# Day 1/100 · EMI health check

Repo Rate Hike: EMI Same, but Your Home Loan Just Got ~1 Year Longer

*"RBI ne rate badhaya, par meri EMI toh same hai. Main safe hoon na?"*

## QUICK ANSWER

When the repo rate rises, banks with repo-linked home loans usually raise your interest rate and, to keep your EMI unchanged, extend the loan tenure instead. On a ₹50 lakh, 20-year loan, a 0.25% hike adds about ₹781 a month if the EMI goes up, or roughly 12 extra months if the tenure stretches.

## THE MATHS

**Example: ₹50 lakh home loan, 20 years (240 months), rate up 0.25%**

| | At 8.00% | At 8.25% | Difference |
|---|---|---|---|
| Monthly EMI | ₹41,822 | ₹42,603 | **+₹781 / month** |
| Extra paid over 20 years (EMI goes up) | | | **≈ ₹1.88 lakh** |
| If the bank keeps EMI at ₹41,822 and stretches tenure | 240 months | ≈ 251.9 months | **+11.9 months ≈ ₹4.96 lakh more** |
| Keep paying ₹41,822 + one extra EMI every year (at 8.25%) | | 210 months | **Loan closes in 17.5 years** |

Illustrative figures computed with the standard reducing-balance EMI formula. Your bank's rate, spread and terms decide your numbers.

## YOUR CHECKLIST

- [ ] **Download your latest home loan statement or open the loan section of your bank app**
  Why: All the numbers you need (rate, balance, tenure) are on it.
- [ ] **Note your current interest rate and your spread over the benchmark**
  Why: The spread is the part your bank controls, and the part you can negotiate.
- [ ] **Note your remaining tenure in months**
  Why: This is where a rate hike hides when your EMI stays the same.
- [ ] **Compare it with your original tenure and the months already paid**
  Why: If remaining plus paid is more than the original, your loan has been extended.
- [ ] **Find your rate reset date**
  Why: Repo-linked loans reset at least every 3 months, so you know when the next change lands.
- [ ] **Check your loan agreement or ask your bank about prepayment charges**
  Why: You want to know the cost, if any, before you prepay.
- [ ] **Decide: higher EMI or longer tenure**
  Why: In our example, raising the EMI costs about ₹1.88 lakh extra versus about ₹4.96 lakh for a longer loan.

- [ ] **Set a yearly reminder to prepay one extra EMI**
  Why: In our example it cuts a 20-year loan to about 17.5 years.
- [ ] **Ask your bank whether your spread can be reduced, and compare other lenders**
  Why: A lower spread or a balance transfer can lower your rate for the rest of the loan.
- [ ] **Re-check your statement after the 4 December 2026 RBI decision**
  Why: If the rate moves again, you will catch it at the next reset instead of years later.

## 3 ACTIONS THIS WEEK

1. Download your latest loan statement and note today's rate, EMI and remaining tenure.
2. Ask your bank in writing whether the rate change raised your EMI or extended your tenure.
3. If tenure grew, consider one extra EMI a year or a part-prepayment to pull it back.

## SOURCES


1. RBI: Monetary Policy Statement, repo rate raised to 5.50%, 7 Oct 2026 https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63742
2. RBI: Schedule of Monetary Policy Committee meetings (next decision 4 Dec 2026), 23 Mar 2026 https://rbi.org.in/SCRIPTs/BS_PressReleaseDisplay.aspx?prid=62422
3. Business Today: SBI raises home loan rates by 25 bps, 18 Oct 2026 https://www.businesstoday.in/personal-finance/story/sbi-raises-home-loan-rates-by-25-bps-how-much-more-will-you-pay-every-month-562229-2026-10-18


General information, not financial advice. Example figures; your bank's rate, spread and terms decide your numbers.