

Status quo on repo rate likely

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Mumbai, 3 February

The repo rate and stance of the regulator are expected to stay unchanged in the review meeting of the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) on February 4-6, a majority of a *Business Standard* poll of 12 respondents said.

The poll was conducted before the announcement of US cutting tariffs imposed on India to 18 per cent.

Most of them said a further rate cut was seen only if there were significant downside risks to growth. The domestic rate-setting panel cut the policy repo rate by 25 basis points (bps) to 5.25 per cent in December 2025 after keeping it unchanged in the previous two meetings.

The policy repo rate has been cut 125 bps in the rate-cut cycle, which started in February last year.

Respondents said that growth was expected to hold up in 2026-27 (FY27) and the inflation rate was likely to move closer to 4 per cent, and gradually.

As a result, the MPC is expected to keep rates unchanged at the upcoming meeting.

“Growth in FY27 has been estimated at 6.9 per cent. And with that the inflation rate will also start realigning and inch up towards 4 per cent. Given this, I don’t see the RBI cutting interest rates further in this policy,” said Sakshi Gupta, principal economist, HDFC Bank.

Some economists said that a pause was warranted at this juncture to assess the upcoming data on the consumer price index (CPI) and gross domestic product (GDP). The data, using a new base year, will be released this month.

The January 2026 CPI figures are expected on February 12 with 2024 as the base year, while the GDP data for FY24 to FY26 will be released on February 27 with 2022-23 as the base year.

These revised series will help clarify the prevailing growth-inflation dynamics and provide a basis for forming a fresh

Expert take

Expectations from monetary policy review meeting scheduled for February 4-6



	Will MPC cut repo rate? If yes, by how much?	Do you expect the RBI to change stance?	Where do you see the terminal rate in this cycle? (In %)	Will RBI announce additional liquidity measures?
SBI	✗	✗	Maximum 25, only if there are growth uncertainties	Continuous process
HDFC Bank	✗	✗	5.25	✗
Standard Chartered Bank	✗	✗	5.25	-
Yes Bank	✗	✗	5.25	-
Bank of Baroda	✗	✗	5.25	✓
IDFC First Bank	✗	✗	5.00-5.25	-
Icra	✗	✗	5.25	✓
Emkay Global Financial	Close call, 25 bps cut possible	✗	5.00-5.25	✓
ICICI Bank	✗	✗	5.25	-
Crisil	✗	✗	Close to terminal rate	-
STCI Primary Dealer Ltd	✓ 25 bps	✗	5	✓
ICICI Securities Primary Dealership	✗	✗	5.25	✗

outlook, they said.

“Icra believes that a pause is warranted at the current juncture to assess the upcoming CPI and GDP data with the new base years. These data series will determine the current growth-inflation mix, and aid in forming a fresh outlook,” said Aditi Nayar, chief economist, Icra.

All the respondents expect the MPC to retain a “neutral” stance, but expect a dovish tone accompanied by liquidity-support measures such as an open market operation (OMO) calendar.

They said while the policy rate had been eased by 125 basis points in the past 12 months, the benefits of further rate cuts appear limited, given the likely challenges

to the transmission of the rates.

Moreover, with the rupee under pressure and growth holding up reasonably well, further easing does not appear necessary now.

Most of the respondents see the 5.25 per cent — the current repo rate — as the terminal policy rate, which means further reduction is not seen.

They said the panel would reduce the rate only if growth weakened considerably.

“We think we have seen the last of the rate cuts in this cycle and should expect a long pause (difficult to determine the length of the pause), unless growth tends to underperform (not our base case),” Yes Bank economists said in a statement.