

**RBI Policy Comment**

**Mumbai, October 09, 2024:** The RBI changed its stance to neutral while keeping its policy rate unchanged at 6.5%. Today's policy announcement emphasised the centrality of domestic conditions in monetary policy decision making. Post the rate cuts by several G7 central banks in recent days, some sections of the market had anticipated that it could trigger a response and influence domestic rate decisions as well. However, the policy announcement today only made a peripheral mention of the differential global monetary policy actions, focussing more on domestic developments.

The RBI acknowledged the durable disinflationary trend underway although highlighting lingering domestic and global risks – signalling future rate action would be data dependent. Given this, if conditions evolve favourably over the coming months, a December rate cut is not off the table.

The central bank also signalled comfort on the extent of transmission to credit markets, implying some satisfaction with the impact and effectiveness of monetary policy. This aligns with the central bank's comfort with easing liquidity conditions over the last two months and sets the stage for liquidity conditions to remain in surplus (on average) going forward.