# RBI Monetary Policy Committee Keeps Repo Rate Unchanged at 5.25%

The Reserve Bank of India's Monetary Policy Committee maintained the repo rate at 5.25% with a neutral stance in its latest meeting.

The Monetary Policy Committee is a statutory body under the RBI Act that sets the benchmark interest rate to maintain price stability and economic growth.

## KEY EXAM POINTS

- The RBI maintained the **repo rate** at **5.25%** for the fourth consecutive meeting while retaining a **neutral stance**.
- India's real **GDP growth** forecast for **FY2027** was upgraded to **6.7%** due to strong Q1 economic activity.
- Headline **CPI inflation** reached **4.8%** in **June**, driven by food and supply-led pressures.
- The **RBI** projected CPI inflation to reach **5.9%** in **Q3 FY2027** before moderating to 5.5% in Q4 FY2027.
- The **MPC** adopted a "**wait-and-watch**" approach to monitor monsoon uncertainties and geopolitical risks.

## DID YOU KNOW..!?

The Monetary Policy Committee was constituted under **Section 45ZB** of the **RBI Act, 1934**.

The MPC was established based on the recommendations of the **Urjit Patel Committee** formed in **2014**.

The MPC comprises **6 members**, including the **RBI Governor** as the ex-officio Chairperson.

The RBI follows a target **CPI inflation** rate of **4%** with a tolerance range of **2% to 6%**.

**Repo Rate** is the rate at which the **RBI** lends money to commercial banks against government securities.

**Standing Deposit Facility** (SDF) was introduced by RBI in **April 2022** as the new LAF floor rate.

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*RBI MPC maintained repo rate at 5.25%; Section 45ZB of RBI Act 1934 empowers MPC.*

Syllabus Relevance: Relevant for Unit 6 (Indian Economy) - RBI, Monetary Policy Committee, Interest Rates, Inflation Targeting.