

# 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.

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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?

### Dr M Govinda Rao, Chief Economic Advisor, Brickwork Ratings

**“The decision to hold the policy rates by the Monetary Policy Committee (MPC) is on expected lines. While maintaining the status quo, the Committee has continued with an accommodative policy stance. It has not provided the guidance for the future but has clearly stated that the accommodative stance will continue until the economy recovers. The tone of the policy was dovish and accommodative, and the statement that the RBI will do whatever it takes towards recovery clearly shows that the focus is to help in sustaining the growth recovery and financial stability. Though there was no clear forward guidance on the recovery front, RBI maintained its FY22 growth forecasts at 10.5%, highlighting the renewed concerns owing to the second wave of Covid infections. The decision to purchase government securities amounting to Rs. 1 lakh crore is to ensure adequate liquidity to keep the yields in check. The RBI’s CPI forecast too is well within the upper band of the flexible target. We expect RBI to continue with its current policy stance for H1 FY22 and may gradually start withdrawal of liquidity later in the year”.**