

**RESEARCH****BOB ECONOMICS RESEARCH | RBI MONETARY POLICY**

RBI maintains status quo

**SUMMARY****INDIA ECONOMICS: RBI MONETARY POLICY**

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08 April 2026

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Sonal Badhan  
Economist

We also expect the ceasefire between US and Iran to be permanent now and expect GDP at around 7% in this fiscal year. On the inflation front as well, MPC members took note of higher fuel prices on inflation and expect CPI to average 4.6% in FY27. The risks are tilted to the upside as they may emerge from rise in freight and insurance costs and intensity of El-Nino in H2FY27. The central bank also released its bi-annual Monetary Policy Report (MPR), which assumes crude prices to average at US\$ 85/bbl in FY27, and exchange rate is assumed at Rs 94/\$. The report has also laid out different scenarios which could emerge in deviation from its baseline scenario.

#### MPC decision:

RBI's monetary policy committee (MPC) voted unanimously to keep the policy repo rate on hold at 5.25%. The MPC also continued with the neutral stance, stating that it helps "retaining the flexibility to respond judiciously to incoming information".

#### Assessment of growth outlook:

- In line with NSO's first advanced estimate for FY26 GDP, RBI also expects growth to come in at 7.6%. For FY27, growth is expected lower at 6.9%.
- MPC members agree that "elevated energy and other commodity prices coupled with supply shock due to disruptions in the Strait of Hormuz would act as a drag on domestic production in 2026-27".
- As a result, Q1 and Q2 GDP projections were lowered to 6.8% and 6.7% respectively, from 6.9% and 7% projected earlier in Feb'26, implying a cumulative 40bps downward revision.
- Growth is expected to remain at around 7% mark as domestic fundamentals remain strong.



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**Note:** Recommendation structure changed with effect from 21 June 2021

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