



RBI Monetary Policy Update

August 2026

Stability with Cautious Optimism

Prepared by Naik FinEdge Private Limited

What Did the RBI Decide?

The Reserve Bank of India kept the repo rate unchanged at **5.25%** and maintained its **neutral policy stance** – balancing growth support with vigilance on inflation and global risks.

1

Repo Rate

Unchanged at **5.25%**

2

Policy Stance

Neutral – balanced and flexible

3

FY27 GDP Forecast

Revised up to **6.7%** (from 6.6%)

4

FY27 CPI Inflation

Revised downward to **5.0%** (from 5.1%)

5

UPI Charges

RBI is considering charging 0.25-0.4 per cent MDR on UPI payments above ₹2,000 made to businesses, while keeping person-to-person transfers free.

6

Plastic Currency Notes

Polymer-based notes to be introduced for enhanced durability, security & longer circulation life.

Our View

The RBI's August policy reflects confidence in India's economic resilience. The upward revision in the GDP growth forecast to **6.7%**, alongside an inflation projection of **5.0%**, suggests that the central bank remains focused on balancing growth with price stability.

For investors, the policy reinforces the importance of maintaining a diversified portfolio rather than making tactical shifts based solely on interest rate expectations.

1

Equity

- Stable interest rates provide a supportive backdrop for corporate earnings and investment activity, particularly for interest-rate-sensitive sectors such as banking, automobiles and real estate.

2

Debt

- With policy rates unchanged, accrual-oriented debt strategies continue to remain attractive.

3

Fixed Income

- Existing FD rates offer attractive, predictable risk-adjusted returns – no material changes expected.

 Overall, the policy reinforces stability rather than signaling a change in the interest-rate cycle. Investors should continue focusing on long-term asset allocation instead of making tactical portfolio changes based solely on the policy announcement.



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