



RBI raises rates: what it means for your money

First repo rate hike since February 2023. Here is how it affects your loans, deposits and investments.

5.50% REPO RATE up from 5.25%	Tightening POLICY STANCE was "Neutral"	5.2% FY27 INFLATION FORECAST up from 5.0%	7.1% FY27 GROWTH FORECAST up from 6.7%
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Why the hike? Inflation is expected to run above earlier forecasts on high crude prices, West Asia tensions and food prices, while growth stays strong (7.8% in April–June).

IMPACT AREA	WHAT IT MEANS	WHAT YOU CAN DO
Home loans <i>Floating-rate</i>	- EMI or tenure rises at your next rate reset. On a ₹50 lakh, 20-year loan, expect about ₹800 more a month. - Fixed-rate loans: no immediate change.	Raise your EMI or part-prepay rather than extend the tenure, which costs more interest overall.
Fixed deposits <i>Savers</i>	Deposit rates are likely to edge up in the coming months (not guaranteed).	- Ladder FDs across maturities instead of locking in long-term now. - Compare banks and senior citizen rates.
Debt funds <i>Mutual funds</i>	- Rising yields can cause a short-term NAV dip, more so in longer-duration funds. - New money earns higher yields.	- Match fund duration to your holding period. Prefer high-quality short and medium duration funds. - Stagger investments.
Equity funds <i>Mutual funds</i>	- Some volatility likely. - Higher rates raise company borrowing costs, but the 7.1% growth forecast is supportive.	- Continue SIPs. - Phase lump sums through an STP over a few months. - Stay diversified across market caps.

The big picture: Review, don't react. Rate cuts are off the table for now, so check that your loans, deposits and investments still fit your goals. Speak to your advisor before making changes.