

# RBI To Announce Monetary Policy Committee's Decision Today, Repo Rate Likely To Be Unchanged

According to reports, the central bank is likely to keep the Repo rate unchanged given COVID-19 uncertainty and fears over inflation.

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New Delhi: The Reserve Bank of India which started the bi-monthly monetary policy review on June 2 will present the committee's decision on Friday with Governor Shaktikanta Das expected to announce the updates. According to reports, the central bank is likely to keep the Repo rate unchanged given COVID-19 uncertainty and fears over inflation. Reports also suggested that the Repo rate (lending rate) is likely to continue at 4 percent and reverse repo rate (RBI's borrowing rate) at 3.35 percent. Notably, the MPC had left the rates unchanged during the last MPC meet in April 2021. However, this would be the sixth consecutive time the RBI maintains status quo if rates remain unchanged on Friday.

The feeling about the repo rate remaining unchanged is also backed by the RBI's annual report released in May, which stated that 2021-22 monetary policy would be guided by "evolving macroeconomic conditions" till durable growth is achieved "while ensuring that inflation remains within target".

The report had stated that the central bank would ensure comfortable system-level liquidity during 2021-22 in alignment with its monetary policy stance and maintain financial stability while ensuring that transmission continues "unimpeded".

The Reserve Bank's rate-setting panel, Monetary Policy Committee (MPC), started its three-day deliberations on Wednesday amid expectations of a status quo on benchmark rate mainly on account of uncertainty over the impact of the second wave of COVID-19 pandemic.

Moreover, the fears of firming inflation may also refrain the MPC from tinkering with the interest rate in its bi-monthly monetary policy outcome to be announced on Friday.

**Speaking to news agency PTI, M Govinda Rao, Chief Economic Advisor, Brickwork Ratings said the better-than-expected GDP numbers provide the much-needed comfort to the MPC on the growth outlook.**

**"However, with the imposition of partial lockdown-like restrictions to contain the virus spread in several parts of the country, the downside risk on growth recovery has intensified," he said.**

Dhruv Agarwala, Group CEO, Housing.com, Makaan.com and Proptiger.com believes the RBI can maintain its accommodative stance in light of the economic impact of the second wave of COVID-19, without endangering its key goal of keeping inflation under control.

The Centre has retained the inflation target at 4 per cent with the lower and the upper tolerance band of 2 per cent and 6 per cent, respectively, for the next five years (April 2021 – March 2026).

Retail inflation, based on Consumer Price Index (CPI), slipped to a three-month low of 4.29 per cent in April mainly on account of easing of prices of kitchen items like vegetables and cereals. The RBI mainly factors in the CPI while arriving at its monetary policy.