

**Press Statement on Fifth Bi-monthly Monetary Policy Statement, 2018-19
Resolution of the Monetary Policy Committee, Reserve Bank of India**

The Monetary Policy Committee (MPC) in its fifth bi-monthly statement, issued on 05.12.2018, on the basis of its assessment of the current and evolving macroeconomic situation, decided to keep the Policy Repo Rate under the liquidity adjustment facility (LAF) unchanged at 6.5 per cent. The MPC has, however, retained its stance of 'calibrated tightening'.

The GDP growth projection for 2018-19 is retained at 7.4 per cent as in the Fourth Bi-monthly Resolution in October, 2018. The projections of inflation for 2018-19 and Q1:2019-20 have been substantially revised downwards from the October resolution.

The assessment of the MPC for growth and inflation outlook is consistent with the Government's assessment of inflation and growth.

The Government welcomes the assessment of the MPC. The Government notes its decision to maintain the Policy Rate. The policy stance probably required calibration.

The RBI has also decided to reduce SLR from existing 19.5% to 18.0% in six quarterly instalments beginning January 2019. This will have some implications for the Government securities. However, the momentum created by the reduction in oil prices and reversal of foreign flows has resulted in further moderation of yields post policy announcement.

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