

Tamil Nadu govt enhances maternity leave from 6 to 9 months

## above 8,750

By: [FE Online](#) | Updated: October 4, 2016 4:10 PM

**21**  
SHARES

Facebook

Twitter

Google+

LinkedIn

Email



RBI Monetary Policy: This is the first policy review of the new RBI governor Urjit Patel, who took over reins from Raghuram Rajan in early September. (Reuters)

**RBI** on Monday announced its fourth bi-monthly monetary policy review. What was special about this credit policy review was that this was the first time that the decision on key interest rates was taken through the Monetary Policy Committee Framework or the MPC. Additionally, this was also the first policy review of the new RBI governor Urjit Patel, who took over reins from [Raghuram Rajan](#) in early September. Patel, RBI and MPC cheered markets, India Inc and consumers during the festive season by cutting the repo rate by 25 basis points in policy review. Track this space as we bring you the latest from the RBI and new governor Urjit Patel's first policy under the MPC:

# Check out the live updates of RBI Monetary Policy review here:

3:42 PM: Record food output and lower prices to keep inflation modest, says Finance

 **THE FINANCIAL EXPRESS**



---

**Tamil Nadu govt enhances maternity leave from 6 to 9 months**

---

Lavasa

**3:38 PM:** Economy will inch closer to 8% growth this FY, says Finance Secretary

**3:36 PM:** Good monsoon and sowing to boost farm production, says Finance Secretary

Lavasa

**3:34 PM:** Rate transmission pace to depend on banks, says Finance Secretary Ashok

Lavasa

**03.20 pm:** RBI rate cut will boost liquidity and market sentiment. The cut is in line with economic developments and the inflation target, says Ashok Lavasa, Finance Secretary.

**03.15 pm:** G Chokkalingam, founder, Equinomics Research & Advisory said, "I believe Axis Bank and Karur Vysya Bank will benefit with the rate cut coupled with their attractive valuation. I am cautious on the further movement of domestic equity markets, therefore I am holding 15-20 per cent cash right now."

Reserve Bank Of India Cuts Repo Rate By 25 bps To 6.25%



---

**Tamil Nadu govt enhances maternity leave from 6 to 9 months**

---

and was trading with marginally in red (down 0.03 per cent).

[Also read | RBI surprises D-Street: 7 rate-sensitive stocks to buy after 25 basis points rate cut](#)

**03.03 pm:** 5 sectors contribute to 65 percent of the stress in banks. S4A will see further changes in the guidelines by October-end, says RBI Governor Patel.

**03.02 pm:** Will deal with the NPA situation with firmness and pragmatism, says Patel.

**03.01 pm:** Need to take into account global situation for determining neutral rate: Michael Patra, member, MPC. Patra also says that the world-wide sense is that neutral rates are going down.

**03.00 pm:** Rate transmission through money market has been swift, decisive while rate transmission to borrowers has been lower than desired. We shall study the impact of HRA portion of 7th Pay Panel decisions, says RBI Governor.

RBI says all 6 members voted in favour of monetary policy decision; next meeting of MPC scheduled on December 6-7.

[Also read | What compelled RBI's Urjit Patel and other MPC members to cut repo rate by 25 bps](#)

**02.59 pm:** RBI Governor says 3 external members of Monetary Policy Committee are of outstanding pedigree and adds that change in timings is in-line with global practices.

**02.58 pm:** Market takes 25 bps Repo Rate cut positively, Sensex up around 100 points, Nifty near 8770 at 2:50pm. Meanwhile, Urjit Patel also says, that the Neutral rate could be 1.25%

**02.57 pm:** World-wide sense is that neutral rates are going down. Need to take into account global situation for determining neutral rate, says RBI Governor.

**02.56 nm:** DK Srivastava, Chief Policy Advisor, FY India says, “With improved food



---

**Tamil Nadu govt enhances maternity leave from 6 to 9 months**

---

downward revision happened in April 2016 when the Repo rate was brought down from 6.75% to 6.50%. Both the repo rate reduction and comfortable liquidity conditions should lead to a tangible increase in credit growth, thereby improving growth prospects in the second quarter of FY17.”

**02.55 pm:** The easy liquidity conditions engendered by the Reserve Bank’s operations should also enable the smooth transmission of the policy action through various market segments. Furthermore, banks should find added impetus for better transmission by the recent downward adjustment in small savings rates. RBI allows startups to raise up to \$3 mn/year from overseas market: RBI

**02.53 pm:** Discussions of MPC were frank, often intense and friendly: Urjit Patel.

**02.51 pm:** Must be vigilant against emergence of cost-push pressures. Will continue to move towards neutral liquidity; no change in stance, says RBI Governor Patel.

He also added, growth in EU remains uncertain, also face overhang of US elections. Will watch out for outcome of US Presidential elections.

**02.50 pm:** For the first time in a long time, weak global demand is going to bring down trade volume. IMF may further downgrade global growth. I will be surprised if it doesn’t take place. MPC members will enhance process and quality of policy making, says Patel.

**02.48 pm:** Urjit Patel addresses the media after announcing the policy review.

**02.45 pm:** With the cut in Repo rate, interest on consumer loans are expected to fall.

**02.40 pm:** Inflation target aimed at 5.3% for Q4 while there is no mention of CRR in the policy.

**02.35 pm:** Reverse repo rate under the LAF stands adjusted to 5.75%, and the marginal standing facility (MSF) rate and the Bank Rate to 6.75 %: RBI.

[Also read | RBI cuts repo rate by 25 basis points, your home loan, car loan EMIs to](#)



---

## **Tamil Nadu govt enhances maternity leave from 6 to 9 months**

---

**02.09 pm:** Rate-sensitive stocks were mostly trading lower in afternoon trade on Tuesday ahead of the RBI's monetary policy announcement later in the day, which marks Governor Urjit Patel's maiden review. At 12.38 pm, the BSE Bankex, BSE Auto and BSE Realty index were down by 0.20 per cent, 0.14 per cent and 0.02 per cent, respectively.

**01.50 pm:** According to IFA Global, most market participants expect the RBI to hold rates as of now and consider reduction at its December meeting.

**01.42 pm:** A Reuters poll also showed 26 of 44 analysts surveyed expect the committee to hold rates, while 16 see prospects for a 25 basis-points cut.

MPC or the Monetary Policy Committee is the new framework under which the RBI's credit policy will be decided. Today's bi-monthly credit policy will be the first under MPC and incidentally will also be the first monetary policy of the new RBI governor, Urjit Patel. The new governor, Patel, also happens to be the architect of MPC. Globally, many central banks have therefore adopted the idea of an MPC, hence distributing the decision making power in the hands of a group of experts, instead of only the governor.

[Also read | What is RBI's Monetary Policy Committee and how does it work? Urjit Patel set to release MPC's first review](#)

According to the government, a committee-based approach will add lot of "value and transparency" to monetary policy decisions. The Reserve Bank of India Act, 1934 (RBI Act) has been amended by the Finance Act, 2016, to provide for a statutory and institutionalised framework for the MPC. The aim is to maintain price stability, while keeping in mind the growth objective. The MPC has been entrusted with the task of fixing the benchmark policy rate (repo rate) required to contain inflation within the specified target level.