

MONETARY POLICY COMMITTEE (MPC)

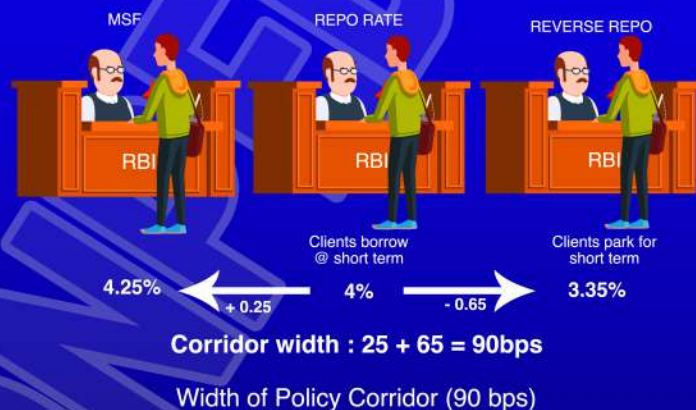
ESTABLISHMENT

The MPC is a six-member committee constituted by the central government under Section 45ZB of the amended Reserve Bank of India (RBI) Act of 1934.



OBJECTIVE

Liquidity Adjustment Facility (LAF) to control INFLATION



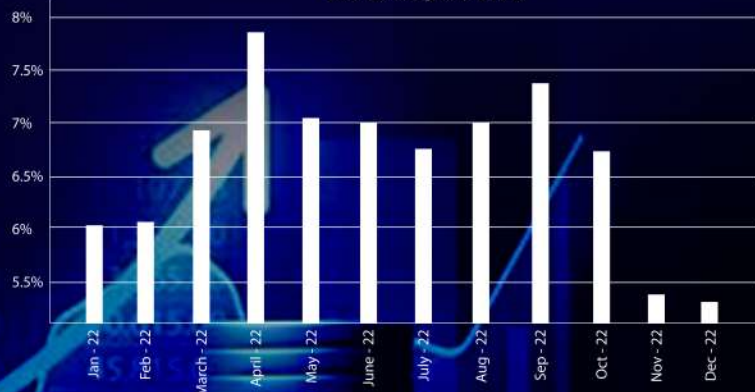
The primary objective of the MPC is to determine the policy rate required to achieve the inflation target as laid down in the RBI Act. The decisions of the MPC are binding on the RBI.

MANDATE OF MPC

RBI hiked repo rate by 190 basis points in four revisions



INFLATION RATE



The MPC is tasked with maintaining price stability while taking into consideration the objective of growth. It sets the policy interest rate (repo rate) and decides on the monetary policy stance.

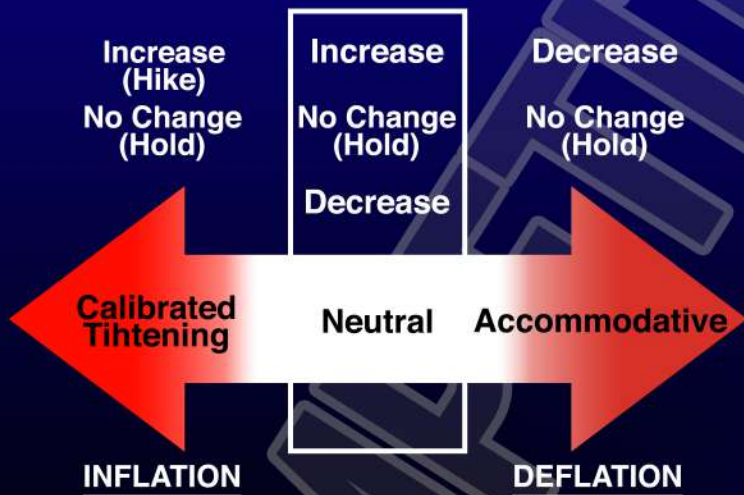
COMPOSITION



1. The RBI Governor as the ex-officio chairperson
2. The Deputy Governor in charge of monetary policy
3. An officer of the RBI nominated by its Central Board

Three persons appointed by the central government who possess knowledge and experience in economics, banking, finance, or monetary policy and must have ability, integrity, and standing.

MONETARY POLICY STANCE



The MPC meets bi-monthly to review the monetary policy stance and make decisions on policy rate changes, if necessary.

VOTING PROCESS



The decisions of the MPC are taken by a majority vote of its members. In the event of a tie, the vote of the Chairperson (Governor of the RBI) prevails.

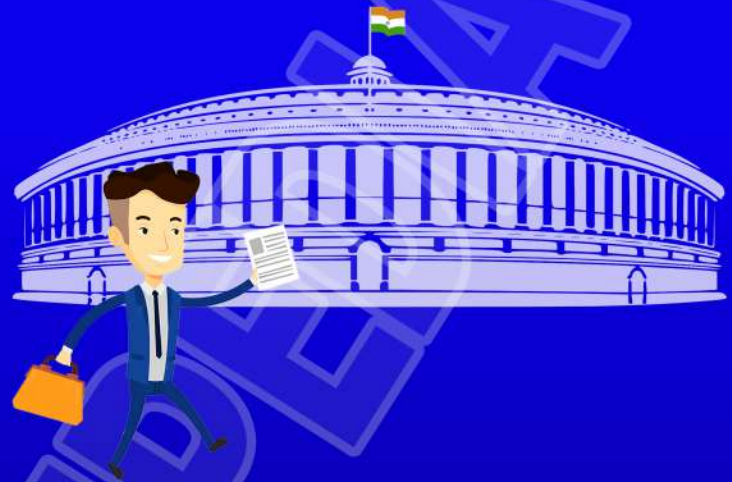
MINUTES OF MEETING



The MPC is transparent and accountable in its conduct of monetary policy.

After each meeting, it publishes a statement explaining its decisions and the minutes of the meeting.

POLICY COMMUNICATION



The MPC communicates its monetary policy stance and outlook through the bi-annual Monetary Policy Report presented to the Parliament.

