

ANOTHER STEP IN THE RIGHT DIRECTION

India's newly established Monetary Policy Committee (MPC)

The next monetary policy review on 4th October chaired by new RBI Governor, Urjit Patel, will be the first meeting of the newly formed MPC. The committee will comprise of three Reserve Bank members, including the Governor himself, and three independent members who have all been awarded a four year term.

Reserve Bank Appointees:

- Urjit Patel (casting vote, if required - [Urjit Patel - Wikipedia](#))
- R Gandhi, deputy governor in charge of monetary policy
- Michael Patra, executive director

The independent appointees:

- Chetan Ghate, associate professor at The Indian Statistical Institute
- Ravindra H Dholakia, Professor of Economics at the Indian Institute of Management (IIM), Ahmedabad
- Professor Pami Dua, Dean, Delhi School of Economics

The committee will be guided by a consumer inflation target of 4% with a margin of two percentage points either side for the five years ending in March 2021. All three independent appointees are academics and can thus be seen as truly independent from external influences. We welcome this and believe the market will share this positive view.

Consensus expectations suggest that there is still scope for a further rate cut in the near term, following a sharp correction in food prices, aided by the recent, successful monsoon.

Please see an article published in the Economic Times - [Economic Times - India Times](#)

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