

Saturday, Oct 29, 2022

EPAPER TODAY'S PAPER

TRENDING

Crossword &  
Sudoku

T20 World  
Cup

Himachal  
Polls

UPSC  
Key

Health  
Specials

Gujarat  
Polls

[Home](#) / [Explained](#) / [Explained Economics](#) / Failing to meet the inflation target: Why is RBI panel holding a special meeting on November 3?

# Failing to meet the inflation target: Why is RBI panel holding a special meeting on November 3?

The MPC was scheduled to meet six times in 2022-23. It has already met outside this schedule once, and has cited Section 45ZN of the RBI Act, and Regulation 7 of a set of Rules from 2016 to announce another off-schedule meeting

Written by [Hitesh Vyas](#), Edited by Explained Desk  
Mumbai | October 28, 2022 1:02:56 pm





This is the first time since the RBI adopted an inflation-targeting monetary policy regime in 2016 that an MPC meeting has been called under the provisions of Section 45ZN of the Act. (File photo)

The Reserve Bank of India (RBI) on Thursday (October 27) said that it would hold an additional Monetary Policy Committee (MPC) meeting on November 3, 2022.

This meeting has been called as the RBI has failed to maintain the consumer price index (CPI) inflation target within the 2-6 per cent band for three consecutive quarters, or nine straight months — January to September 2022.

While making the announcement, the RBI said the meeting is being scheduled under the provisions of Section 45ZN of the Reserve Bank of India (RBI) Act, 1934.

The central bank also referred to Regulation 7 of the RBI Monetary Policy Committee (MPC) and Monetary Policy Process Regulation, 2016.

What does Section 45ZN of the RBI Act say?

### SUBSCRIBER ONLY STORIES

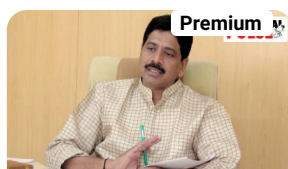
[View All](#)



Experts Explain:  
How not to deal  
with China



Why spectrum  
needs a change in  
approach



Vaghela Jr returns  
to Congress,  
signalling  
backdoor entry for  
his ex-CM f...



UPSC Key-October  
28, 2022: Why you  
should read  
'Hunger and  
Nutrition' or ...

This is the first time since the RBI adopted an inflation-targeting monetary policy regime in 2016 that an MPC meeting has been called under the provisions of Section 45ZN of the Act.

This section says that **in case the RBI fails to meet the inflation target, it has to present a report to the government explaining the reasons for the failure. In the report, the central bank will have to mention the remedial actions it proposes to take, and an estimated time within which the inflation target will be achieved following the timely implementation of the proposed remedial actions.**

---

**Also Explained | Why bad results for Alphabet and Microsoft is bad news for India's IT sector as well**

---

**And what is the other provision, Regulation 7?**

The Regulation 7 of the RBI MPC and Monetary Policy Process Regulations, 2016 states that a separate meeting is required to be scheduled as part of the normal policy process to discuss and draft the report to be sent to the government.

**Although the MPC is responsible for maintaining the inflation target, the report will be written by the RBI. However, the MPC will be consulted — and hence, the RBI has scheduled the additional MPC meeting on November 3.**

**By when does RBI have to send the report?**

**The report is required to be sent to the government within one month from the date on which the RBI failed to meet the inflation target. In the present case, the September CPI inflation data was released on October 12. So, the RBI has time till November 12 to send the report to the government.**

Best of Explained

---

[How not to deal with China | Two eminent scholars explain](#)

[Who is Imran Khan trying to put pressure on with his long march?](#)

[How BCCI's pay parity policy compares with other countries, sports](#)

[CLICK HERE FOR MORE](#)

**What is the schedule of MPC meetings?**

---

The schedule of the MPC meetings for the entire financial year is announced in advance. At the beginning of this fiscal, the RBI said the MPC would meet from April 6-8, from June 6-8, from August 2-4, from September 28-30, from December 5-7, and from February 6-8, 2023.

As per this schedule, the MPC has already met in April, June, August, and September. However, the MPC held an off-cycle meeting from May 2-4, 2022, in which it raised the repo rate by 40 basis points (bps) for the first time in almost four years.

## AHMEDABAD NEWS

**1** [Gujarat ex-CM Shankersinh Vaghela's son quits BJP, joins Congress ahead of polls](#)

**2** [Gujarat govt announces Rs 630 cr grant to farmers suffering Kharif crop loss from heavy rainfall](#)

**3** [Gujarat: Major blaze averted as fire breaks out near NICU of Vadodara hospital](#)

[More from Ahmedabad](#)

The coming meeting on November 3 will also be outside the schedule announced at the beginning of the financial year.

First published on: 28-10-2022 at 01:02:56 pm



### NEXT STORY ►

[Kangana Ranaut hopes to regain access of her suspended Twitter account as Elon Musk takes control, fires top executives](#)

**TAGS:** [Explained Economics](#) [Express Explained](#) [Reserve Bank Of India](#)

---

**Explained Today** | Make sense of the news with our daily explainers on a range of topics

[READ NOW >](#)

---