




RBI's astute policy moves

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RBI RATE CUT PATTERN	
Date	Repo Rate
6 Jun 2019	5.75
4 Apr 2019	6
7 Feb 2019	6.25
1 Aug 2018	6.5
6 Jun 2018	6.25
2 Aug 2017	6
4 Oct 2016	6.25
5 Apr 2016	6.5
29 Sep 2015	6.75
2 Jun 2015	7.25
4 Mar 2015	7.5
15 Jan 2015	7.75
28 Jan 2014	8

The Reserve Bank of India logo is circular, featuring a tiger in the center, surrounded by the text 'भारतीय रिज़र्व बैंक' (Bharatiya Reserve Bank) in Hindi and 'RESERVE BANK OF INDIA' in English.

The monetary policy committee (MPC) of the RBI has surprised many with its unanimous decision to not cut the policy repo rate. Despite the fact that the economy is slowing down and growth needs to be jumpstarted, the RBI is clear on focusing on inflation control. A rate cut at this stage may have affected the transmission mechanism, as the market could have interpreted it as nearing the end of the easing cycle. The MPC has wisely chosen to maintain the status quo. Monetary policy works with a time lag, and the RBI has adopted *await-and-watch* stance to understand the reaction of both the real and the financial sectors to the rapidly unfolding market data. The markets may or may not be disappointed, but the MPC has made a calculated move aligned with the current inflationary trends in the economy. The RBI is hopeful of better transmission in the coming days, and it has taken the right decision.

**Photo Credit: Google*