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## RBI Monetary Policy Preview: Shaktikanta Das Announces MPC Decision Today — This is Expected

Reserve Bank of India Governor Shaktikanta Das will announce the decision of the six-member Monetary Policy Committee (MPC) on Friday. The central bank's interest rate setting committee began a three-day debate on next bimonthly monetary policy on Wednesday.

The central bank wants to maintain key lending rates and maintain an accommodative stance to support growth during future monetary policy reviews, IANS reported an expert quote. If this happens, the central bank will maintain the current policy rate for the eighth time in a row. The report states that the policy or short-term lending rate is currently 4% and the reverse repo rate is 3.35%.

Central banks, on the other hand, may provide a timeline to initiate solid tapering measures, in addition to variable reverse repo rate (VRRR) operations to withdraw excess liquidity, thereby avoiding inflationary pressures.

“Inflationary pressure as an important factor”

In a poll conducted by IANS, economists and industry experts cited inflationary pressure as a key factor impeding further monetary policy easing.

Ranen Banerjee, leader of PwC India (Public Finance and Economics), said the latest Federal Reserve Board statement on possible actions if inflation did not slow by the first half of 2022 on interest rate behavior after the taper was clarified. He commented that it was a clear beginning of the chat. Timing, PTI reported.

“This impacts the MPC's stance, as oil, gas and coal prices show no signs of betting, but rather continue to have an upward bias, which is also a concern at the forefront of inflation. Will give,” he said.

**However, given that inflation is acceptable and 10-year yields are just above 6%, it is very unlikely that interest rates will be taken, Banerjee said.**

**M Govinda Rao, Chief Economic Advisor at Brickwork Ratings, said consumer price inflation eased from 5.59% in July to 5.3% in August, improving supply conditions on the back of pandemic-led deregulation and equipment utilization. Told PTI. It's still in recovery mode, so it doesn't immediately put pressure on the MPC to change interest rates or change its accommodative stance.**

CPI inflation data

Meanwhile, the RBI forecasts a CPI inflation rate of 5.7% from 2021 to 2010. With 5.9% in the second quarter, 5.3% in the third quarter and 5.8% in the fourth quarter, the risks are almost balanced. CPI inflation for the first quarter of 2022-23 is projected to be 5.1%.

CPI inflation in August was 5.3%. Inflation data for September will be released on October 12.

What you can do: Anil Singhvi

Earlier, talking about how inflationary commentary affects the market and what to expect, Zee Business Managing Editor Anil Singhvi said that everything in the hands of RBI Governor Shaktikanta Das is in monetary policy. He said he wanted to clarify the fact that there is. , Liquidity management, etc. are proceeding smoothly. There is also an external factor that is not under his control, which is global inflation.

Singhvi said there are certain supply-side issues that can be addressed. Again, there are certain regional factors associated with inflation that are unique to India. In such cases, the central government and the RBI can work together to sort out these issues.