

### Policy Highlights:

Reserve Bank of India (RBI) Governor Sanjay Malhotra on April 8, 2026 announced that the MPC voted unanimously to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.25 per cent. Consequently, the standing deposit facility (SDF) rate remains at 5.00 per cent and the marginal standing facility (MSF) rate and the Bank Rate remains at 5.50 per cent. The MPC also decided to continue with the neutral stance.

### Outlook:

The outbreak of the conflict in West Asia has led to severe disruption of global supply chains. This poses an unprecedented challenge for the global economy – higher prices and lower global growth. In this environment, monetary policy faces a difficult trade-off – anchoring inflation expectations through policy tightening while minimising its impact on growth forgone. Additionally, equity valuations have corrected. As a result of the turmoil in global financial markets, the US dollar has rallied, buoyed by safe-haven demand that has exerted pressure on currencies of major economies. On the domestic front, the Indian economy remained resilient in 2025-26. Real gross domestic product is estimated to grow by 7.6 per cent (y-o-y) during the year, as per the Second Advance Estimates of the new GDP series (base year 2022-23). On the supply side, estimated real GVA growth of 7.7 per cent was driven by buoyant services sector and robust manufacturing activity. On the external front, merchandise exports may be adversely impacted from disruptions to key shipping routes and the concomitant rise in freight and insurance costs in case the conflict is long-drawn. On the other hand, sustained momentum in services sector, persisting impact of GST rationalisation, rising capacity utilisation in manufacturing, and healthy balance sheets of financial institutions and corporates should continue to support domestic demand. Taking all these factors into consideration and on the assumption that the adverse impact of the conflict would remain contained in the near term, real GDP growth for 2026-27 is projected at 6.9 per cent, with Q1 at 6.8 per cent; Q2 at 6.7 per cent; Q3 at 7.0 per cent; and Q4 at 7.2 per cent.

The ongoing conflict has led to large volatility in international energy and other commodity prices imparting considerable uncertainty to the near-term inflation outlook. On the other hand, the near-term food supply prospects have been boosted by robust rabi crop providing some comfort. Considering all these factors, CPI inflation for 2026-27 is projected to be at 4.6 per cent with Q1 at 4.0 per cent; Q2 at 4.4 per cent; Q3 at 5.2 per cent; and Q4 at 4.7 per cent. The MPC noted that the intensity and the duration of the conflict in West Asia and the resultant damage to the energy and other infrastructure add risk to the inflation and growth outlooks. However, the fundamentals of the Indian economy are on a stronger footing, providing it with greater resilience to withstand shocks now than in the past. Accordingly, the MPC voted to keep the policy rate unchanged even as it remains vigilant, closely monitoring incoming information and assessing the balance of risks. The MPC also decided to continue with the neutral stance, retaining the flexibility to respond judiciously to incoming information.

Policy Rates								
Y-O-Y Growth (%)	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Repo	5.50%	5.50%	5.50%	5.25%	5.25%	5.25%	5.25%	5.25%
Reverse Repo	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%
CRR	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
SLR	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Inflation								
Y-O-Y Growth (%)	July-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Inflation (WPI)	-0.58%	0.52%	0.19%	-1.02%	-0.13%	0.96%	1.81%	2.13%
Inflation (CPI)	1.61%	2.07%	1.44%	0.25%	0.71%	1.33%	2.74%	3.21%
GDP Growth								
Y-O-Y Growth (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
GDP (% Growth)	7.51%	7.46%	6.59%	7.36%	6.98%	6.72%	8.41%	7.82%
GVA (% Growth)	7.58%	7.62%	6.54%	7.81%	7.12%	6.98%	8.64%	7.82%

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