

RBI MONETARY POLICY



April 2026



High Crude Price

**India Navigating The Storm
With Strong Macro
Economic Fundamentals**

Geopolitical Uncertainties

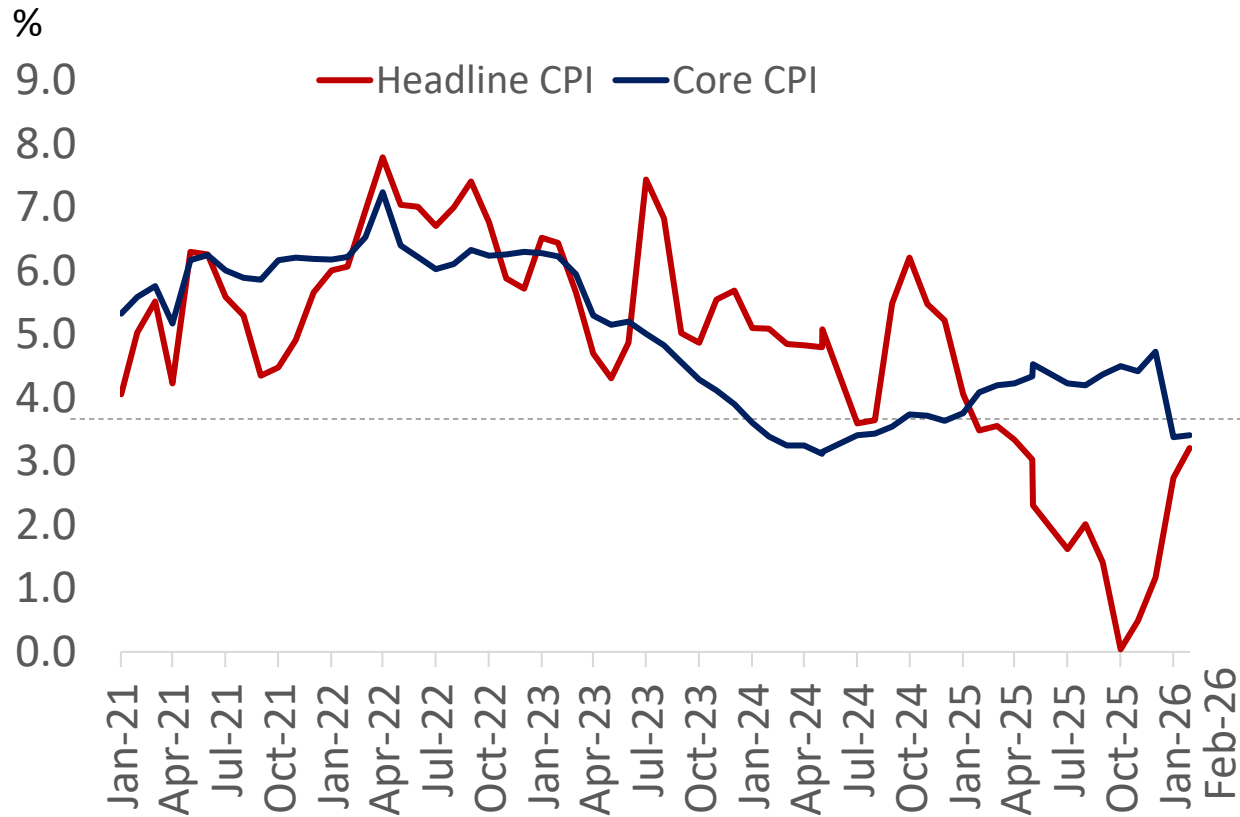
Image is for illustration purpose only



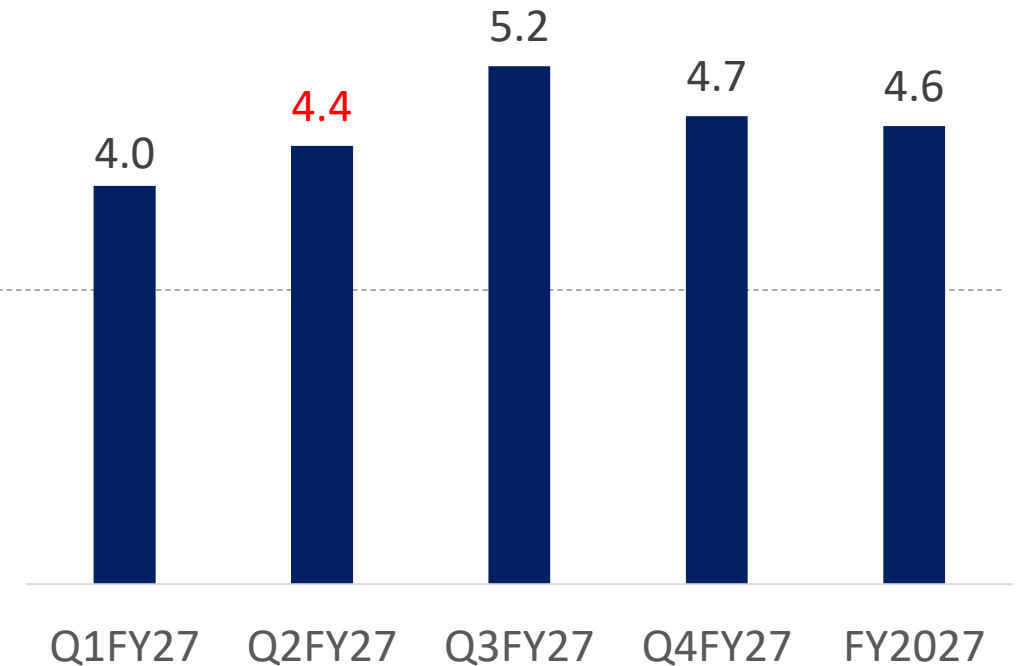
RBI Keeps Repo Rate Unchanged, A Cautious Balancing Act

Key Rates	April'26 Policy	Action
Repo Rate	5.25%	Unchanged
Standing Deposit Facility (SDF) Rate	5.00%	Unchanged
Margin Standing Facility (MSF) Rate	5.50%	Unchanged
Bank Rate	5.50%	Unchanged
SLR	18.00%	Unchanged
CRR	3.00%	Unchanged
Stance	Neutral	Unchanged

RBI Pegs FY27 Inflation At 4.6%, Warns Of War-fueled Inflation



Inflation Projections (CPI %)

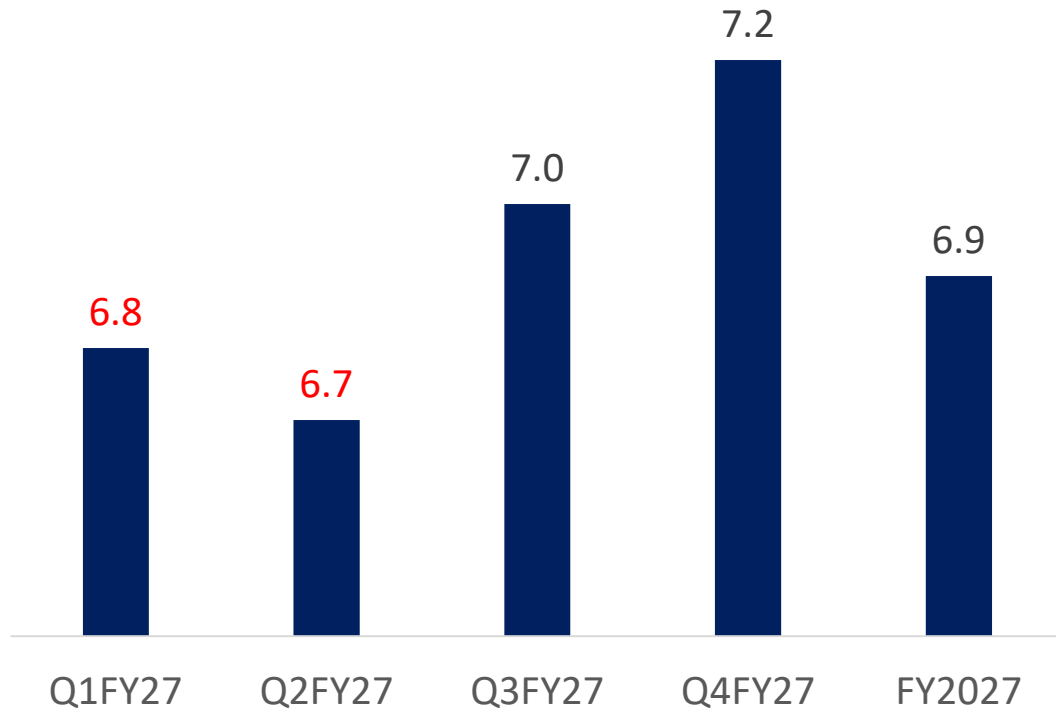


Red denotes upward revision

Elevated crude prices pose upside risks to inflation through direct fuel costs, input cost pass-through, and external sector pressures, which may influence the monetary policy stance.

RBI Estimates FY26 Growth At 7.6%, Sees FY27 Slowing To 6.9%

GDP Growth Forecasts (%)



Red denotes downward revision

Real GDP Figures

Headwinds to Growth

External Uncertainties:



Supply Side Disruptions



Higher Input Costs



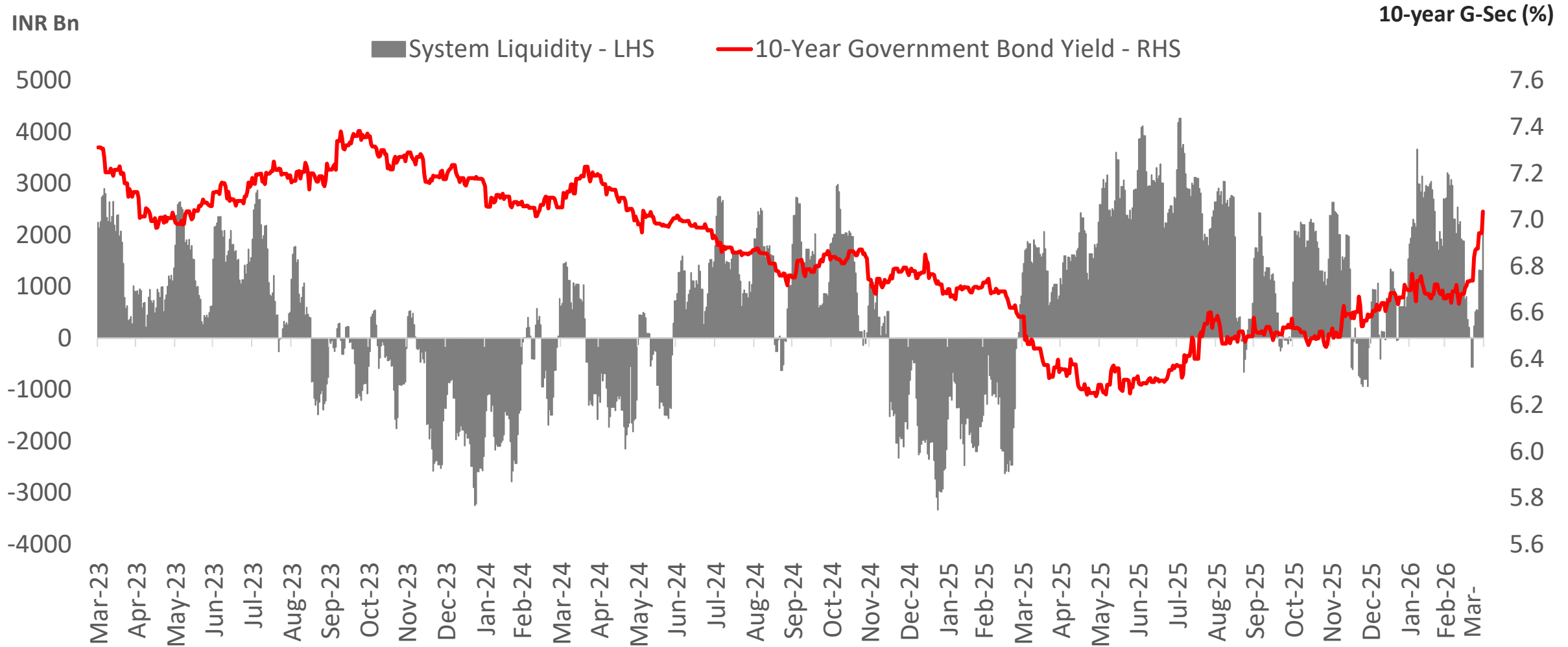
Insurance and Freight Costs



Lower Global Demand

RBI projection of GDP growth at 6.9% for 2026–27 is supported by resilient domestic demand, robust investment activity, and continued government emphasis on infrastructure and growth-supportive budget measures.

RBI To Actively Manage Liquidity



RBI is expected to continue with proactive liquidity management.

Our Take And Way Forward

- Given the global uncertainties and a ceasefire, The central bank continues to maintain a wait-and-watch stance while remaining vigilant to evolving macroeconomic developments.
- Growth prospects remain stable with FY27 GDP growth pegged at 6.9%. Headline and core inflation for FY27 are projected at 4.6% and 4.4% respectively, under RBI's baseline assumptions of USD 85 per barrel crude, a normal monsoon, and the rupee at 94/USD.
- Based on forward-looking inflation, real interest rates are around 65 bps. If inflation exceeds RBI's projections, central bank may tolerate lower real rates if inflation is transient.
- However, market expectations are more aggressive, with rate hikes of 75–100 bps already priced in over the next one year.
- Given this steep yield curve and market discounting more than what RBI may do in terms of policy tightening if at all in H2 FY27 markets offer favorable risk reward.
- Investors should continue to increase allocation to duration. Funds with a 2-3 years duration are likely to outperform shorter 6-month to 1-year duration funds over next year.

Investors may choose funds as per their risk appetite and investment horizon

Investment horizon of minimum 3 months:

Ultra Short Term, Money Market, and Low Duration Funds can be considered

Investment horizon of minimum 12 months:

Corporate Bond, Short Duration and Banking & PSU Funds can be considered

Investment horizon of more than 18 months:

Gilt, Dynamic Bond, Long Duration, Income Plus Arbitrage FoFs and Target Maturity Funds can be considered

The views expressed above are based on the “RBI Monetary Policy April-2026” announcement and the same may be subject to change. The document includes statements/opinions which contain words or phrases such as "will", "believe", "expect" and similar expressions or variations of such expressions, that are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with the statements mentioned with respect to but not limited to exposure to market risks, general and exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and/or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc. The information contained in this (document) is extracted from different public sources. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is for the information of the person to whom it is provided without any liability whatsoever on the part of Kotak Mahindra Asset Management Co Ltd or any associated companies or any employee thereof. We are not soliciting any action based on this material and is for general information only. Investors should consult their financial advisors if in doubt about whether the product is suitable for them before investing These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. Source: www.rbi.org.in

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Thank You 

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

