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## **RBI Monetary Policy 2021: KEY HIGHLIGHTS, top 11 points by Governor Shaktikanta Das and reactions – who said what?**

RBI Monetary Policy 2021: Reserve Bank of India on Wednesday expectedly left interest rates unchanged and maintained an accommodative stance as the economy faces a renewed threat to growth due to the resurgence of coronavirus cases. The central bank kept the benchmark repurchase rate unchanged at 4 per cent and maintained an accommodative policy stance to support growth.

RBI Governor Shaktikanta Das said the Monetary Policy Committee (MPC) kept its estimate for economic growth unchanged at 10.5 per cent for the current fiscal. MPC saw inflation edging up to 5.2 per cent in the first half of the new fiscal from 5 per cent in the January-March period and moderate to 4.4 per cent in Q3 of FY22.

Here are the KEY HIGHLIGHTS of RBI Monetary Policy 2021 and top 11 points by Governor Shaktikanta Das:-

- 1 RBI maintains status quo fifth time in a row on policy rate; keeps repo unchanged at 4%
- 2 Central bank to maintain accommodative monetary policy stance to support growth, keep inflation at targeted level: RBI Guv
- 3 Recent surge in COVID-19 infections has created uncertainty over economic growth recovery, says RBI Governor.
- 4 Focus must be on containing spread of virus and economic recovery, says RBI Guv
- 5 RBI retains economic growth for 2021-22 fiscal at 10.5 per cent in 2021-22 fiscal's first monetary policy
- 6 Central Bank to ensure ample liquidity in system so that productive sector gets adequate credit
- 7 RBI to ensure orderly conduct of government borrowing; preserve financial stability
- 8 RBI will continue to do whatever it takes to preserve stability and to insulate financial firms from global spillovers
- 9 RBI announces Rs 50,000 cr additional liquidity facility to NABARD, NHB and SIDBI for fresh lending during 2021-22
- 10 RBI enhances aggregate ways and means advances limits to states to Rs 47,010 crore.
- 11 To tide over COVID crisis, RBI extends enhanced interim ways and means advances of Rs 51,560 crore to states till September.

REACTIONS: WHO SAID WHAT?

**Rajee R, Chief Ratings Officer, Brickwork Ratings**

**“In line with BWR expectations, RBI has kept rates unchanged and retained its accommodative stance till growth is secured. Extending TLTRO for six months, introducing secondary market G-sec acquisition Program 1.0 and the Rs 50,000 crore liquidity injection to the financial institutions, which includes Rs 10,000 crore to NHB, are positive developments. These are expected to sustain a balanced liquidity and keep the borrowing momentum buoyant in the markets. Given the renewed uncertainty in the economy, the MPC announcements provide reassurance of preserving adequate liquidity, protecting financial markets from external vulnerabilities and preventing the hardening of yields in the bond market. Providing state-based guidance rather than time-based guidance given the current scenario is practical. The formation of a Committee to review the functioning of Asset Reconstruction Companies (ARCs) and recommend measures to enable realisation of their full potential to meet the growing requirements of the financial sector has come at the right time. We expect the RBI to continue with the current stance till the economy recovers from the instability caused by the pandemic.”**