RBI Cuts Rate by 25 bps, Turns `Accommodative'

Snips fiscal's growth outlook citing events snowballing around US tariffs as a worry

Our Bureau

Mumbai: The Reserve Bank of India (RBI) Wednesday lowered policy rates by a quarter percentage point for the second time in as many months, surprised the markets with a stance switch to `accommodative' from 'neutral' to signal an easing bias, and marginally reduced the FY26 economic expansion forecast on concerns that tariffs-triggered global challenges could have a disproportionately adverse impact on growth than on prices.

The central bank's rate-setting committee unanimously voted to lower the policy rate to 6%, in line with market expectations, paving the way for lenders to immediately reduce end-user borrowing costs for home and car purchases — retail loans typically pegged to the external benchmark.

Simultaneously, RBI lowered this fiscal year's growth and inflation projections by 20 basis points to 6.5% and 4%, respectively, following the 26% tariffs - effective from Wednesday on Indian exports to the US.

6%

NEW POLICY RATE SET BY CENTRAL BANK

One basis point is a hundredth of a percentage point.

"The downward revision (in growth) essentially reflects the impact of global trade and policy uncertainties," RBI Governor Sanjay Malhotra said, announcing the second successive rate cut after taking charge last December.

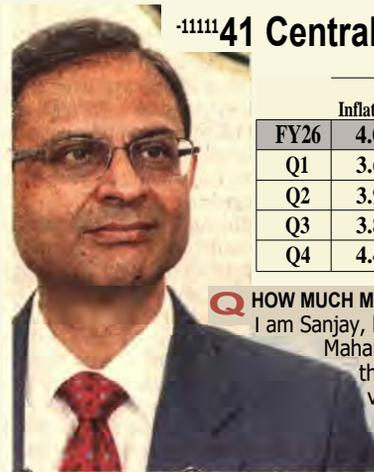Malhotra said inflation is giving "comfort and confidence."

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	RATE FORECAST (%)			
	Inflation	As per Feb policy	Growth	As per Feb policy
FY26	4.0	4.2	.6.5	6.7
Q1	3.6	4.5	6.5	6.7
Q2	3.9	4.0	6.7	7
Q3	3.8	3.8	6.6	6.5
Q4	4.4	4.2	6.3	6.5

Q HOW MUCH MORE CAN RBI LOWER RATES?
I am Sanjay, but I am not Sanjay of Mahabharat to be able to foresee that far. I do not have that divine vision. But we will jointly try to manage growth and inflation
SANJAY MALHOTRARBIgur