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7 OCTOBER 2026

RBI hikes repo rate to 5.50%

Stance moves to calibrated tightening.
Chemistry Nobel goes to Kagan and Soai.

5.50%

REPO RATE

7.1%

FY27 GDP FORECAST

5.2%

FY27 CPI FORECAST

Original concept illustration | Figures from cited sources

First hike since February 2023

Vote unanimous.
Stance vote 4:2.

Nobel Chemistry 2026

Kagan and Soai.
Asymmetric synthesis.

Price of the Edition: Complimentary Copy

Designed and prepared by CrackExam.co.in Team

<https://crackexam.co.in/>

Research cutoff: 7 October 2026, sources dated 6 to 7 October 2026

Editor's briefing and contents

The RBI's 7 October policy decision leads this edition, with its forecasts, a final regulation and the latest surveys. Diplomacy, an appointment, a defence production milestone and the Chemistry Nobel follow. Every story links to its source.

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Reading guide

8 verified stories, each linked to its source. Earlier developments are explicitly carried forward. Not every possible update is covered. The separate 25-question test uses this same dataset. Original practice, not an actual previous-year paper.



Banking and RBI

RBI raises repo rate by 25 bps to 5.50% and turns to calibrated tightening

7 October 2026 | Reserve Bank of India, Governor's Statement, 7 October 2026

After its meeting on 5, 6 and 7 October 2026, the Monetary Policy Committee voted unanimously to raise the policy repo rate under the LAF by 25 basis points to 5.50 per cent. The standing deposit facility rate is adjusted to 5.25 per cent, and the marginal standing facility rate and the Bank Rate to 5.75 per cent.

The MPC also changed its stance to 'calibrated tightening', from 'neutral'. Moneycontrol and CNBC-TV18 report that four of six members voted for the stance change, and that this is the first hike since February 2023. The Governor said rate cuts are off the table in the near term and that policy action ahead can only be a rate hike or a pause, depending on the growth-inflation outlook.

Key facts

Repo rate: 5.50% (up 25 bps; vote unanimous)

SDF: 5.25%; MSF and Bank Rate: 5.75%

Stance: calibrated tightening (from neutral)

Governor: rate cuts off the table; next move hike or pause

Exam takeaway: Learn the corridor: SDF is repo minus 25 bps; MSF and Bank Rate are repo plus 25 bps.

One-minute recall: Repo 5.50%; SDF 5.25%; MSF and Bank Rate 5.75%; calibrated tightening.

Reserve Bank of India, Governor's Statement, 7 October 2026

RBI raises FY27 GDP forecast to 7.1% and inflation forecast to 5.2%

7 October 2026 | Reserve Bank of India MPC, via Moneycontrol

The RBI raised its FY27 real GDP growth projection to 7.1 per cent from 6.7 per cent, after 7.8 per cent

growth in Q1. It expects 7.2 per cent in Q2, 6.9 per cent in Q3 and 6.8 per cent in Q4, and 7.1 per cent in Q1 of FY28.

It raised its FY27 CPI inflation projection to 5.2 per cent from 5.0 per cent, with 4.9 per cent in Q2, 6.0 per cent in Q3 and 5.7 per cent in Q4, and 5.6 per cent in Q1 of FY28. Core inflation for FY27 is seen at 4.4 per cent. The Governor cited a deficient monsoon, El Nino and volatile oil prices. CPI inflation rose to 4.8 per cent in August from 4.5 per cent in July.

Key facts

GDP FY27: 7.1% (from 6.7%)

CPI FY27: 5.2% (from 5.0%)

Core inflation FY27: 4.4%

Pressure points: monsoon, El Nino, oil

Exam takeaway: Growth forecast up, inflation forecast up: that is why the stance moved to tightening.

One-minute recall: RBI FY27: GDP 7.1%; CPI 5.2%; core 4.4%.

Reserve Bank of India MPC, via Moneycontrol

RBI issues final Directions on Credit Valuation Adjustment

7 October 2026 | Reserve Bank of India press release

The RBI released the Reserve Bank of India (Commercial Banks - Credit Valuation Adjustment Framework) Directions, 2026 on 7 October 2026. Draft Directions were issued on 7 August 2026 and feedback was invited until 28 August 2026.

The draft proposed letting eligible banks choose a simpler approach, making supervisory risk weights for counterparties more sensitive to sector and credit quality, clarifying eligibility and recognition of CVA hedges, and separating systematic and idiosyncratic components in the Basic Approach (BA-CVA). The instructions take effect from 1 April 2027.

Key facts

Instrument: CVA Framework Directions, 2026

Draft: 7 August 2026; feedback until 28 August 2026

Applies to: capital charge for CVA risk of commercial banks

Effective: 1 April 2027

Exam takeaway: CVA is a capital charge for the risk that a derivatives counterparty's credit quality worsens.

One-minute recall: CVA Directions final on 7 Oct; effective 1 April 2027.

Reserve Bank of India press release

Economy and Finance

RBI surveys: rural confidence weakens, household inflation expectation at 10%

7 October 2026 | Reserve Bank of India surveys, via Indian Express and CNBC-TV18

On 7 October 2026 the RBI released results of several forward-looking surveys, including the Urban and Rural Consumer Confidence Surveys and the Inflation Expectations Survey of Households for September 2026. The Rural Consumer Confidence Survey's Current Situation Index fell to 90.6 in September from 91.7 in July, the sixth straight fall from 100.5 in January. Rural households' one-year-ahead inflation expectation rose to 7.9 per cent.

In the household inflation survey, median one-year-ahead expectation rose to 10.0 per cent from 9.4 per cent, and the three-month-ahead figure to 9.9 per cent. CNBC-TV18 notes these are perceptions, not actual inflation. The survey ran from 10 to 20 September across 19 cities with 5,987 respondents.

Key facts

Rural CSI: 90.6 in September 2026 (sixth straight fall)

Rural one-year-ahead inflation expectation: 7.9%

Household one-year-ahead expectation: 10.0% (9.4% earlier)

Survey: 19 cities, 5,987 respondents

Exam takeaway: Perceptions and expectations are survey readings, not the CPI.

One-minute recall: RBI surveys: rural CSI 90.6; households expect 10% inflation.

Reserve Bank of India surveys, via Indian Express and CNBC-TV18

National and International Affairs

Jaishankar in Ghana: wider cooperation as Ghana seeks BRICS membership

7 October 2026 | External Affairs Minister S. Jaishankar, via India Today

External Affairs Minister S. Jaishankar, in Accra on the first leg of a three-nation Africa tour that also includes Cote d'Ivoire and Ethiopia, said India and Ghana will widen their comprehensive partnership into pharmaceuticals, health, mining, defence, railways and digital technology. The partnership was elevated to comprehensive during PM Modi's visit to Ghana in July 2025.

Two agreements were signed, on agricultural research and training and on biodiversity. Ghana's Foreign Minister Sam Okudzeto Ablakwa said Ghana's Cabinet has approved a decision to seek BRICS membership and will formally apply. Ghana is set to chair the African Union in 2027.

Key facts

Tour: Ghana, Cote d'Ivoire, Ethiopia

Agreements: agricultural research and training; biodiversity

Ghana: to formally seek BRICS membership

Ghana to chair the African Union in 2027

Exam takeaway: The tour has three countries; Ghana is the first leg.

One-minute recall: Jaishankar in Ghana: 2 MoUs; Ghana to seek BRICS; AU chair 2027.

External Affairs Minister S. Jaishankar, via India Today

HAL Koraput delivers 2,000th engine; second Shakti line approved

6 to 7 October 2026 | Defence Minister Rajnath Singh, via The Financial Express

On 6 October 2026, HAL's Koraput Division in Odisha delivered its 2,000th aero-engine, and Defence Minister Rajnath Singh announced Rs 218 crore for a second production line for Shakti engines there. The line is to be fully operational by 2028-29 and make up to 100 Shakti engines a year for helicopters such as the Dhruv ALH and Prachand LCH.

Singh said Koraput has also overhauled more than 9,000 engines, delivered 63 AL-31FP engines for the Su-30MKI, and that HAL is raising annual AL-31FP capacity from 30 to 50 engines. Shakti engines are currently made at HAL's Bengaluru division.

Key facts

Milestone: 2,000th engine from HAL Koraput

Investment: Rs 218 crore, second Shakti line

Capacity: up to 100 Shakti engines a year; operational by 2028-29

AL-31FP (Su-30MKI): 63 delivered; capacity 30 to 50 a year

Exam takeaway: Shakti powers ALH Dhruv and LCH Prachand; AL-31FP powers the Su-30MKI.

One-minute recall: HAL Koraput: 2,000th engine; Rs 218 crore second Shakti line.

Defence Minister Rajnath Singh, via The Financial Express

Appointments, Awards and Important Days

Ajit Lal named interlocutor for Naga talks

7 October 2026 | Ministry of Home Affairs letter, via Hub Network

The Centre formally informed NSCN (IM) General Secretary and chief negotiator Th. Muivah that retired IPS officer Ajit Lal is the new interlocutor for the Indo-Naga political talks. The letter was issued

by Union Home Secretary Govind Mohan on behalf of the Ministry of Home Affairs.

It responded to a representation Muivah made to PM Modi on 27 August. The Centre also decided to bring a political team of a Cabinet Minister or a group of Ministers into the negotiation framework, to enable political decisions on long-pending issues.

Key facts

Interlocutor: Ajit Lal, retired IPS officer

Counterpart: NSCN (IM), Th. Muivah

Letter by: Home Secretary Govind Mohan

Addition: political team of Minister(s)

Exam takeaway: An interlocutor negotiates on the Government's behalf; know the group (NSCN-IM) and the leader.

One-minute recall: Naga talks: Ajit Lal interlocutor; NSCN-IM; political team added.

Ministry of Home Affairs letter, via Hub Network

Nobel Prize in Chemistry 2026: Henri Kagan and Kenso Soai

7 October 2026 | Royal Swedish Academy of Sciences, via NobelPrize.org

The Royal Swedish Academy of Sciences awarded the Nobel Prize in Chemistry 2026 to Henri B. Kagan of France and Kenso Soai of Japan 'for the discovery of non-linear effects and autocatalysis in asymmetric organic synthesis'. The announcement was on 7 October 2026.

Their work explains how homochirality, the fact that life uses only one mirror-image form of molecules such as amino acids, can emerge. Kagan took the first step in 1986. Soai designed a reaction in 1995 and in 2003 showed one in which only one of two mirror images was formed. The discoveries matter for chemists who design reactions to make pharmaceuticals.

Key facts

Laureates: Henri B. Kagan (France), Kenso Soai (Japan)

Topic: asymmetric synthesis; homochirality

Kagan: 1986; Soai: reaction shown in 2003

Use: making single mirror-image pharmaceuticals

Exam takeaway: Awards questions: names, countries, the topic and the announcing body.

One-minute recall: Chemistry Nobel 2026: Kagan and Soai; asymmetric synthesis.

Royal Swedish Academy of Sciences, via NobelPrize.org

Rapid revision and vocabulary

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HAL Koraput: 2,000th engine; Rs 218 crore second Shakti line.

Naga talks: Ajit Lal interlocutor; NSCN-IM; political team added.

Chemistry Nobel 2026: Kagan and Soai; asymmetric synthesis.

Calibrated tightening: a stance that allows further hikes or a pause, but not cuts, in the near term.

SDF: Standing Deposit Facility, the floor of the rate corridor.

MSF: Marginal Standing Facility, the ceiling of the corridor.

CVA: capital charge for counterparty credit risk in derivatives.

Homochirality: use of only one mirror-image form of a molecule.

Rapid-revision prompts

What are the repo, SDF, MSF and Bank Rate now?

What changed in the RBI's growth and inflation forecasts?

What does the CVA Direction cover and when does it start?

Who is the Naga talks interlocutor?

Who won the 2026 Chemistry Nobel and for what?

Sources and publication information

Every figure comes from the linked source page for that story. Where an official page was not read, the story names the publication that reported it. Items we could not verify were left out. This edition has 8 stories because that is what we could verify for the day.

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