

2 Do you think there is case for monetary Policy committee
2 to rethink its actions? Comments.

The monetary Policy committee in the previous meeting remained focused on withdrawal of accommodative monetary policy. There is a need to rethink at the monetary policy level.

Easing inflation

The general inflation reduced from 7.4% to 6.7% and the food inflation reduced from 8.6% to 7.01%. Many of the items in the consumer price index basket reduced.

These are duty measures such as duty cut on edible oils and good south west monsoon which can give good harvest to the cereals crops. The wholesale Price Index also eased from 16.6% to 8.3%.

A record of hikes

The monetary policy committee raised the repo rate by more than 100 points

and new standards at 5-9-7. Given the easing inflation conditions, ~~the~~ any further increase may cause reluctance in taking new loans at the festive seasons.

measures that have been taken to ease of inflation such as selective import duty, settlement as coupon for international transactions using vested accounts, increasing trend in the non-resident deposits and travel roll out of Central Bank digital currency.

Challenges Due to uncertainty in the bond markets and threats of recession, gold import is high. Reserve bank recently imported 17.5 tonnes of gold cushioning the trade deficit.

Precautionary measures are on the pipeline such as securitisation of stressed assets and Bad banks can ease pressure on banks by giving room for monetary transmission.