

## RBI Policy – OCT 2021 – Key Takeaways

### RBI Monetary Policy

<b>Repo Rate</b>	<b>Unchanged</b>
Now at 4.0%	
<b>Reverse Repo Rate</b>	<b>Unchanged</b>
Now at 3.35%	
<b>MSF Bank Rate</b>	<b>Unchanged</b>
Now at 4.25%	
<b>Policy Stance</b>	<b>Maintained</b>
Accommodative	

### RBI on Growth, Inflation

<b>FY22 GDP Growth</b>	<b>Retained at 9.5%</b>
<b>Inflation Outlook</b>	<b>Lowered at 5.3%</b>

- **On Rate Cut** – The monetary policy committee (MPC) on October 8 kept the key lending rate, the repo rate, unchanged at 4 percent and retained the monetary stance as ‘accommodative’. MPC decided to continue with accommodative stance as long it is necessary to revive growth and mitigate the impact of Covid-19 on the economy, while ensuring that inflation remains within the target. The MPC voted unanimously to maintain status quo with regard to the policy repo rate and by a majority of 5 to 1 to retain the accommodative policy stance. **This is the eighth consecutive time the MPC maintaining a status quo in rates.**
- **On Inflation** – The governor also said that India was in a much better place in October than in April, when the last MPC meeting had been held. **Growth impulses are strengthening, inflation trajectory more favourable than expected.** Food inflation expected to remain muted in coming month on back of record production of food grains.
- **Key takeaways:**
  - Special three-year LTRO of Rs 10,000 crore for SFBs extended till December 31 and made available on-tap.
  - It proposed to introduce a framework for retail digital payments in offline mode.
  - It has also been proposed to raise the transaction limit on IMPS transactions to Rs 5 lakh from the current cap of Rs 2 lakh.
  - Auctions of the Variable Reverse Repo (VRR) will be increased from Rs 4 trillion to Rs 6 trillion every two weeks. RBI may hold a 28-day VRR auction in addition to the 14-day VRR auctions. The amount of liquidity absorbed in the first week of December through fixed-rate auctions is expected to be about Rs 2-3 trillion.
  - To further strengthen the internal grievance redress mechanism of NBFCs, RBI has decided to introduce the Internal Ombudsman Scheme (IOS) for certain categories of NBFCs which have higher customer interface.

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