



KAMARAJ IAS ACADEMY
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RBI Monetary Policy (April 2026)

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The Reserve Bank of India (RBI), under Governor Sanjay Malhotra, kept the repo rate unchanged at 5.25% in the April 2026 Monetary Policy Committee (MPC) meeting. The decision was taken unanimously, maintaining the “neutral” policy stance.

This marks the second consecutive policy review where rates have been kept unchanged after earlier rate cuts in 2025.

Key Policy Rates:

Repo Rate: 5.25% (unchanged)

Standing Deposit Facility (SDF): 5.00%

Marginal Standing Facility (MSF) & Bank Rate: 5.50%

Reasons for Status Quo:

Rising global uncertainties, especially due to West Asia geopolitical tensions

Crude oil price volatility, increasing inflation risks

Need to assess impact of earlier rate cuts (?125 bps since Feb 2025)

Maintaining balance between inflation control and economic growth

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Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: 044 4353 9988 / 98403 94477 / Whatsapp : 09710729833

Economic Outlook:

GDP Growth (FY27): ~6.9% (revised downward)

Inflation Projection: ~4.6%

Core Inflation: ~4.4%

Inflation currently near/within RBI's target of 4% ($\pm 2\%$) band

External Factors Impacting Policy:

India imports ~90% of crude oil, making it vulnerable to global shocks

Ongoing conflicts (e.g., US–Iran tensions) ?

Higher oil prices

Rupee depreciation

Capital outflows (~\$19 billion)

Policy Stance & Strategy:

RBI adopted a “wait and watch” approach

Focus on:

Liquidity management

Keeping inflation under control

Supporting growth without premature rate changes

Impact on Economy:

Loan EMIs: Likely to remain stable

Borrowing costs: No immediate change

Real estate sector: Gains stability

Bank lending rates: Expected to remain unchanged in short term

Important Concepts:

Repo Rate: Rate at which RBI lends to commercial banks

Neutral Stance: RBI can either increase or decrease rates depending on future conditions

MPC Composition: 6 members (3 RBI + 3 external), decisions by majority

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