

# RBI Monetary Policy Update: April 2026

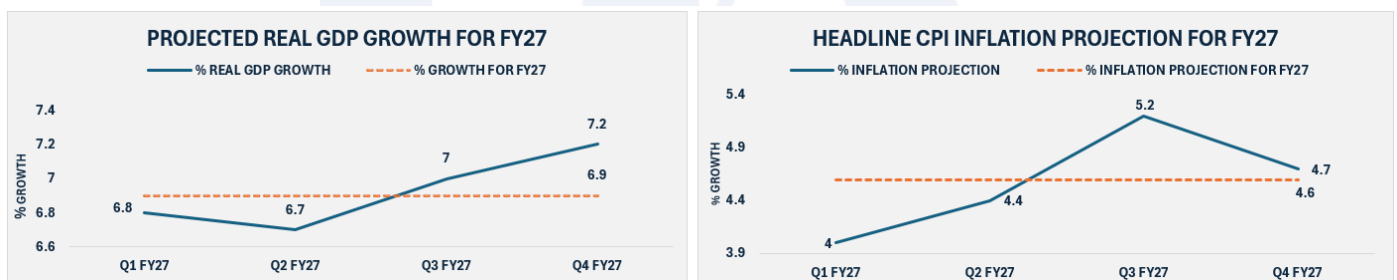
8<sup>th</sup> APRIL 2026

The Reserve Bank of India's Monetary Policy Committee (MPC), in its April 2026 meeting, decided to keep the policy repo rate unchanged at 5.25% and continue with a neutral stance. The decision was unanimous. This comes amid heightened global uncertainties from the West Asia conflict (despite today's temporary ceasefire), supply chain disruptions and elevated energy prices. The MPC noted that India's macroeconomic fundamentals are on a stronger footing, providing greater resilience, even as conditions turned adverse in March.

## India's Growth Outlook

Growth continues to be supported by robust private consumption, investment demand, strong rural demand, and favourable agricultural conditions. However, elevated energy and commodity prices, along with potential disruptions in the Strait of Hormuz, are likely to act as a drag on domestic production. Risks to the growth outlook are tilted to the downside due to possible escalation of the conflict, global financial market volatility, and weather-related events.

India's economy demonstrated strong momentum with real GDP growth for FY26 estimated at 7.6%. For FY27, the MPC has projected real GDP growth at 6.9%, with quarterly forecasts as follows: Q1 6.8%, Q2 6.7%, Q3 7.0%, and Q4 7.2%.



## Inflation Situation

Headline CPI inflation for FY27 is projected at 4.6%, with quarterly projections of Q1 4.0%, Q2 4.4%, Q3 5.2%, and Q4 4.7%. As per the new CPI series (2024=100), headline inflation increased to 3.2% in February 2026 from 2.7% in January. Core inflation (excluding food and fuel) remained unchanged, while core inflation excluding precious metals stayed moderate at 2.1%, indicating subdued underlying price pressures.

Upside risks to the inflation outlook have increased due to higher energy prices, supply chain dislocations, and possible weather-related food price shocks. The MPC noted that core inflation pressures remain muted, but second round effects and supply disruptions render the future trajectory uncertain.

## RBI's Policy View

The MPC observed that headline inflation remains below target and domestic demand indicators continue to show strong momentum. However, given the external uncertainties, the RBI has opted for a cautious "hold and watch" approach. The central bank will continue proactive and pre-emptive liquidity management to ensure sufficient liquidity in the banking system for productive sectors.

On the external front, the exchange rate policy remains unchanged. It is focused on smoothing excessive volatility without targeting any specific level or band.

## Conclusion

The April 2026 monetary policy reflects a steady and vigilant stance by the RBI. By holding rates and retaining the neutral stance, the central bank has prioritised stability while keeping flexibility to respond to evolving developments. Stronger domestic fundamentals provide a buffer, but the MPC remains alert to imported inflation risks and external shocks. Future policy actions will remain data dependent, with the focus on anchoring inflation expectations while supporting sustainable growth.

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