

**Edited Transcript of Reserve Bank of India's Monetary Policy Press
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Participants from RBI:

Shri Shaktikanta Das – Governor, Reserve Bank of India

Dr. Michael D. Patra – Deputy Governor, Reserve Bank of India

Shri M. Rajeshwar Rao – Deputy Governor, Reserve Bank of India

Shri T. Rabi Sankar – Deputy Governor, Reserve Bank of India

Shri S. C. Murmu – Executive Director, Reserve Bank of India

Shri Yogesh Dayal – Chief General Manager, Reserve Bank of India (moderator)

Shaktikanta Das:

Yogesh. We can start. I think everybody has joined the press conference.

Yogesh Dayal:

Welcome to Reserve Bank's post-Monetary Policy Press Conference, which we are doing virtually, and hopefully maybe not for long. Today we have with us Hon'ble Governor, RBI, Shri Shaktikanta Das, respected Deputy Governors Dr. M. D. Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Sankar and also Executive Director Shri S. C. Murmu. We have colleagues from media in large numbers so I will straight go to the first participants. I will request Mr. M Govardhan Rangan from ET to ask his question, please.

M. Govardhan Rangan, Economic Times:

Good afternoon Governor, it was a pleasant surprise for the market which was expecting at least reverse repo rate increase. Sir, what is the rationale for not doing that when you mentioned in your speech that the weighted average rate for it has actually moved up to 3.87%. What is it that you are trying to signal and what is the objective of not doing that? And at the same time when all the central banks across the world are worried about inflation and look at raising rates, you seem to be comfortable with the fact that inflation could come down and your projected 4 per cent for the second half of next year. What gives you the comfort that inflation will come down to 4 per cent next year? Thank you.

Shaktikanta Das:

Once again my Season's Greetings and Happy New Year to all of you and to the audience who is watching this. Now, you asked about the reverse repo. The rates, whether it is a repo rate or the reverse repo rate, they represent a particular stance. They're reflective of the stance that the Reserve Bank has adopted with regard to monetary policy. At the current juncture, as I spelt out in my statement and as I spelt

out in the resolution. We have given the reasons why we are continuing with the accommodative stance. So, when the stance continue, we did not see any reason to make any changes or tamper with the rates. But having said that, let me achieve that I also mentioned that the weighted average reverse repo rate is 3.87 and so, in a very non-disruptive and in a very seamless manner we have, effective reverse repo rate is 3.87 per cent and with regard to the inflation and what the other central banks are doing, let me say that on inflation we have done our homework, and based on our homework and very detailed analysis has been done internally and based in our analysis, we have given the projection of 4.5 per cent for 2022-23 as overall inflation and that is based on lot of detailed analysis internally. In fact, I can tell you that all uncomfortable questions or all uncomfortable risks have been duly assessed and we have arrived at these numbers and with regard to, what the other central banks are doing, well, the character of inflation is somewhat different in those economies compared to India. I would request Deputy Governor Michael Patra to give out the details on that particular aspect. Thank you.

Dr. Michael D. Patra:

Thank you, Governor. As mentioned, the whole character of inflation is very different in the US, for instance, than from ours. For instance, one thing that is driving up US inflation is used cars. Now, that is not the basis for our inflation, nor are we importing used cars from the US. Back in Europe, the issue is truck drivers and that is also something we don't import. To give a granular example, food inflation, according to the Food and Agriculture Organisation is ruling at 29-30%. But our food inflation is between 2.5 to 3.5%. Even in the US, food inflation is 6.5%. So, there is a material difference in the way in which our inflation is evolving. Also in the core inflation the usual drivers of core inflation such as wage growth or rental growth is not there in India. So, we have to respond to an entirely different inflation evolution.

Yogesh Dayal:

Thank you, Sir. I will now move on to Latha Venkatesh from CNBC.

Latha Venkatesh, CNBC TV18:

Thank you, Yogesh, thank you, Governor. What is the oil price assumption of this inflation forecast? The last price hike was on November 4, when the crude price was at \$75. At least \$10 worth, if not more of price hike has not been passed on. So, what are you assuming to come to this kind of an inflation forecast? And in that context, what is the Reserve Bank's framework of neutral real rates and when will you even start the journey towards your neutral real rate.

Shaktikanta Das:

Now when we will start our journey is something which I think we will be able to spell out only when we take a decision. With regard to the oil, the petrol and diesel prices which you mentioned, you see our inflation projections are benchmarked to international crude prices. And the crude oil prices in our projections are benchmarked

to that and we have examined various scenarios of where the crude oil prices will be. Various scenarios have been examined on the downside and on the upside. And based on that analysis, we have given out this projection. You may ask what is that number that you have adopted? For that, let me say that this is that number we give out in the monetary policy report, six months MPR which we would release in the month of April at the time of that MPC. But for this, at this moment, let me say that various crude oil prices both on the downside and on the upside have been taken into consideration and we have made our analysis accordingly, looked at various scenarios and we have arrived at whatever projections we made.

Latha Venkatesh, CNBC TV18:

Sir, my pointed question you didn't answer Sir. My pointed question was, have you assumed that no further hike will be made of what has not been passed on? And of course, what is your neutral real rate?

Shaktikanta Das:

I said that neutral real rate I cannot spell out at this stage. There have been in the past, it has been given that neutral real rate, etc. It's a change scenario completely. And at this point, I would not like to say it at least from my side unless the Deputy Governor would like to elaborate on it. But with regard to oil prices, as I said, we have taken various scenarios into consideration. Even the current crude oil prices. I am talking about international crude oil prices. Our inflation calculation is based on international crude oil prices. And we have taken various scenarios into consideration what could be, what is the likely crude oil price? How much can it go up? Or how much can it go down? And on both sides, we have considered that and made our projections. I think that's what I understood from your question. I have answered unless the Deputy Governor wishes to add something. I think that's how I would like to reply.

I think DG Patra is okay with this.

Yogesh Dayal:

I will move on to Ira Dugal from Bloomberg Quint, please.

Ira Dugal, Bloomberg Quint:

Good afternoon. My question is on growth. The projection for year on year growth of 7.8 per cent for FY 23 suggests that there is discomfort on the underlying momentum because that year on year growth rate will probably mean sequential easily adjusted growth somewhere in the fore handle I suspect. Is this discomfort on growth coming largely from what has been called scarring lower income growth, concerns of unemployment? You see all of that continuing to weigh on private consumption even in FY 23. Given that we know that the economic impact of different waves is now starting to moderate with each new wave. My second linked question to that is, the recovery is uneven. Nobody denies that. But at this stage of the recovery isn't most of

the heavy lifting to be done by fiscal policy which it is doing? What is the role that monetary policy can play in this sort of an uneven recoveries?

Shaktikanta Das:

With regard to the first part of the question, I think the actual picture is otherwise. The inherent momentum of growth is positive. It's on the upward slope, you know, the momentum is there. The inherent momentum of growth is actually picking up. The growth projections which we have made, it is primarily because of the base effects whereas the momentum is picking up. Can you repeat the second part of your question?

Ira Dugal, Bloomberg Quint:

Just the role of fiscal policy versus monetary policy at this stage, the uneven recovery, perhaps fiscal policy is better attuned to deal with rather than a monetary policy which can have other effects, the large liquidity in the lower rates can have negative effects as well.

Shaktikanta Das:

No, I take that. You see, fiscal policy and monetary policy, you cannot see it as either-or. And it has to be a coordinated approach, especially during this kind of difficult times that we have gone through the kind of turbulent times that we have gone through in the last two years. The growth momentum is definitely positive but in my statement, I have clearly spelt out that private investment, the private demand, consumption demand, they all are still lagging and it's not a question of either-or, I mean, the fiscal action is calibrated. They have expanded capital expenditure. At the same time, as far as I see there is an effort towards fiscal consolidation so as to reach the target, which the finance minister gave out in her speech last year, as the target for 2025-26. So, they are on a particular roadmap. So far as RBI is concerned, we are also on a particular roadmap and there is a coordinated policy action. Definitely the fiscal has an important role at the current juncture and we feel that the monetary policy has to be supportive to make the growth sustainable and durable. I think it spells it out. And that's how I would like to reply. If there is any other point which any of the deputy governors which is a larger question which Deputy Governor's particularly Dr. Michael Patra, you wish to add or supplement.

I think he is okay. So that's how I would like to reply. What action between the fiscal and monetary so it's not that you know, sort of we pass on the baton and then we just stand still has to be a good action.

Yogesh Dayal:

Thank you, sir. I'll move on to Mythili Bhusnurmath representing ET Now.

Mythili Bhusnurmath, ET Now

Thank you, Yogesh; Thank you, Governor.

Good afternoon, also let me move over from interest rates to ask you another question. Why divorce from interest rates? Does the RBI have any reservations about India's inclusion in the global bond index, any anxieties about the long-term impact and the potential for it to increase our long-term vulnerability to external hard money flows?

Shaktikanta Das:

You see there is a budget announcement which was made I think last year or the year before last in that direction. And our approach has been very calibrated. Last year, we are you know, introduced FAR, the fully accessible route, whereby certain bonds where, you know, there is no limit with regard to how much of FDI and investment from outside will come in. Bond inclusion, you are right. it works both ways to have a greater flow of resources into the country, but when the index becomes adverse then that could be sudden outflows. And the strongest point of our debt profile is that it is largely more than 90 per cent denominated in the Indian rupee in domestic currency. Exposure to foreign exchange in our domestic borrowing that is the government borrowing is not more than five to six per cent. So, inclusion in the domestic bond market, as top rates it can operate both ways, to that extent. So that is precisely the reason why RBI and the government are taking a very calibrated approach on this issue.

Yogesh Dayal:

Thank you, sir. I'll move on to Shri Manojit Saha, from the Business Standard.

Shri Manojit Saha, Business Standard:

Good afternoon, Governor. First of all, one clarification that you've just said that the rates were not changed repo and reverse repo because the stance remains unchanged. if I hear you correctly, does it mean that you will increase even if the reverse repo rate; once you change the stance to neutral and also if you can throw some light on whether you are open to expanding your balance sheet, while OMO purchases, given the large borrowing programme? Thank you.

Shaktikanta Das:

Well, all these are future actions, time will tell but good to see you Manojit after a long gap. Let the deputy governor Patra take this question.

Dr. Michael D. Patra:

At the current time, the rates, as the governor mentioned, reflect our stance. What we do going forward is not probably opposite of me to state, but we will follow what Governor said a calibrated and a well telegraphed approach, so you will know beforehand what our strategy is going to be.

Shaktikanta Das:

Let me just add that in my statement, I have clearly said that all our actions will be calibrated and well telegraphed. So as and when we decide on something we will spell it out, we will give guidance and will be calibrated. We don't like suddenness and sudden surprises.

Yogesh Dayal:

Now I will call Mr Bijoy Idicheriah, from Informist Media

T. Bijoy Idicheriah, Informist Media

Thank you Yogesh Sir.

Just because you mentioned the calibrated and well telegraphed, that's there in your statement, but it's not there in the MPC statements. Should we read that as RBI commitment, or should we read that as an MPC commitment? Because there seems to be a disconnect between how you're trying to get the orderly evolution of the yield curve, benefits for the market and what the market seems to think you're going to do so, there seems to be a gap. So is this guidance that you're giving an RBI guidance or is it an MPC?

Shaktikanta Das:

Issues relating to liquidity and yield curve management, guidance to the so far as the yield curve is concerned guidance for liquidity is concerned, that is an RBI's domain. So liquidity is not really in the domain of the MPC. Therefore, the MPC doesn't go into those; individual members, of course, give their opinion in their individual minutes, which we definitely take into consideration, but yield curve, the abundance of liquidity or whatever issues relating to liquidity; that's entirely the RBI's domain so, therefore, it's quite natural that it is in my statement.

Yogesh Dayal:

Thank you, sir. I move on to Mr. Mayur Shetty from Times of India.

Mayur Shetty, Times of India:

Thank you, Yogesh Jee,

Governor, my question is on the yields. Last week, we saw yields on government securities really rise and it had gone even higher than some of the home loan rates. Is there mispricing somewhere, and another question on liquidity you also that you all will have a dynamic repo, variable reverse repo? So do you see a lot of volatility in the money markets going forward?

Shaktikanta Das:

See, the way we handled the government borrowing or G-sec auctions, every Friday, that reflects the Reserve Bank's approach; how the Reserve Bank looks at things. Now the yield curve did go up or you are right. Perhaps I don't know the market players

will be in a better position to see, perhaps the market was judging that the inflation will be much higher. So perhaps the market was judging that the inflation trajectory could be much steeper and higher. But we have given our inflation projections today, and I am sure the market will take that into consideration. I would not like to state specifically what is the comfortable level, but our bond the way we deal with the auctions with regard to the G-sec, the way we deal with it, and you know, the cancellations or the evolvments that we do that I think reflects the thinking of the Reserve Bank.

Mayur Shetty, Times of India:

Second part on liquidity, do you expect some volatility on the liquidity going forward, given that you're choosing a dynamic approach to reverse repos?

Shaktikanta Das:

Let Dr. Patra take that question. I think other colleagues also should come in.

Dr. Michael D Patra:

No, we expect a smooth rebalancing. It's been going on that way. Till now money market rates have been evolving in a very orderly fashion given the presence of the liquidity overhang, we also see that dampening volatility a lot and our actions have actually been very seamlessly put into the market and they have not caused any volatility so we do not see undue volatility from the money market at least.

Yogesh Dayal

Thank you, sirs, I will move on to Ms. Ruchi Bhatia from the Bloomberg.

Ruchi Bhatia, Bloomberg:

Thank you, Yogesh. Governor Das, Good afternoon. I have two questions. One, a more broader one and one a more pointed one. On the broader level, the markets were expecting some kind of cues on accommodation when the global central bank seemed to be tightening. Do you see the risk of the Indian central bank the RBI falling behind the curve? and in terms of the second question, is the RBI comfortable if VRR cut-offs are higher than the repo rate?

Shaktikanta Das:

Or the second part I cannot spell out; the moment I say something the market takes it a signal. So it will not be possible or correct for me to say at what level that VRRR level will be comfortable with. Now falling behind the curve, we are very clear, we have stated very clearly and in our assessment, we are very much in sync with the evolving situation. I have said it in my statement. Or in fact, that particular part of my statement, I read out twice. And if you recall in certain parts; I read out twice basically to say that our policy is driven by the evolving domestic inflation and growth scenario. Price stability is definitely uppermost in our mind. At the same time, we are fully mindful about the need to support growth and make it more sustainable. So in our assessment, we are not behind the curve. Global central banks are following a different path. That

is because of their own various domestic factors, which are impacting them, and our domestic factors are different, as was explained a little while ago by Dr. Michael Patra. So therefore our assessment is that we are certainly not behind the curve, but you are free to have your opinion.

Yogesh Dayal:

Thank you so much, sir. let's move on to Mr. K Ramkumar from the Hindu Business Line.

K. Ramkumar, Hindu Business Line:

Good afternoon, sir. I just see you made the governance you have made an interesting statement. You're saying that you're expecting the market participants to engage responsibly and contribute to cooperative outcomes for the benefit of all, this statement you made with regard to the government borrowing programme actually. I just want to know somewhere in the back of your mind whether you see any kind of reluctance among the market participants to actually subscribe to these auctions actually.

Shaktikanta Das:

I think you should ask this question to the market participants and we have constant interaction with the market. Our relevant departments in RBI are constantly in touch with the markets, but whether they have an inherent reluctance or something, I think the market participants will be better placed to answer. Whenever they have any questions or other things to clarify, we do clarify their points. And if they have any concerns, try to address those concerns also taking into account various aspects not that whatever market expects it because we also have a commitment to financial stability. But we are in regular touch with them and at least I have not noticed or my colleague have seen any sign of discomfort. But I think the markets participant will be in better position.

Yogesh Dayal

Thank you, sir. Now I will invite Shri Neeraj Bajpai from CNBC Awaaz

Neeraj Bajpai: CNBC Awaaz:

Governor Sir, we discussed about inflation now. If you see the energy prices, it is hovering around USD 93 per barrel and the Indian basket is also around USD 88-89 per barrel. Gas prices are also at the elevated level revision of petrol diesel prices is also due. Prices of commodity basket, ferrous, non-ferrous is also on the higher side. Are we underestimating our inflation? Secondly, growth does not seem equitable as it is coming from a few select pockets of small sectors, MSMEs are not doing well as compared to other sectors, and finally what are RBI's plans for the digital rupee?

Shaktikanta Das:

As I stated at the beginning of the press conference, we have considered all the scenarios of energy prices including downside and upside. As a credible central bank, all projections are done with detailed analysis internally and they are realistic projections. Different scenarios including downside and upside risks, cross current, uncomfortable scenarios have been taken into account for the analysis and to arrive at realistic projections.

As regards, MSME units and small traders, you may recall that during the pandemic period, RBI had done three different announcements, related to restructuring schemes and refinancing schemes. Refinancing limits for MSMEs were enhanced from ₹1.0 crore to ₹3.0 crore on the TReDS platform. Other things that RBI as a central bank can do viz., financial inclusion, digital penetration; several steps have already been taken and more steps are being taken. We will cover all districts by 2024 under financial inclusion. Today also we have announced the extension of the liquidity support window for the contact intensive service sector and health care sector. The government also have announced several measures for the MSME sector. For the digital rupee, let me request Deputy Governor Shri Rabi Sankar to answer.

T. Rabi Sankar:

Thank you, Governor Sir. As we have said earlier also, we have started working on CBDC and digital rupee for the last couple of years and still working on that. In the current union budget, it has been proposed to amend the RBI Act which will enable RBI to issue the digital rupee. Once that is done, we can try releasing pilots, proofs of concepts of CBDC. Going ahead, we can test design, features and technological choices through proofs of concepts and introduce as proposed in the budget.

Neeraj Bajpai, CNBC Awaaz:

Is there any timeline for this?

Shaktikanta Das:

We are not committing any timeline and moving ahead as is proposed in the budget. Let me add here that we are moving ahead with the utmost care, this is something where we do not act hastily. Since various risks factors are involved like cyber security, the possibility of counterfeiting, we have to move cautiously and carefully as this is a new product. Different central banks the world over are moving ahead cautiously and with due care. I would not spell out any timeline for this product, however, as announced in the Budget for 2022-23, we plan to move ahead, accordingly.

Yogesh Dayal:

Thank you, Governor, Now I will invite Ms Swati Khandelwal from Zee Business.

Swati Khandelwal, Zee Business:

Thank you, Governor, your instance on the monetary policy today indicates that perhaps we may not see very aggressive rate hike during the calendar year 2022. What will be the exact data points for the RBI when you will start increasing the interest rates. As my other colleague said the world-over the thought process of the policymakers is different. However, considering the domestic situation, could you please guide us on what would be the data point, which will lead RBI to raise the rates. Additionally, FinTech players were expecting that RBI may come out with guidelines for NBFCs. What is the update on that and what is the timeline which can be expected for any further announcement?

Shaktikanta Das:

Thought process across the globe is governed by their respective domestic circumstances and we are also moving according to the dynamics of our domestic growth and inflation. Across globe also, there is divergence in monetary policy actions. If you see largest economies world over, one of the central banks is in tightening mode other one is in loosening mode. There is divergence in monetary policy actions. It will be wrong to say that we are the only exception. Each central bank takes decisions keeping in view its domestic economy. Regarding data points, we do not give data points unlike US Fed, rather we will communicate in a calibrated manner with future guidance and forward signal. Regarding NBFC guidelines, I will request DG Rajeshwar Rao.

DG Rajeshwar Rao:

We had asked for public comments on recommendations of the working group on digital lending. The same has been received and the guidelines will be framed on the basis of these comments. Guidelines are expected shortly.

Yogesh Dayal:

Thank you, Sirs. Now I am calling Ankur Mishra from ET Now Swadesh.

Ankur Mishra, ET NOW Swadesh:

Governor Sir, My question is on CBDC. Are you engaging any external agency/company or is it limited to only with RBI? As per RBI's earlier communication, wholesale based CBDC will be introduced first and retailed based CBDC later. What is the plan as of now?

Shaktikanta Das:

I will request Deputy Governor Rabi Sankar to answer this question.

T. Rabi Sankar:

Thank you, Governor

As I have mentioned earlier, we are working on all the modules of CBDC, wholesale as well as retail. The account-based module is easy to develop whereas token based module takes a longer time. Which model will be tested first will be decided in due course. Regarding whether CBDC is being developed by RBI alone or along with the external agency, RBI is working with those agencies only, who are within the RBI's ecosystem. As of now, no other external agency is being involved. Going forward, if required, a development project will be given.

Yogesh Dayal:

Thank you, sir. I'll request Swati Bhat Shetye from Reuters.

Swati Bhat Shetye, Reuters:

Thank you so much, Sir. Most of my questions have already been asked so I just want to ask you this. You said that you're going to look and ensure a smooth borrowing programme even in the next financial year. You said that you will continue to ensure that the market borrowing is smooth and asked market participants to behave responsibly. You haven't actually spelt out any plan or any kind of details on how exactly you're planning to do it. What kind of options are on the table? What are you looking at, in terms of OMOs and OTs, what exactly are you considering? And obviously, the market is very spooked with record borrowing numbers. Do you think markets are overreacting? Was this big jump in yields completely unexpected? And, I'm not sure you want to give a yield level but is there an appropriate level for the 10 years based on the current fundamentals that the RBI thinks there is?

Shaktikanta Das:

We do not spell out yield levels. Our actions will demonstrate that at which level we are comfortable. As far as borrowing is concerned, new financial year is yet to begin, still one and half months are remaining. When we enter the new year, we will deal with that issue.

Having said that, let me reiterate and add just four more points. First thing, as we have said, we will execute smoothly in a non-disruptive manner, whatever steps are required, we will consider at the appropriate time. Let me add a couple of more points, which are there in the budget and needs to be kept in mind. NHAI borrows directly every year from the market. If you see the budget document this year, the IEBR (internal and extra-budgetary resource) for NHAI is almost nil. The government of India is borrowing approximately ₹65,000 crore for NHAI this year. So, this amount that NHAI might have borrowed from the market is being borrowed by the government directly and passing it on to the NHAI as budgetary support. Therefore, the overall borrowing by the Government, Government public sector and entities, this ₹65,000 crore is not an additional borrowing amount. Earlier, it was borrowed by the NHAI directly, which is now coming under Government borrowings.

The limit under the Voluntary retention route (VRR) has been increased by ₹ one lakh crore from ₹1.5 lakh crore to ₹2.5 lakh crore. I agree that a large portion of this goes to corporate bonds and some portion will go to G-sec. Going ahead, we will see what will happen this year and next year. What it means is that a portion of our domestic borrowing requirement by the Government and corporate sector will be met by external resources to the tune of ₹ one lakh crore and to that extent pressure will be less. I also heard in the post-budget discussion that the finance ministry has clarified that the small saving may be higher from the existing conservative assumption of ₹1.0-1.2 lakh crore. We should keep all these things in mind and let the new year come in, whatever steps need to be taken we will consider and let you know.

Yogesh Dayal

Now I will request Anand Adhikari of business today to ask his question.

Anand Adhikari, Business Today:

Budget has proposed, CBDC, Blockchain and other technology. Is there clarity now that CBDC will not have a centralised ledger? And second, regarding our global bankers whether they are working with a centralised ledger or a decentralised one.

Shaktikanta Das:

Deputy Governor Rabi Shankar can answer this question.

T. Rabi Sankar:

Thank you. As I clarified even earlier, the technology choices are open. We are open to trying out all possible technologies, as it depends on the use case, which technology would be more appropriate, it's not one or the other? It will probably be whatever suits the case best. As far as International is concerned, I will not be able to say much about what they're doing. But recent BIS survey had shown that about 80 odd per cent of central banks are still in the stage of examining these things. So, a large majority are still looking and assessing and examining at this stage. Thank you.

Yogesh Dayal

Thank you, Sirs; let's move on to Shritama Bose from Financial express.

Shritama Bose, Financial express:

Good afternoon, sir. My question is about the umbrella Entity Framework for retail payments. Has the RBI abandoned that project? And if not, when can we expect to hear from you about the names of the applicants who are getting the licences?

Shaktikanta Das:

No; yes, I agree. There has been some delay on that. That is primarily because the same officials who are dealing with that issue have got preoccupied with several other works. We are evaluating the standard evaluation. We will give out the details.

Yogesh Dayal

Thank you, sir. Now Mrigank Dhaniwala from Newsrise.

Mrigank Dhaniwala, Newsrise:

Hello, Governor, is the MPC's attempt to bring the economy back to the pre-pandemic trajectory is that what we are seeking to do when we are keeping policy easy for longer despite what the market has been expecting? Also, what is your assessment of India's potential growth going ahead, given that the world has changed a lot over the last couple of years? Thank you.

Shaktikanta Das:

I would like Deputy Governor Michael Patra to answer this question.

Dr. Michael D Patra:

If you recall, the monetary policy in India was already in accommodative mode before the pandemic. And at that time, we were addressing the slowdown that had set in from the middle of 2017-18 or thereabouts. So that itself was followed by a pandemic response, which was to pull out all stops to put a floor under the economy. So at the current time, we are engaged and still handling in mitigating the impact of the pandemic, but our underlying concern and objective is to put growth on a strong and self-sustaining path.

Yogesh Dayal

Thank you, sir. I will invite Shri Shailesh Yadav from ANI to ask the last question of this press conference.

Shailesh Yadav, ANI:

Sir, you have responded to the digital currency and the budget also have mentioned it and is likely to be issued during 2022-23. I want to know what is a digital currency. Is it like a cryptocurrency? Whether we will be able to use them like an existing currency note in transactions. Whether the currency note and cryptocurrency can function simultaneously.

Shaktikanta Das:

As far as cryptocurrency is concerned, I have spelt out RBI's stance on cryptocurrency. Our position has been very clear. Private cryptocurrency is a big threat to macroeconomic stability and financial stability. Private cryptocurrencies or cryptocurrencies which have currency like character will undermine RBI's ability to deal with issues of financial stability.

Further, it is my responsibility to tell those investors, who are investing in cryptocurrencies. Earlier, it was said that investors should take their own decision. But they should always keep in their mind that they are investing at their own risk; they

should also know that these cryptocurrencies do not have any underlying, not even tulip. Regarding digital currency, I will request DG Rabi Sankar to respond on this.

T. Rabi Sankar:

Basically, digital currency is like a physical rupee only. There is no difference between these two. They are one to one convertible. You keep your physical rupee in your wallet, and the digital currency you can keep in your mobile and in any device which can be used technologically. With respect to the difference between cryptocurrency and digital currency, later is issued by the RBI and is a liability of the RBI like any other currency note. While private cryptocurrencies are privately created products.

Yogesh Dayal

Thank you. Before I close, I will request Khushboo Narayan from Indian Express to ask her question quickly.

Khushboo Narayan, Indian Express:

Governor, has RBI asked the government to cut excise duty on petrol and diesel further because prices are likely to rise sharply post elections and it will lead to higher inflation. Has RBI discussed crude oil issues with the government?

Shaktikanta Das:

We regularly discuss all such issues and inflation-related issues with the Government. I will not like to spell out details of the specific issues here. Whenever we have suggestions or concerns with respect to inflation, we communicate to the Government and the government also has an active mechanism to examine the inflation-related issues. We do have regular interaction with the government on inflation-related matters.

Yogesh Dayal

Thank you, sir; Thank you so much.

With this, we come to the conclusion of the press conference.

I thank all the participants, especially the top management of the Reserve Bank, honourable Governor, Deputy Governor Dr. Michael Patra; Deputy Governor Shri Rajeshwar Rao; Deputy Governor Shri T. Rabi Sankar; Executive Director Shri S C Murmu; and all the media friends. Thank you all for participating and making it interactive.

Thank you very much and stay safe and stay healthy, till the next time.