

# RBI Monetary Policy Updates: Covid Second Wave Impact Likely to be Restricted in Q1, Says RBI Guv

RBI Monetary Policy Committee Updates: The repo rate has been kept at 4 per cent. The reverse repo rate or the central bank's borrowing has been unchanged at 3.35 per cent

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**M Govinda Rao, chief economic advisor, Brickwork Ratings**

**“The decision to hold the policy rates by the MPC is on expected lines and there are no surprises. On the GDP guidance, the RBI lowered its forecast to 9.5% from 10.5% for FY22. On inflation, the RBI sees a slight hardening of prices in Q3 and Q4 FY22 and forecasts 5.1% inflation for FY22. The expectation of inflation moving within the MPC's upper range provides scope for the continuation of the accommodative policy stance for the near term. Although the RBI has lowered its GDP forecasts, the expectation of 18.5% growth for Q1FY22, brings some optimism. Overall, the MPC's growth and inflation estimates seem credible with an upward bias in the former, and the assurance of continuation of accommodative stance to support and nurture the growth recovery, while assuring to keep the interest rate low,” M Govinda Rao, chief economic advisor, Brickwork Ratings said.**