RBI May Hike Repo Rate by 0.25% in October Policy

Economists and bankers anticipated a potential 0.25% repo rate hike by the Reserve Bank of India due to mounting inflationary pressures and global central bank tightening.

The monetary policy review process by the Reserve Bank of India to regulate interest rates and manage inflation in the country.

KEY EXAM POINTS

- Economists and bankers predict a **0.25%** increase in the **repo rate** during the October monetary policy review.
- The potential rate hike is driven by mounting **inflationary pressures** and the re-escalation of the West Asia crisis.
- The last repo rate hike by the Reserve Bank of India occurred in **February 2023**, raising the rate by 0.25% to **6.50%**.
- Global central bank tightening and international market trends have influenced the domestic policy outlook.
- An interest rate increase would signal a potential **policy normalization** phase for the central bank.

DID YOU KNOW..!?

The Reserve Bank of India was established on **April 1, 1935**, under the **Reserve Bank of India Act, 1934**.

The Reserve Bank of India was nationalized on **January 1, 1949**.

The **Monetary Policy Committee** is a statutory body constituted under **Section 45ZB** of the Reserve Bank of India Act, 1934.

Repo rate is the interest rate at which the central bank lends short-term money to commercial banks.

The primary objective of the Monetary Policy Committee is to maintain **price stability** while keeping in mind the objective of growth.

The **Consumer Price Index** (CPI) combined is used by the Reserve Bank of India as the benchmark for inflation targeting.

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The Reserve Bank of India may hike the repo rate by 0.25% in its monetary policy review due to inflationary pressures.

Syllabus Relevance: Essential for Indian Economy Unit 6 questions on RBI repo rates, inflation management, and monetary policy committees.

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