

## **Governor's interview with CNN during IMF World Bank Meetings at Washington DC on April 15, 2023 (Edited)**

### **CNN**

Reserve Bank of India Governor. It is good to see your message on the growth of India, but at the same time, you are not immune to the spillover effects of both the slowdown in the West or the other countries, and the higher inflation rates and interest rates.

### **Shaktikanta Das**

On growth, the year which we just concluded on 31<sup>st</sup> of March, i.e., the financial year 2022-23; India is expected to have recorded GDP growth of 7.0%. For the current financial year, i.e., April- March 2023-24, we expect growth to be 6.5%, which is above what the IMF has projected. That is because the aggregate demand conditions remain good and investment conditions remain good.

Coming to spillovers, if you are referring to the slowdown of growth elsewhere, two points I would like to mention; first that the domestic economic activity, and the domestic consumption demand – both rural as well as urban demand – continue to be strong. Public investment is doing well. Private investments in critical sectors are also picking up. With regard to the banking sector crisis, which has developed elsewhere in Europe and in the United States, our banking system remains well insulated in terms of all parameters, it is resilient, stable and healthy.

### **CNN**

Right. So now we look at the energy requirement of India and the purchase of Russian oil, which at lower prices, is a benefit to your economy, but creates different difficult problems as well.

### **Shaktikanta Das**

We have huge energy requirements. Despite India growing very fast, we still have a lot of population living below the poverty line and naturally, India can not pay very high prices for energy. So, India has been, without violating the sanctions, importing oil from wherever it is available. It is not the Government that imports but there are companies which import. They do refining and they are selling it all over the world.

### **CNN**

Do you find that India currently finds itself in a tricky position between the US and China? The worsening relationship between those two giants creates opportunities, certainly for India. But do you have to make a choice?

### **Shaktikanta Das**

That is the one issue on which as a central bank governor, it is not for me to comment. It is for the Government – for the minister or somebody from the Government – to comment. As a central bank governor, it is not my domain.

### **CNN**

All right, your domain is inflation and the fight against inflation. At what point, central bank governor will say enough is enough? If your target is 2.0%, do you stop at 2.3%?

If you have got a range of 2 to 4%; say 5%, we have done enough. The pivot question is what are you all talking about or concerned about?

**Shaktikanta Das**

During the COVID times, our inflation target was 4% with a tolerance band of 2% on either side, i.e., 2 to 6%, which is tolerable. During the COVID times, because we had to provide support to the economy, the Monetary Policy Committee of the Reserve Bank of India decided to tolerate slightly higher inflation. But then the time came when it exceeded 6%, which was the problem.

**CNN**

That is the problem; that is what happens when you increase the range, so are you all going to tolerate it again?

**Shaktikanta Das**

I am coming to the point. The moment, it exceeded that, by that time COVID was behind us. We acted in time, and in about six successive meetings, we increased our policy rate by about 250 basis points. Now the inflation, in the latest print, has come below 6.0%. The MPC, in the last meeting, decided that we have already done a 250 bps rate increase over the last one year. Let us assess it, and the MPC decided to take a pause, but not a pivot. We have taken a pause to assess the full play out of the impact of all the actions that we have taken over the last one year and then take a call in the next MPC meeting for future action depending on the incoming data, and the outlook.

**CNN**

You are pausing not pivoting.

**Shaktikanta Das**

That is right.

**CNN**

Thank you sir.

**Shaktikanta Das**

Thank you.