

RBI MPC delivered status quo policy; SPF survey, post policy conference comments indicate extended pause in CY2026

February 10, 2026

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RBI MPC meeting highlights, February 2026

Policy decisions

- In its policy decision on 6-Feb, the RBI MPC kept the policy repo rate unchanged at 5.25%. Accordingly, the standing deposit facility (SDF) rate remained at 5.00%, and the marginal standing facility (MSF) rate and the Bank Rate at 5.50%.
- The MPC decided to continue with neutral stance. But the decision was not unanimous with one external member continuing to vote for change in stance to accommodative.
- In his statement, the Governor noted that the RBI would continue to proactively manage liquidity conditions to facilitate monetary policy transmission.
  - Since the last MPC meet, the RBI injected durable liquidity in the system via OMOs of Rs.4.0tn and forex swaps of USD25bn (~Rs.2.25tn).

GDP, CPI forecasts

- For FY26, the RBI MPC alluded to 7.4% real GDP growth based on NSO's First Advance Estimate. The committee raised growth forecasts for Q1 and Q2-FY27 by 20bps each to 6.9% and 7.0%, respectively.
  - Q1-FY27: 6.9% from 6.7%.
  - Q2-FY27: 7.0% from 6.8%.
- The MPC also revised CPI inflation forecasts higher for Q4-FY26 (+30bps), and Q1 (+10bps) and Q2-FY27 (+20bps) but noted that excluding precious metals, the underlying inflation pressures remained muted.
  - Q4-FY26: 3.2% from 2.9%.
  - Q1-FY27: 4.0% from 3.9%.
  - Q2-FY27: 4.2% from 4.0%.
- The MPC stated that the extended forecasts for the entire fiscal year FY27 would be introduced at the upcoming MPC meet in Apr-2026 after incorporating the new GDP (base year 2022-23) and CPI series (base year 2024) to be released later this month.

Regulatory measures

- In his statement, the Governor announced measures to improve the flow of credit, promote ease of doing business for NBFCs, and deepen financial markets. Some of the notable steps included 1) removing Rs.2.5 lakh crore limit for investments under the Voluntary Retention Route (VRR) 2) issuance of regulatory framework for derivatives on corporate bond indices and total return swaps on corporate bonds 3) exempt registration for NBFCs having no public funds and customer interface, and with asset size less than Rs.1000 crore 4) increase Rs.10 lakh limit for collateral-free loans to MSMEs to Rs.20 lakh 5) allow banks to lend to REITs with certain prudential safeguards.

Rationale for policy decisions and outlook

- **Policy decisions and liquidity management:** The MPC viewed the current policy rate as appropriate and noted that future policy decisions will be guided by the evolving macroeconomic conditions and outlook based on data from new data series on GDP and CPI. In terms of guidance on liquidity, the Governor, in his statement, noted that the RBI will remain proactive and pre-emptive in its management and ensure sufficient liquidity in the banking system for effective transmission of monetary policy. This indicates that the RBI will continue to deploy various tools to keep the WACR close to the policy repo rate.

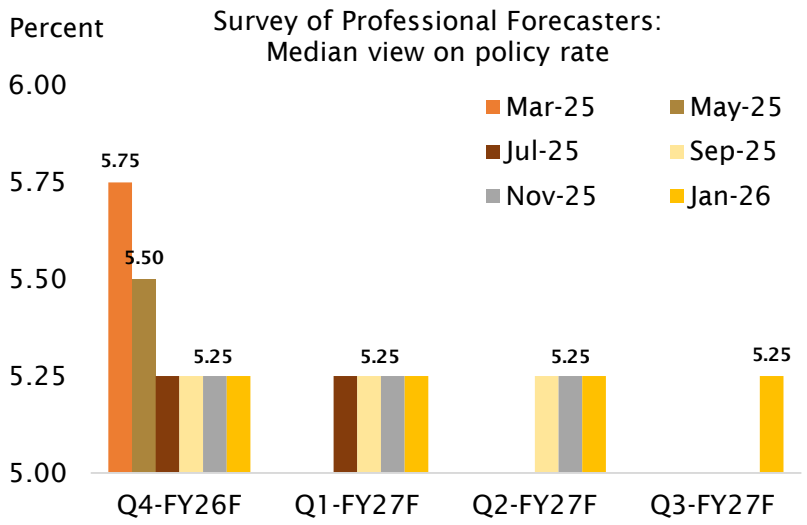
- **Growth outlook:** In the previous policy statement, the MPC stated that though resilient, growth was expected to soften amid emerging sings of weakness in some leading indicators. In contrast, the MPC noted in the latest statement that the high frequency data signaled continued strong growth momentum in Q3-FY26 and beyond, so that the growth outlook remained favorable and prompted the committee to raise H1-FY27 forecasts. This improvement in growth outlook since the last MPC was reiterated by the Governor in the post policy conference. The shift in perspective could be attributable to 1) recently concluded India-EU FTA, and the prospective India-USA deal that partly lifts uncertainty around external sector outlook 2) measures announced in the Union Budget that could support growth. The MPC noted that the risks to growth outlook could stem from spillovers from geopolitical tensions, volatility in global financial markets, and shifting trade patterns.

- **Inflation outlook:** The MPC mildly revised up CPI inflation forecasts for FY26 and H1-FY27, citing 1) increase in precious metal prices that contributed around 60-70bps to headline CPI, and 2) unfavorable base effects that could lift inflation higher in Q4-FY26. The policy statement reiterated soft underlying inflation pressures and benign food inflation prospects. The MPC viewed geopolitical uncertainty, volatility in energy prices, and adverse weather events, as factors that could pose potential risks to overall inflation outlook.

- **Insights from post policy conference:** The Governor reiterated that with the neutral stance, the MPC will continue to remain data dependent but also stated that the current policy rate was appropriate given the state of the economy and its outlook for the foreseeable 9-12 month period. Despite fluctuations in headline CPI, the underlying inflation and its projected trajectory remaining benign implied that the policy rate would likely remain low for a long period of time. In the post policy conference in Dec-2025 as well, the Governor had stated this possibility for the policy rate path. The Governor also noted in the latest conference that though real rates were high in the current context, inflation outlook suggested that these were likely to ease to at or below the neutral rate for the economy.

RBI SPF survey indicates extended pause in CY2026

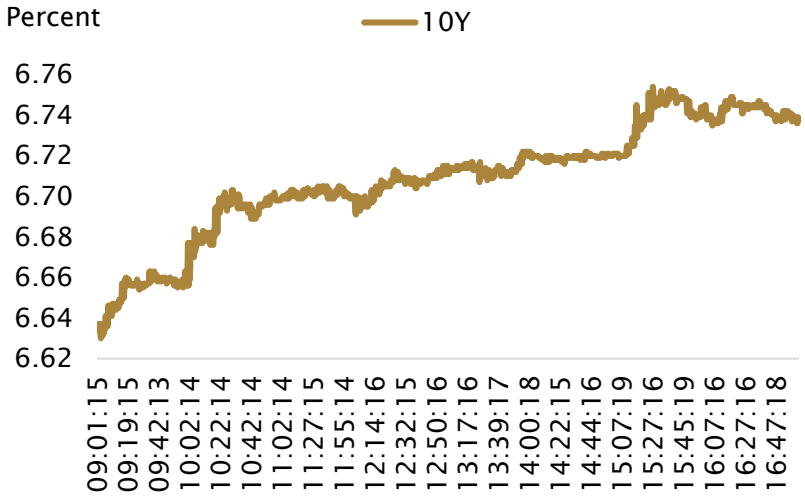
RBI's SPF survey signals extended MPC pause in CY2026; MPC raised real GDP and CPI inflation estimates for H1-FY27

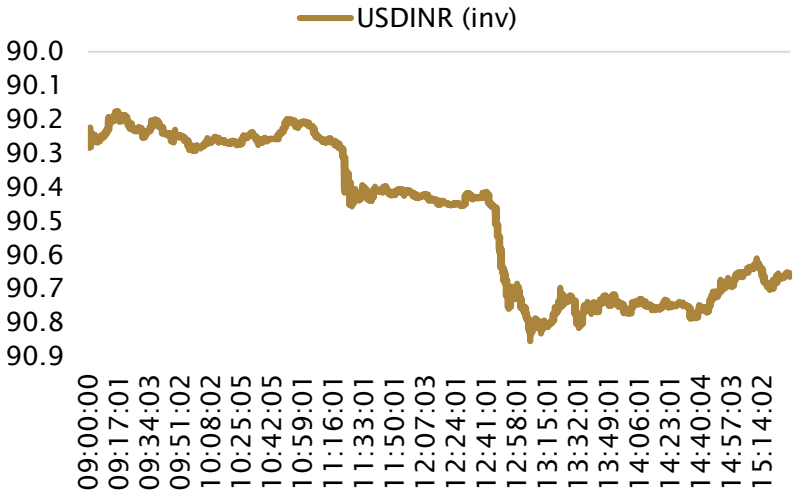


Real GDP %YY	Aug-25	Oct-25	Dec-25	Feb-26
Q1:FY26 F	6.5			
Q2:FY26 F	6.7	7.0		
Q3:FY26 F	6.6	6.4	7.0	
Q4:FY26 F	6.3	6.2	6.5	
FY26 F	**6.5**	**6.8**	**7.3**	
Q1:FY27 F	6.6	6.4	6.7	6.9
Q2:FY27 F			6.8	7.0

CPI %YY	Aug-25	Oct-25	Dec-25	Feb-26
Q2:FY26 F	2.1	1.8		
Q3:FY26 F	3.1	1.8	0.6	
Q4:FY26 F	4.4	4.0	2.9	3.2
FY26 F	**3.1**	**2.6**	**2.0**	**2.1**
Q1:FY27 F	4.9	4.5	3.9	4.0
Q2:FY27 F			4.0	4.2

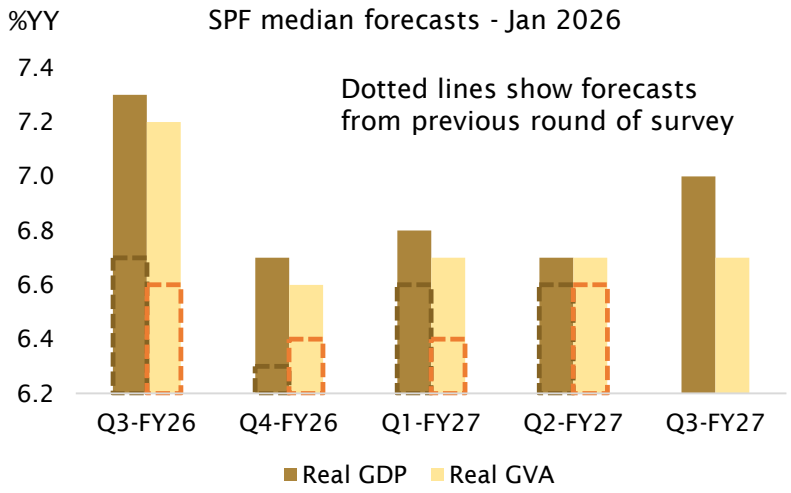
Yields rose on policy day amid no specific liquidity measures, signals of pause in easing; INR depreciated on FII selling

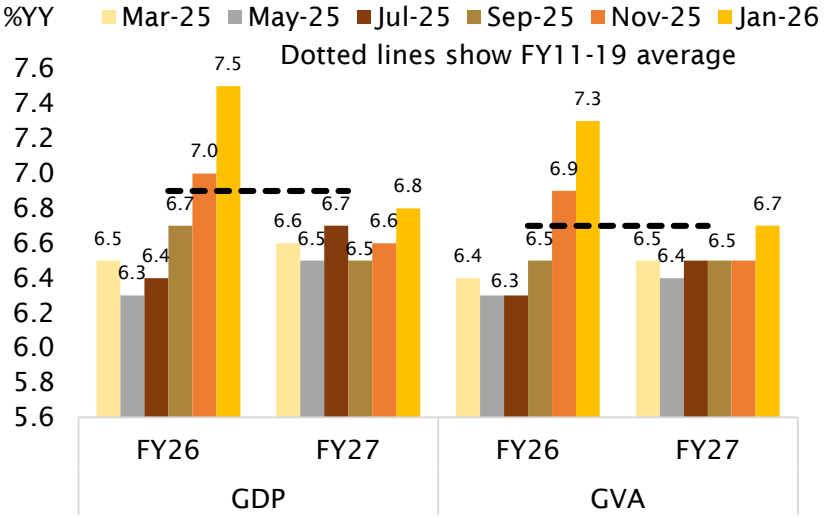




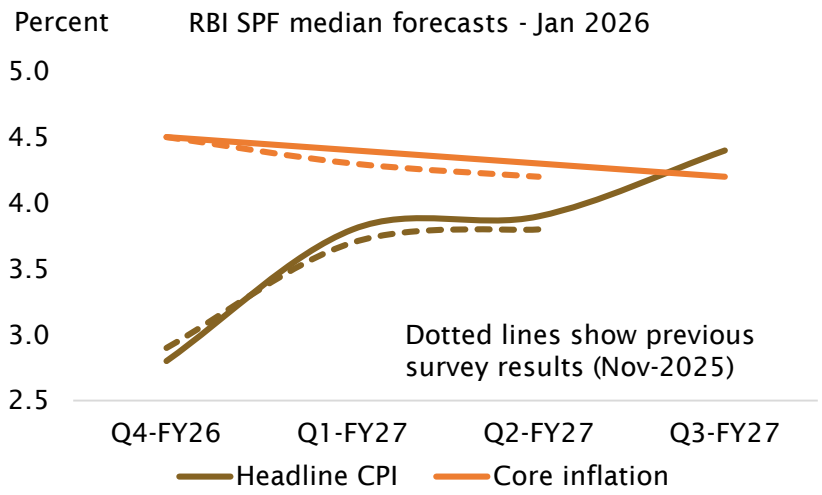
Insights from RBI Surveys – Survey of Professional Forecasters

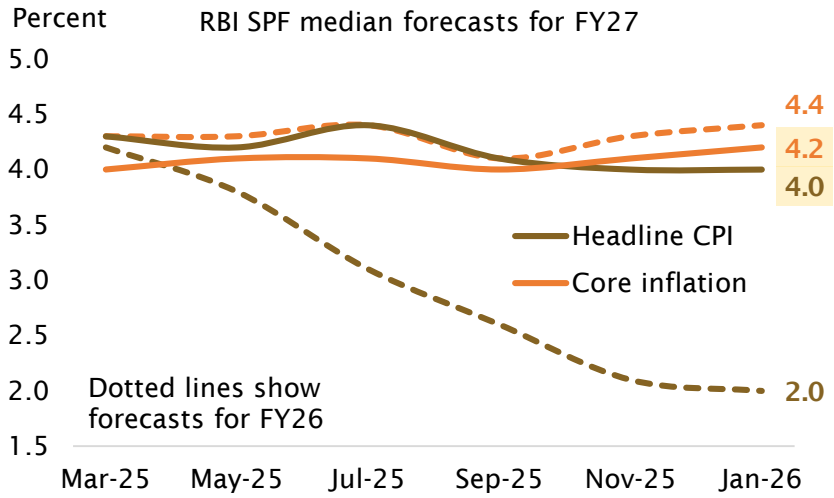
Real GDP and GVA forecasts revised up across quarters in H2-FY26 and H1-FY27, for entire FY26 and FY27





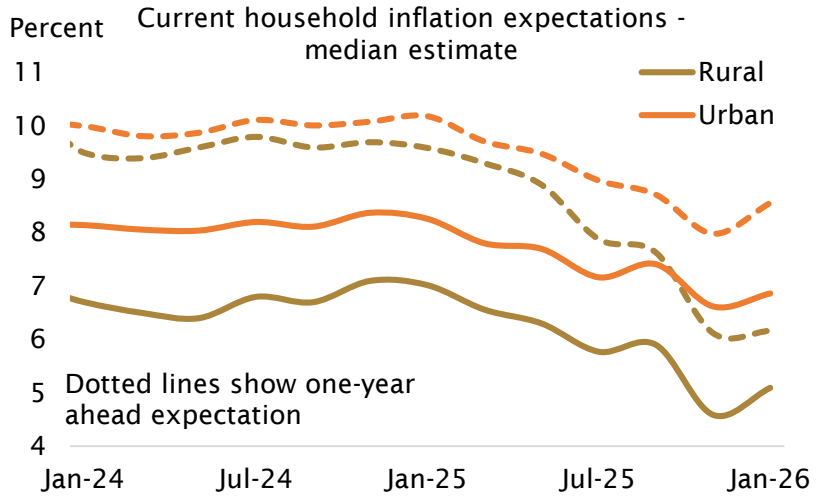
Headline CPI expected to exceed core inflation in Q3-FY27; CPI likely to average at RBI's 4% target vs. 2% in FY26

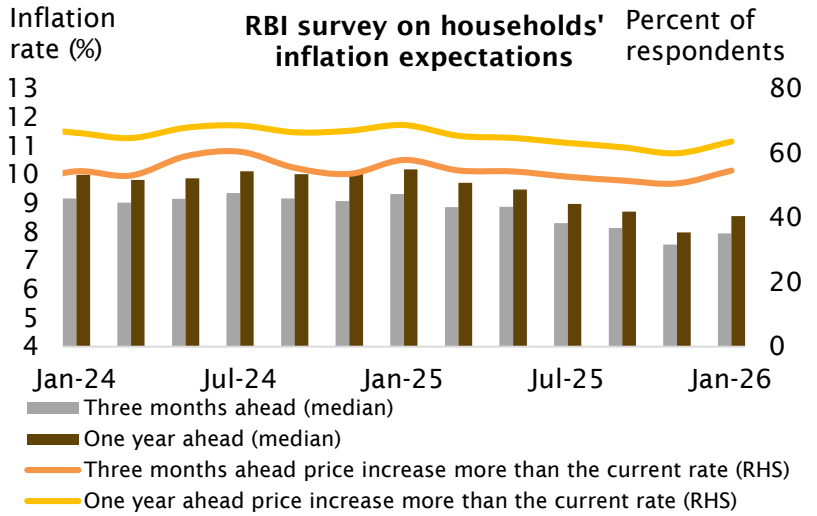




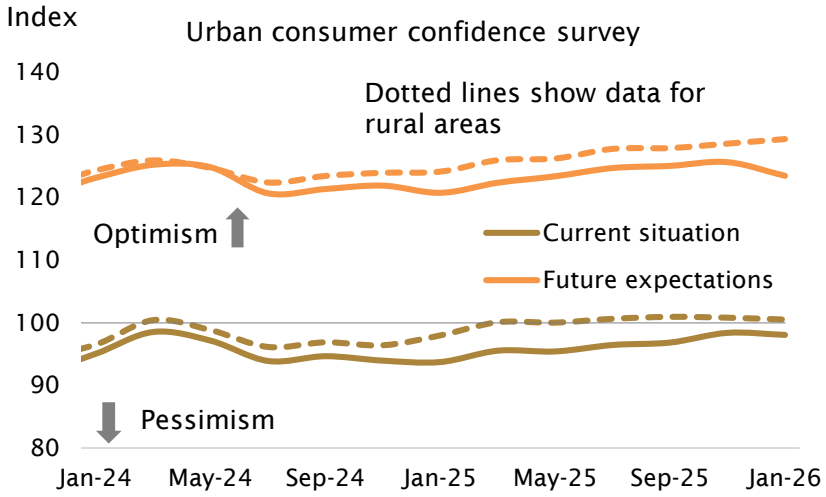
Insights from RBI Surveys – Inflation Expectations and Consumer Confidence

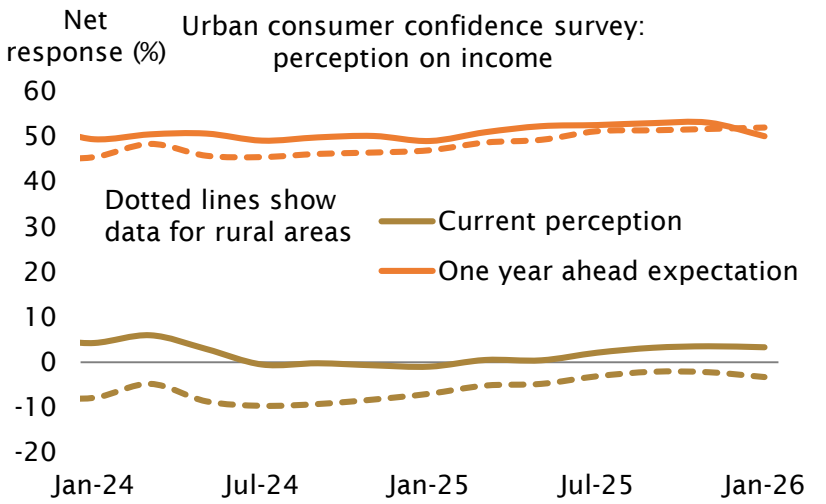
Households' inflation expectations, current and future, increased in latest survey; including in rural and urban areas





Urban consumer confidence indicators moderated in the latest round of survey, including perception about income

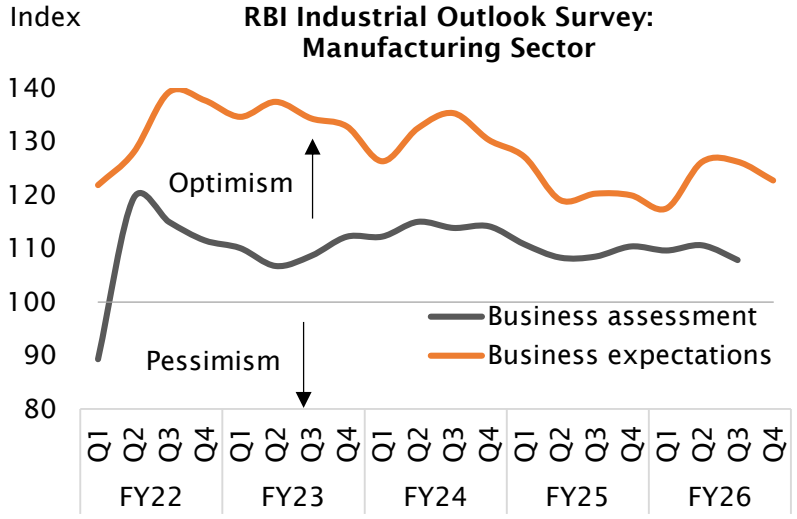


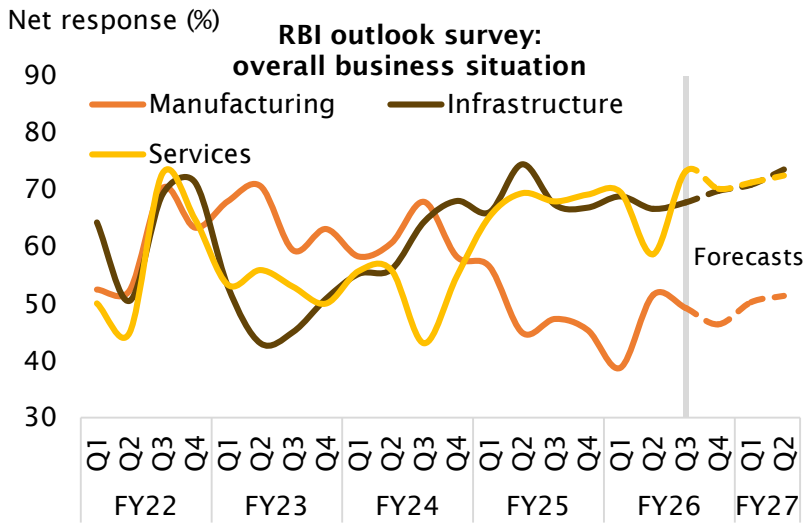


Insights from RBI Surveys – Manufacturing, Services, Infrastructure Outlook

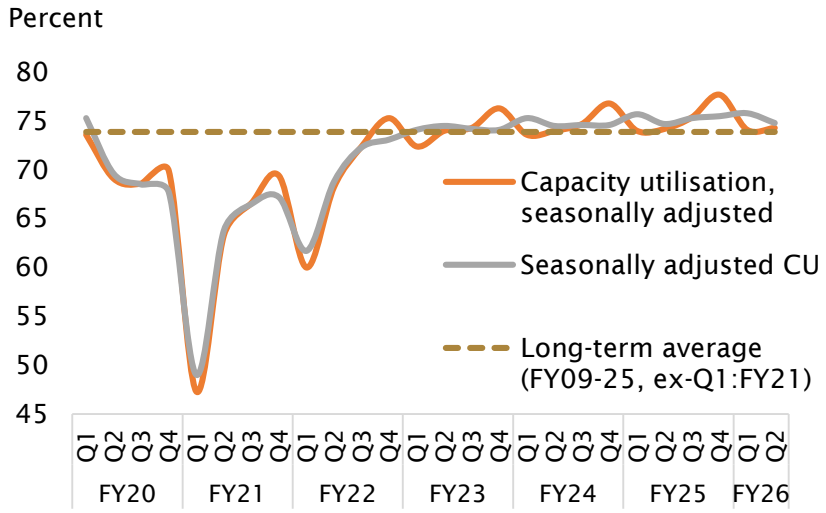
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Manufacturing business sentiment turned less optimistic for Q4 amid hope for improvement across sectors in H1-FY27

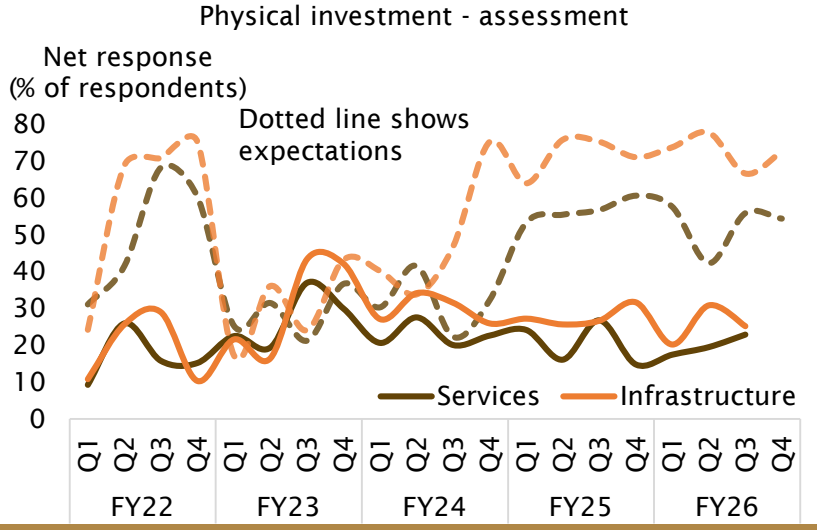




Seasonally adjusted capacity utilization eased in Q2



Actual investment remains lower than intentions



Insights from RBI Surveys – Bank Lending

Less respondents optimistic about loan demand in H1-FY27 than in H2-FY26; demand from services to remain key

Loan demand assessment: Net response (%)				
	Q4:FY25	Q1:FY26	Q2:FY26	Q3:FY26
All sectors	42.6	37.5	38.9	48.2
Agriculture	41.7	30.0	39.7	43.3
Mining	10.0	12.1	1.9	16.1
Manufacturing	42.9	36.2	37.5	36.2
Infrastructure	36.7	22.4	20.7	40.0
Services	41.1	33.9	35.2	48.2
Retail/personal	52.0	27.8	37.5	41.4
Note: Positive values show increase in loan demand, and vice versa				

Loan demand expectations: Net response (%)				
	Q3:FY26	Q4:FY26	Q1:FY27	Q2:FY27
All sectors	42.6	50.0	37.5	42.9
Agriculture	44.8	41.7	36.7	38.3
Mining	14.8	16.1	14.3	16.1
Manufacturing	44.6	50.0	36.7	45.0
Infrastructure	34.5	46.7	38.3	36.7
Services	37.0	48.2	42.9	46.4
Retail/personal	39.3	46.6	28.3	33.3
Note: Positive values show optimism in loan demand, and vice versa				

More respondents expect loan terms to ease across sectors in H1-FY27, particularly in services, manufacturing, retail

Loan terms and conditions assessment: Net response (%)				
	Q4:FY25	Q1:FY26	Q2:FY26	Q3:FY26
All sectors	16.1	12.5	9.3	16.7
Agriculture	15.0	11.7	15.5	18.3
Mining	-1.7	-1.7	0.0	0.0
Manufacturing	19.0	17.9	12.5	12.5
Infrastructure	10.0	10.0	6.9	12.1
Services	16.7	16.1	18.5	18.5
Retail/personal	22.9	22.9	18.5	22.2
Note: Positive/higher values show easy terms & conditions, and vice-versa				

Loan terms and conditions expectations: Net response (%)				
	Q3:FY26	Q4:FY26	Q1:FY27	Q2:FY27
All sectors	18.5	22.2	27.8	24.1
Agriculture	19.0	18.3	21.7	20.0
Mining	3.7	0.0	3.7	1.9
Manufacturing	21.4	21.4	25.9	24.1
Infrastructure	10.3	13.8	15.5	13.8
Services	22.2	22.2	21.2	25.0
Retail/personal	22.2	24.1	24.1	22.4
Note: Positive/higher values show easy terms & conditions, and vice-versa				

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Ph: +91 22 4084 5000 • Fax: +91 22 4084 5052 • www.trustgroup.co.in