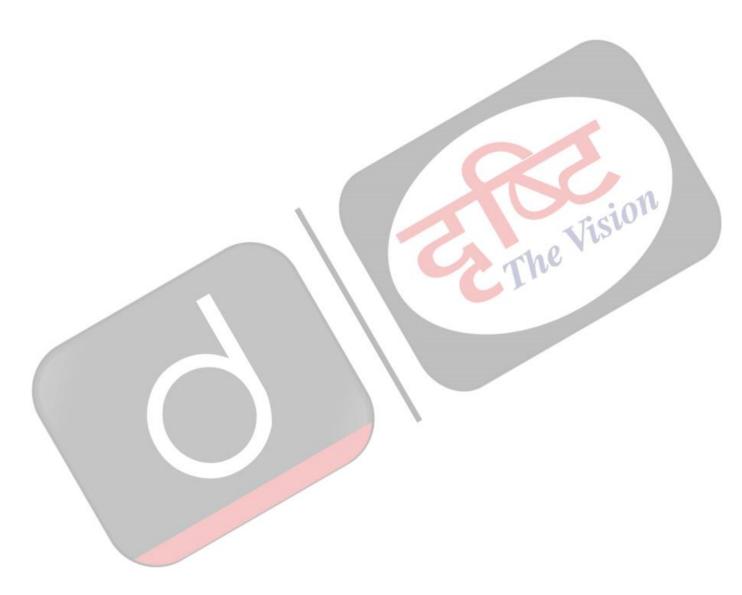


## **Monetary Policy Committee**

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## **Monetary Policy Committee**



## **Monetary Policy**

- It is formed and managed by Reserve Bank of India to control a nation's overall money supply and achieve economic growth
- It is different from Fiscal Policy which is managed by the Ministry of Finance that measures
  the spending and taxation in Indian Economy

## **Monetary Policy Committee (MPC):**

- Ex-officio Chairperson: RBI Governor
- **Objective:** To determine the policy rate required to achieve the inflation target (4+/- 2%, Urjit Patel Committee)
- Legal Framework: Under Section 45ZB of the amended RBI Act, 1934, the Central Government is empowered to constitute a six-member Monetary Policy Committee (MPC)
  - The MPC is required to meet at least four times in a year. Each member of the MPC has one vote, and in the event of an equality of votes, the Governor has a second or casting vote.
- Monetary Policy Report: RBI once in every six months, releases Monetary
   Policy Report to explain the sources of inflation and the forecast of inflation for
   6-18 months ahead







Read more...

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