RBI MPC Keeps Policy Repo Rate Unchanged at 5.25%

The Reserve Bank of India's Monetary Policy Committee voted to keep the benchmark policy repo rate unchanged at 5.25%.

The Monetary Policy Committee (MPC) is a statutory 6-member body responsible for fixing benchmark interest rates to maintain price stability while supporting growth.

KEY EXAM POINTS

- The Monetary Policy Committee maintained the policy repo rate under **Liquidity Adjustment Facility** (LAF) at **5.25%**.
- The **Standing Deposit Facility** (SDF) rate was retained at **5.00%**.
- The **Marginal Standing Facility** (MSF) rate and Bank Rate remain unchanged at **5.50%**.
- The policy decision was announced under the leadership of **RBI Governor Sanjay Malhotra**.
- The committee cited **food and fuel price volatility** along with global macroeconomic uncertainties for retaining its neutral stance.

STATICS & SYLLABUS FOCUS

The RBI Monetary Policy Committee (MPC) was statutory constituted under **Section 45ZB** of the **Reserve Bank of India Act, 1934**.

The MPC consists of **6 members** including the RBI Governor (ex-officio Chairperson) and 3 members nominated by the Union Government.

Repo Rate is the interest rate at which commercial banks borrow short-term funds from the RBI against government securities.

Standing Deposit Facility (SDF) was introduced in **April 2022** to absorb liquidity without requiring collateral securities.

The Reserve Bank of India was established on **April 1, 1935**, based on the recommendations of the **Hilton Young Commission** (1926).

RBI was nationalised on **January 1, 1949**, under the Reserve Bank (Transfer to Public Ownership) Act, 1948.

REVISION FLASHCARD

RBI MPC kept the key policy repo rate unchanged at 5.25%, with SDF at 5.00% and MSF at 5.50%.

Syllabus Relevance: Unit 6 (Indian Economy) - Monetary Policy, RBI Policy Rates, Inflation & Banking System.