

RBI policy: MPC keeps repo rate unchanged at 6.50%

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As expected, the monetary policy committee (MPC) today kept the benchmark repo rate unchanged at 6.50 percent.

The committee also kept its stance unchanged at 'calibrated tightening'.

Repo rate is the rate at which banks borrow short-term funds from the Reserve Bank of India.

The committee also decided to cut the statutory liquidity ratio (SLR) to 18.0 percent from 19.5 percent earlier. It also decided that starting the January-March quarter, SLR will be cut by 25 basis points each quarter in order to align it with the liquidity coverage ratio.

This was the fifth bi-monthly monetary policy for 2018-19.

All six members of the MPC, which is headed by RBI Governor Urjit Patel, voted in favour of keeping the repo rate unchanged. Five of them voted in favour of keeping the stance unchanged as well, while 1 member voted to change it to 'neutral'.

The MPC began its 3-day meeting on Monday, December 3.

India's retail inflation for October cooled off to 3.31 percent, lower than the RBI's and the government's comfort zone of 4.00 percent (+/- 2 percent), for the medium term.

The repo rate has been hiked twice so far this year – in June by 25 basis points and in August by an equal measure. The last time it was hike before that was in January 2014, when it was increased by 25 bps to 8.00 percent. Since then, it has either been cut or kept as is.

One basis point is a hundredth of a percentage point.