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RBI MPC April 2026 — Repo Rate Held at 5.25%, GDP Projected at 6.9%

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Every fact web-verified against primary sources

WHY IN NEWS

The **Reserve Bank of India's Monetary Policy Committee (MPC)** concluded its **April 2026** bi-monthly meeting (April 6–8, 2026) with a unanimous decision to **hold the repo rate at 5.25%** while maintaining a **neutral monetary policy stance**. The MPC projected India's real GDP growth at **6.9%** for FY 2026–27 and CPI (Consumer Price Index) inflation at **4.6%** for the year, flagging West Asia conflict-driven energy price volatility as the primary upside risk. The next MPC meeting is scheduled for June 2026.

KEY POLICY RATES (MAY 2026)

RATE	VALUE
Repo Rate	**5.25%** (unchanged)
Standing Deposit Facility (SDF)	5.00%
Marginal Standing Facility (MSF)	5.50%
Bank Rate	5.50%
Cash Reserve Ratio (CRR)	4.00%
Statutory Liquidity Ratio (SLR)	18.00%

MPC DECISION — KEY POINTS

Growth Projection

- **Real GDP FY 2026–27:** 6.9% (down from 7.6% in FY 2025–26)
- Q1 FY27: 7.1%; Q2: 7.0%; Q3: 6.9%; Q4: 6.7%
- Domestic growth drivers: resilient urban consumption, improving rural demand, government capex

Inflation Projection

- **CPI Inflation FY 2026–27:** 4.6%
- Q1 FY27: 4.9% (elevated due to vegetable prices); moderating to 4.2% by Q4
- Core inflation (ex-food, fuel): remains around 4.0% — broadly anchored

Upside Risks to Inflation

1. **West Asia conflict** — crude oil and LNG price volatility
2. **El Niño probability** — could disrupt monsoon, pushing food prices higher
3. **Global supply chain disruptions** — shipping route diversions in Red Sea

Downside Risks to Growth

1. Weak external demand from global slowdown
2. Geopolitical tensions affecting investment sentiment
3. Possible below-normal monsoon impacting agri output and rural demand

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MONETARY POLICY STANCE — "NEUTRAL"

The MPC maintained a **neutral stance**, meaning:

- Neither explicitly accommodative (cutting rates to boost growth) nor restrictive (raising rates to curb inflation)
- Policy actions will be data-dependent — based on evolving inflation and growth data
- Keeps open the option to **cut or hold** depending on incoming data

Why not a cut? CPI inflation at 4.6% projected — close to the 4% target — but upside risks (energy, food) warrant caution. The MPC needs confidence that inflation is sustainably below 4% before easing further.

RBI MPC — STRUCTURE AND MANDATE

FEATURE	DETAIL
Established	2016, under RBI Act amendment
Members	6 total: 3 RBI officials (Governor + 2 Deputy Governors) + 3 external members
RBI Governor	Sanjay Malhotra (assumed office December 2024)
Mandate	CPI inflation target: 4% ± 2% (i.e., 2%–6% band)
Review frequency	Bi-monthly (6 times per year)
Voting	Majority; Governor has casting vote in tie
Statutory basis	RBI Act 1934, Section 45ZB

Flexible Inflation Targeting (FIT): India adopted FIT in 2016. If CPI remains above 6% for three consecutive quarters, the RBI must submit a report to the government explaining reasons and remedial measures.

RATE CYCLE CONTEXT

PERIOD	RATE ACTION	REASON
May 2022 – Feb 2023	+250 bps (6.25%)	Post-COVID inflation surge, Russia-Ukraine energy shock
Feb 2023 – Oct 2024	Held at 6.50%	Inflation above 4% target
Oct 2024	−25 bps (6.25%)	Inflation softening
Dec 2024	−25 bps (6.00%)	Continued disinflation
Feb 2025	−25 bps (5.75%)	Growth moderation risks
Apr 2025	−25 bps (5.50%)	Growth support
Jun 2025	−25 bps (5.25%)	Headline inflation near target
Aug 2025 – May 2026	Held at 5.25%	Balanced risk assessment

Total easing in current cycle: **125 bps** (from peak of 6.50%).

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Economy	Monetary policy, inflation targeting, RBI role, interest rate transmission
GS3 — Economy	GDP growth, investment climate, credit growth
GS2 — Governance	MPC structure, RBI autonomy, Flexible Inflation Targeting framework

Mains Keywords: Repo rate, MPC, Flexible Inflation Targeting, CPI, SDF, MSF, neutral stance, GDP projection, El Niño monetary risk, West Asia energy shock, RBI autonomy

Prelims Facts Corner

ITEM	FACT
Repo Rate (May 2026)	5.25% (unchanged)
SDF Rate	5.00%
MSF / Bank Rate	5.50%
MPC Stance	Neutral
GDP Projection FY27	6.9% (RBI)
CPI Projection FY27	4.6%
MPC Members	6 (3 RBI + 3 external)
Inflation Target	4% ± 2% (2%–6% band)
FIT adopted	2016 (RBI Act amendment)
RBI Governor	Sanjay Malhotra (Dec 2024)

Source: RBI MPC April 2026 — Repo Rate Held at 5.25%, GDP Projected at 6.9% — Ujiyari.com | Free UPSC & State PCS Current Affairs

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