

An increasing number of economists expect the [Reserve Bank](#) of India (RBI) to raise interest rates on Wednesday, a Reuters poll found, but most still think the [central bank](#) will stay on hold and use this week's meeting to prepare for an August hike.

In a snap poll of 56 economists taken after gross domestic product data on Thursday, 26 of those respondents, or about 46 percent, expect the [RBI](#) to take the repo rate higher at the June 6 meeting. The GDP data showed Asia's third-largest economy grew at its fastest pace in nearly two years in the January-March period.

That compares with 21 of 57 economists, or about 40 percent of them, in a poll taken before the GDP data was published.

"The risk has gone up, definitely, but (we're) not convinced enough for it to happen in June," said Kunal Kundu, India economist at Societe Generale. "We still stick to August."

While most economists in the latest Reuters poll expect the repo rate to remain at 6.00 percent on Wednesday, a majority forecast the [RBI](#) to raise it by 25 basis points to 6.25 percent in August.

The [RBI](#) may use the June meeting to shift its policy communication to an explicit tightening bias away from the neutral bias it has held since February last year.

An unexpected surge in both inflation and economic growth rates, which confirmed India as the fastest-growing major economy, have brought forward expectations for the next rate hike by more than a year.

Just over a month ago, the RBI wasn't expected to raise rates until the second half of 2019.

India's benchmark 10-year sovereign bond yields rose to their highest in two weeks to 7.90 percent on Monday on expectations the [central bank](#) will have to raise interest rates to keep inflation in check.

But for many, June meeting's decision is a very close call.

"The consensus is expecting the RBI to keep rates on hold at the upcoming meeting. But a surge in core inflation, looser fiscal policy and rising oil prices are a concern for the MPC ([Monetary Policy](#) Committee)," noted Shilan Shah, senior India economist at Capital Economics, who predicts a June hike.