



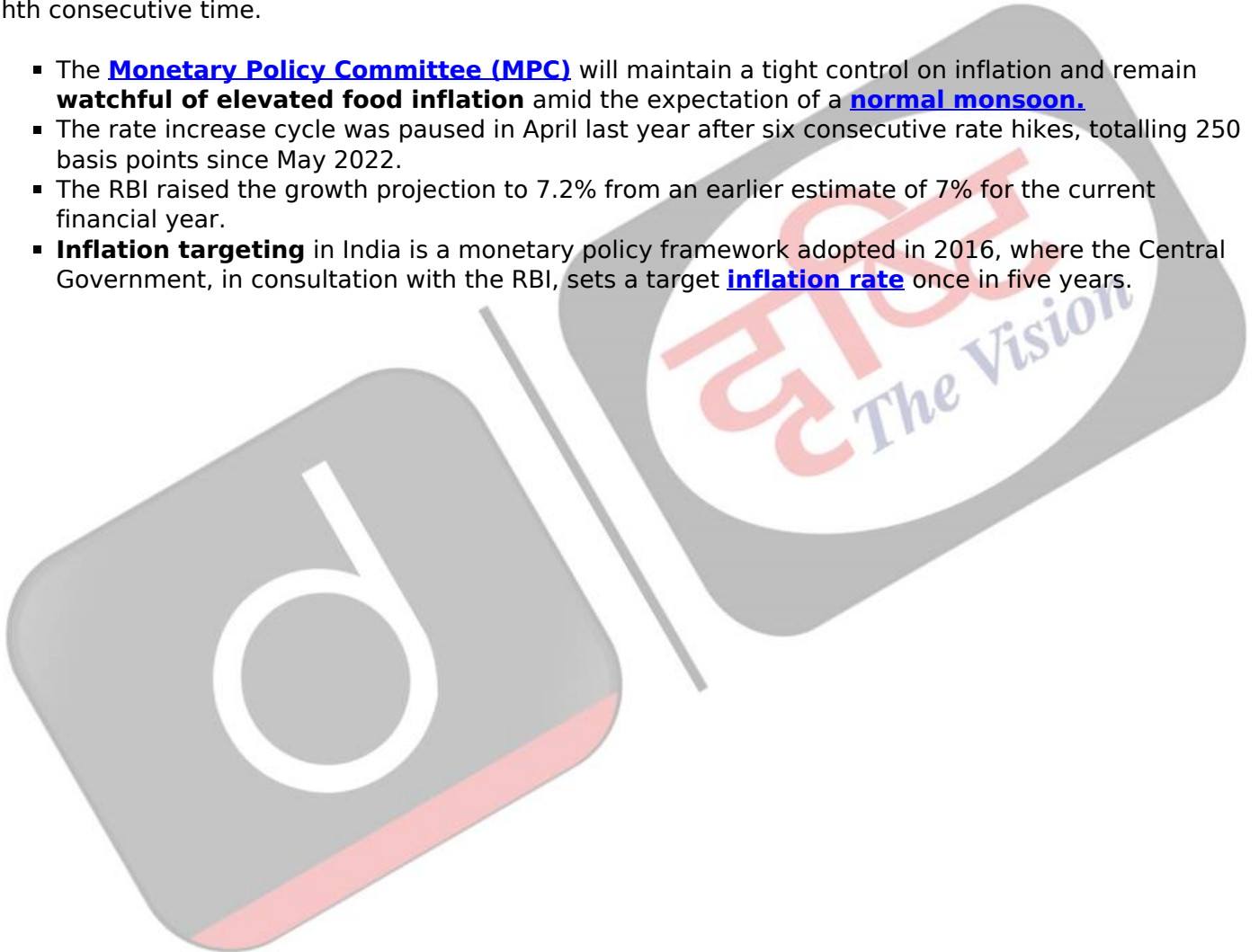
Repo Rate Unchanged for 8th Consecutive Time

[Source: TH](#)

Recently, the [Reserve Bank of India \(RBI\)](#) decided to keep the policy rate unchanged at 6.5% for the eighth consecutive time.

- The [Monetary Policy Committee \(MPC\)](#) will maintain a tight control on inflation and remain **watchful of elevated food inflation** amid the expectation of a [normal monsoon](#).
- The rate increase cycle was paused in April last year after six consecutive rate hikes, totalling 250 basis points since May 2022.
- The RBI raised the growth projection to 7.2% from an earlier estimate of 7% for the current financial year.
- **Inflation targeting** in India is a monetary policy framework adopted in 2016, where the Central Government, in consultation with the RBI, sets a target [inflation rate](#) once in five years.

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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: [Monetary Policy Committee \(MPC\)](#)

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