

# RBI Monetary Policy Committee (MPC) Announcement (April 8, 2026 | First Bi-Monthly Policy of FY27)



भारतीय रिज़र्व बैंक  
**Reserve Bank of India**  
India's Central Bank



CANARA BANK | ECONOMIC RESEARCH VERTICAL | HEAD OFFICE

**Table V.2: Baseline Assumptions for Projections**

Indicator	MPR October 2025	MPR April 2026
Crude Oil	US\$ 70 per barrel during H2: 2025-26	US\$ 85 per barrel during 2026-27 and US\$ 75 per barrel during 2027-28
Exchange rate	₹88/US\$ during H2: 2025-26	₹94/US\$ during 2026-27
Monsoon	Normal for 2026-27	Normal for 2026-27 and 2027-28
Global growth	3.0 per cent in 2025 3.1 per cent in 2026	2.9 per cent in 2026 3.0 per cent in 2027
Fiscal deficit (per cent of GDP)	To remain within BE 2025-26 Centre: 4.4 Combined: 7.4	To remain within BE 2026-27 Centre: 4.3 Combined: 6.8
Domestic macroeconomic/ structural policies during the forecast period	GST rationalisation	No major change

Source : RBI MPR ,April 2026

# How Effective the Monetary Policy have Been Since Feb,2025 ?

## MONETARY POLICY TRANSMISSION TO LENDING RATES:

125 Bps Repo rate Cut since Feb ,2025

Sectors	WALR (per cent)		Transmission (bps)
	Jan-25	Feb-26	Overall
Agriculture	10.29	9.76	-53
Large industry	8.08	7.04	-104
MSMEs	9.94	8.76	-118
Infrastructure	8.55	7.39	-116
Trade	8.38	7.57	-81
Professional Services	8.75	8.04	-71
Credit Cards	37.87	37.15	-72
Education	10.76	9.52	-124
Vehicle	10.67	9.60	-107
Housing	8.70	7.61	-109
Other Personal Loans	11.27	10.24	-103
Rupee Export Credit	8.39	7.30	-109
Others	8.86	7.87	-99
<b>Aggregate</b>	<b>9.33</b>	<b>8.44</b>	<b>-89</b>

← Lowest

← Highest

*The difference of weighted average lending rate (WALR) between two periods, commonly used to assess monetary policy transmission, is reflective of both changes in lending rates and shifts in the composition of credit across banks and sectors.*

## Quick Comment :

**No rate cut or hike despite 125 bps cuts in previous cycles – prudent pause amid global risks.**

- ❑ Repo Rate: Unchanged at 5.25%
- ❑ Policy Stance: Maintained as Neutral
- ❑ Standing Deposit Facility (SDF) Rate: 5.00%
- ❑ Marginal Standing Facility (MSF) & Bank Rate: 5.50%
- ❑ MPC Vote: 6/6 in favour of status quo

## Rationale for maintaining status quo (no rate change)

- ✓ It is prudent to wait and watch the changing circumstances and the evolving growth-inflation outlook.
- ✓ Unanimous decision due to supply-side uncertainties from West Asia conflict, even after the ceasefire.

	2025-26	2026-27	2027-28
<b>Reserve Bank's Baseline Projections</b>			
<u>Inflation</u>	1.9#	4.6	4.6
Real GDP growth	7.6@	6.9	6.6
<b>Reserve Bank's Scenario Projections*</b>			
Inflation	1.9#	5.0	5.1
Real GDP growth	7.6@	6.7	6.4
<b>Median Projections of Professional Forecasters</b>			
Inflation, Q4 (y-o-y)	3.1	4.2	-
Real GDP growth	7.6	6.9	7.0
Gross domestic saving (per cent of GNDI)	33.4	32.9	32.8
Gross capital formation (per cent of GDP)	34.6	34.5	34.7
Credit growth of scheduled commercial banks	13.5	13.0	12.0
Combined gross fiscal deficit (per cent of GDP)	7.6	7.5	7.2
Central government gross fiscal deficit (per cent of GDP)	4.4	4.4	4.4
<u>Repo rate (end-period)</u>	-	5.25	-
<u>Yield on 91-days treasury bills (end-period)</u>	5.4	5.8	6.2
<u>Yield on 10-year central government securities (end-period)</u>	6.8	7.0	6.9
Merchandise exports growth	1.5	4.0	5.0
Merchandise imports growth	7.9	8.3	5.4
Current account balance (per cent of GDP)	-1.0	-1.5	-1.2

- ❑ CPI Inflation (FY27): 4.6%
  - ❑ Q1 FY27: 4.0%
  - ❑ Q2 FY27: 4.4%
- ❑ Headline inflation: Currently contained below 4% target (Feb 2026: 3.2%)
- ❑ Upside Risks: Higher energy prices, supply disruptions, possible weather events
- ❑ Core inflation: Remains benign (excluding volatile items)

### Quick Comment :

**Food prices comfortable in near term; focus remains on containing second-round effects.**

- ❑ Real GDP Growth: 6.9% (FY27)
  - ❑ Q1 FY27: 6.8%
  - ❑ Q2 FY27: 6.7%
  - ❑ Q3 FY27: 7.0%
  - ❑ Q4 FY27: 7.2%
  
- ❑ FY26 (previous year) estimate: 7.6%
  
- ❑ Rationale: Strong domestic fundamentals, private consumption & investment, but offset by global headwinds

### Quick Comment :

**Despite geopolitical shocks, RBI sees resilient growth supported by robust macro buffers.**

- Simplified MSME onboarding on TReDS (no due diligence)
- Revised bank board guidelines – more focus on policy
- Dispensed Investment Fluctuation Reserve (IFR) for commercial banks
- New framework for NBFC categorization
- Liquidity assurance: Sufficient liquidity for productive sectors

## Market Performance (Intraday/Closing – April 8)

- ❑ Sensex: +2,800 to +3,000 points ( +3.8% to +4.0%)
- ❑ Nifty 50: +850 to +875 points ( +3.7% to +3.8%)
- ❑ Nifty closed near 23,997; Sensex near 77,560
- ❑ Bank Nifty surged over 4.6% (strongest sectoral performer)

## Key Drivers of Today's Rally

- ❑ **Global Risk-On Sentiment (Primary Trigger)**
  - ✓ US-Iran two-week ceasefire announcement (Trump-mediated)
  - ✓ Sharp fall in crude oil prices (relief for India as 3rd largest importer)
  - ✓ Easing fears of supply disruption in Strait of Hormuz
- ❑ **RBI MPC Outcome –**
  - ✓ Neutral to Marginally Supportive
  - ✓ Repo rate unchanged at 5.25% (as widely expected)
  - ✓ Neutral stance maintained → No negative surprise
  - ✓ Governor Malhotra's "wait-and-watch" tone + assurance of strong domestic fundamentals and liquidity support
  - ✓ Analysts view: "Neutral to marginally supportive for equities"
- ❑ **Sectoral Impact**
  - ✓ **Strong Gains:** Banking & Financials (stable rates + liquidity comfort), Auto, Realty, Capital Goods, Metals
  - ✓ **Moderate:** IT, Pharma (some laggards)
  - ✓ **Beneficiaries:** Refineries, Aviation (IndiGo +10%), Paints, Adani group stocks (lower input costs) Oil & Gas-related stocks mixed initially but recovered on lower crude



## Post-Policy & Ceasefire Reaction (April 8)

- ❑ RBI kept the repo rate unchanged at 5.25% with a neutral stance — widely expected, so no negative surprise.
- ❑ wait-and-watch tone on supply G-side risks was balanced.
- ❑ The US-Iran two-week ceasefire announcement triggered a relief rally in bonds.
- ❑ Result: 10-year G-Sec yield eased sharply by 10–12 bps on the day, closing around 6.91% – 6.93% (from intra-day highs near 7.13%).

## Near-term Outlook:

If the ceasefire holds and oil prices stay soft, yields may soften further toward 6.80-6.90%. Any re-escalation or higher inflation data could push them back up.

**Table II.2: Reserve Bank's Liquidity Measures during 2025-26**

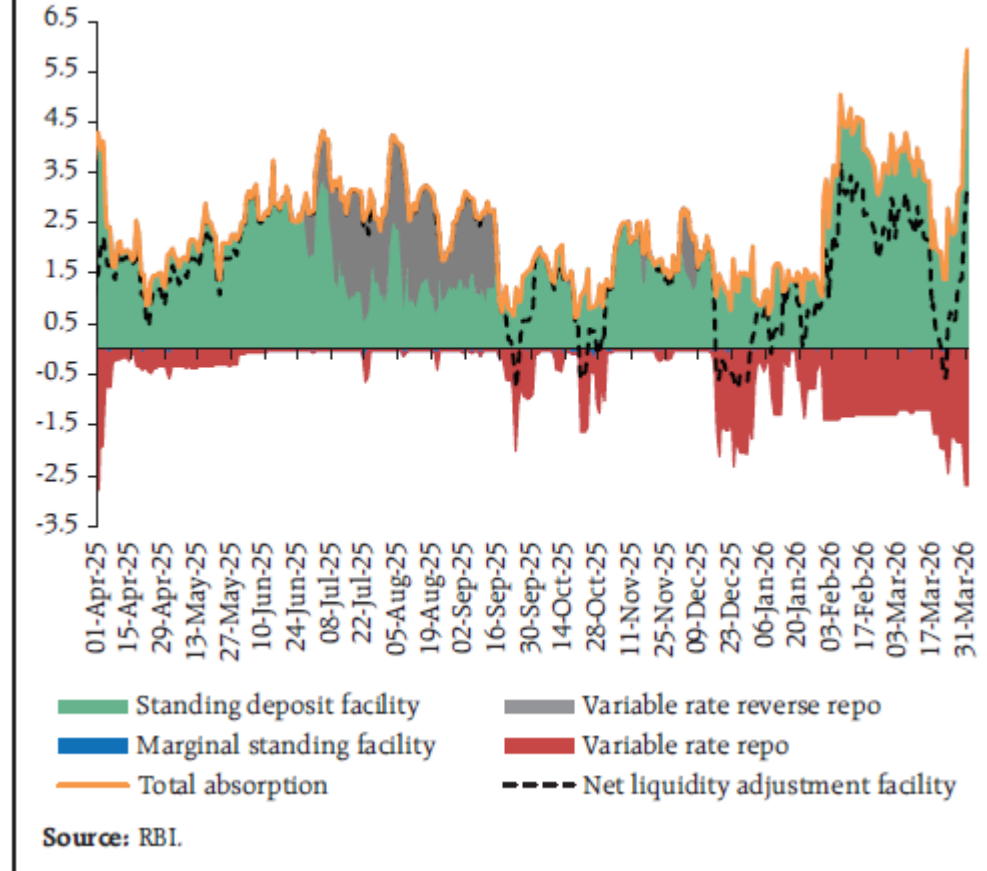
Measures	H1:2025-26	H2:2025-26	FY:2025-26
			(₹ crore)
CRR Cut	62,500*	1,87,500*	2,50,000*
OMO Purchase Auctions	2,39,203	5,00,000	7,39,203
USD/INR Buy/Sell Swap Auctions		2,26,885*	2,26,885*
Term Repo Auctions	25,731	1,36,504	1,62,235
<b>Total</b>	<b>3,27,434</b>	<b>10,50,889</b>	<b>13,78,323</b>

Note: \* indicates approximate value.

Source: RBI.

**Chart II.1: Liquidity Operations**

(₹ lakh crore)



**Reserve Bank undertook several measures including OMO purchases, buy/sell forex swaps and long term repos during H2 to inject durable liquidity into the banking system**

- ❑ Surplus liquidity in the range of 0.6 to 1.1 per cent of NDTL is likely to keep the spread between 5 to 10 bps below the repo rate, while liquidity deficit in the range of 0.4 to 0.7 per cent of NDTL is likely to keep the WACR above the repo rate between 5 to 10 bps.
- ❑ keeping the WACR aligned to the repo rate entails different levels of liquidity in deficit and surplus conditions

## Calculation

- ❑ NDTL : 250 lakh Cr (Assumptions)
- ❑ Optimal Range of Liquidity surplus : 1.5-2.75 Lakhs Crore
- ❑ Optimal Range of Liquidity Deficit : 1.0-1.75 Lakhs Crore

Questions & Answers

Question / Theme Asked by Media	Key Quote & Response
Rationale for maintaining status quo (Why no rate change at 5.25%?)	“It is prudent to wait and watch the changing circumstances and the evolving growth-inflation outlook.” The economy is confronted with a supply shock from West Asia. Unanimous 6-0 decision.
Inflation outlook and risks (Oil prices, second-round effects)	FY27 CPI projected at 4.6% (Q1: 4.0%, Q2: 4.4%, Q3: 5.2%, Q4: 4.7%). Upside risks have increased due to energy prices. Core inflation remains benign.
Whether Shock dissipated for GDP growth projections amid global headwinds ?	Real GDP growth for FY27 at 6.9% (FY26: 7.6%). High frequency indicators show robust momentum, but West Asia conflict is likely to impact growth.
What would be Future rate path & transmission of past cuts position	“It is quite possible that we are going to have low rates for a long time... in the short to medium term.” Transmission of previous cuts is satisfactory. Policy remains data-dependent.
Impact of West Asia conflict & ceasefire	Acknowledged the ceasefire as positive but stressed ongoing supply-side uncertainties. Disruptions in energy markets and Strait of Hormuz remain a concern.
Banking system health & liquidity	“From the banks’ side, we are not seeing any systemic concerns with regards to profitability and health.” Banking system is robust and well-governed. RBI will ensure sufficient liquidity for productive sectors.
Forex volatility, rupee & regulatory measures	Forex curbs are temporary: “These are not measures which are going to remain there forever.” RBI committed to broadening and deepening forex markets.
External sector (Remittances, BoP, CAD)	Capital account robust and current account deficit manageable. Strong remittance flows continue. Not concerned about BoP position.
What was Crude Oil Price Assumption for GDP Projection ?	\$85/Barrel & \$ 75/Barrel ,
Any New Framework for NBFC categorization & Regulation ?	Draft Note is being Prepared
Adequacy of Foreign Exchange Reserve for Import Cover	11 Months against the claim of 7 Months
Whether Economy Face : Rupee Vs FPI/FPI Vs Rupee	No Structural issues . Both affect each other
What is the Future of CBDC and promoting AI driven Finacial Tech Services ?	No regulation of AI . Gradually promoting CBDC

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