Interview with CNBC TV 18 on September 16, 2019 – Shri Shaktikanta Das, Governor, Reserve Bank of India

Edited excerpts from the interview.

We are meeting at a time when suddenly the global environment is charged up with the explosion at the Aramco oil refinery. Does this disturb your view of the space that monetary policy has?

Before commenting specifically on monetary policy, I would like to take a little longer to analyze various consequences and how the situation is playing out in the next few days because this incident happened just a day or two ago. So we should allow a few more days to see how it plays out before taking a final view.

However, broadly if you look at it, Saudi oil production represents roughly about 10 percent of the world oil production and supply and the information that we have in the public domain, it is evident that roughly 50 percent of that means roughly 5 percent of the total global output is affected because of the drone strikes in the Aramco oil installations. So to that extent it is going to be an impact on the crude prices, there will be an impact on currencies across the world and the markets also and you would have seen since morning it is impacting Indian currency and it will also, depending on how long it persists, it will have some impact on the current account deficit and perhaps on fiscal deficit if it lasts longer.

What is important, why I said that we need 2-3 days more time is to see whether alternative sources of supply are coming and taking over that space and what is the roadmap the Aramco authorities have to put this 5 percent loss to put it back in operation.

According to some estimates it may take 2-3 months but I would like to wait for the official position from the Saudi authorities on how much time they are going to take to fill up this gap which has been created. So temporarily there will be some impact whether this temporary effect will last longer, I think the picture will become clearer in the next few days.

There are many people who believe that there are enough strategic supplies to be released but on the other hand there is also a fear that it might become a protracted conflict. When you all meet in October first week, will you be willing to look through this issue as temporary?

It will depend on how the situation plays out in the next few days and our meeting, Monetary Policy Committee (MPC), is in the first week of October. We still have about 2 weeks' time. So I would rather wait to see how it plays out and whether it is likely to have an impact on our current account deficit and whether, if at all, it will have any impact on the domestic inflation also.

Since we have started talking about inflation, I will just persist with the recent inflation numbers that came in and that showed food inflation rising, not just the overall number which is not very high but the way in which urban food inflation has gone to 7 percent, in wholesale price index (WPI) food is already at 7 percent, would that be a big bother if it were to push inflation trajectory beyond 4 at some point in time in the next few months?

Food prices, if you see over the years, within a year it is cyclical. There are months when the food prices particularly, the vegetable prices or fruit prices, tend to be higher and then they soften.

On the positive side, what has happened is that the monsoon shortfall – in fact overall at the national level there is a surplus now. There is excess by about 3 percent. But having said that, we must recognise that there is a deficit in east and northeast India and to some extent in the northwest part of India. However, overall, it is now surplus by about 3 percent and the net area sown also the shortfall is just about 5-6 percent, which I think in the coming weeks will be made up.

Therefore, as far as cereals and vegetable and all this production is concerned, I don't think there is going to be much pressure in terms of production. However, having said that, I would feel that some amount of increase in food inflation - we have to remember - may be good also for the farm incomes.

Unfortunately, it is only for urban inflation. Rural food inflation is still less than one percent but urban food, the divergence is puzzling, any answers?

Urban food inflation if you see mostly because the price of particularly egg, milk and these things have increased. In the rural sector not much of milk purchase happens. Milk purchase is mostly in the urban sector. Milk prices have gone up across states and in a few more states it is yet to go up. So it is things like the price of egg, milk all these things are impacting urban inflation. I would rather like to wait for the incoming data.

Now to the other big monitorable, which is growth. In August, when you surveyed the economy, you all were still working with 6.9 percent with downside risk, that is how you assessed it. Have things gotten much worse since that assessment?

The numbers definitely look much worse because in the first quarter we had projected 5.8 per cent and I think almost everybody had projected not below 5.5 or so. But the number of 5 percent is a surprise. So we are analysing why exactly it has happened and overall if you see right from the beginning of the year, right from the February monetary policy committee (MPC) when we started cutting the rates by 25 basis points (bps), if you refer back to the minutes of the MPC or you refer back to the minutes, which I had put in the MPC meeting, it was very clear that there are signs of a slowdown happening and to revive investment, to revive demand, MPC decided to go for 25 bps rate cut. After that, 4 MPCs, the narrative is very clear. There is a slowdown, which was evident and at the last MPC we very clearly said that growth seems to be losing traction and therefore, growth is a matter of highest priority.

What is your forecast telling you now because the forecasts on the street are at 5.7 to 5.9, a lot of economists believe 6 percent for FY20 is tough, so how worried are you?

No, I would not like to mention a number now because our research teams and our analytical teams, they are working on it. Therefore, I would rather wait for them to complete their study and we will take a view in the MPC. Before that, it will not be proper or correct for me to give a number.

You have given 110 bps of rate cuts already, the impression I get from some speakers, spokespersons from Delhi, is that the monetary policy will have to do the heavy lifting. The economic survey had that tone very prominently, do you think you have that much space to do the heavy lifting of kick-starting growth?

Monetary policy has a certain role in any economy. Now whether it is a limited role or unlimited role, I don't want to go into specifying but monetary policy can impact certain areas of the economy and whatever space we have. Let us also remember that, I think I said it in the policy meeting also, that all stakeholders, all policymakers including the private sector players – they don't make policy but they are major stakeholders in the economy, I think everybody has to play their part. Just monetary policy cannot play their role, but so far as monetary policy is concerned, we have already articulated growth is a matter of priority definitely and what this forthcoming monetary policy view will take, I cannot and would not like to give an advanced signal.

Broadly would say there is space. I am asking you because it clearly looks like the fiscal target of 3.3 is not something the market is believing. If you look at the bond yields there is constant worry that the tax revenues will fall short, even people like Rathin Roy have pointed out that bunch of extra budgetary borrowing the government has done, the CAG is pointing that out for the previous year, so is that a bother that the fisc is taking away the space that you are creating?

No, so far the government borrowing has gone this year in a non-disruptive manner and what view we will take, what space we have, that will depend on the incoming data with regard to growth, with regard to inflation. With regard to the fiscal, I have already stated that we have to take a granular and nuanced view of that public sector borrowing. Whatever borrowing is there for capital expenditure should be looked at differently. The borrowing for revenue expenditure has to be viewed differently. And the government as far as growth is concerned and so far as revival of certain sectors where growth momentum has slowed down, I think government has come out with three doses of announcements. So, similarly I would believe that government is fully aware of these fiscal challenges and we have to wait and see how they respond.

But what is your sense, you gave a 35 basis cut last time and since then the 10-year yields are standing at 6.71 percent, why is the yield curve not falling further?

Mostly because of international factors our benchmark yield has gone up and because of air strike on Saudi oil facilities, it has gone up by about 8 to 9 basis points. And if you see the way the benchmark yield has behaved over the past few weeks especially in the last one month, every round of increase in the yield by a few basis points, it is linked to an international event because domestically nothing different has happened accepting the fact that the first quarter numbers came out sometime ago. Other than that domestically the news has been positive because the government has announced in three separate doses many relaxations, many new initiatives which should be positive for growth. So mostly the increase in yield, as I see at this point of time are linked to international factors.

One of the interpretations in the market is that if the market believes that there is not much space left, you have already given us 35, there won't be much coming then there is a tendency not to buy bonds further or even sell off. So would you want to give an indication that you have space?

No, I cannot give an indication and markets have their own ways of analysing and looking at things and that will continue.

I just wanted to know if you genuinely feel there is space?

No, that will be giveaway.

The fiscal space is constrained because of tax numbers falling short and the monetary space is constrained because the transmission is affected by other reasons. So would you look at rupee depreciation as a route that also gives a lot of help to domestic industries in terms of preventing global competition?

Our position on rupee is standard and you know it very well. We don't have a specific target so far as the rupee is concerned, the RBI does not have a specific target. The RBI's role is only to manage the volatility of the exchange rate. Beyond that we don't have a specific target for the rupee.

I just looked up the last RER 35 country trade weighted -- we are at 116, 16 percent overvalued, so that is why I was asking if you thought of rupee as overvalued?

The market will decide the exchange rate, our job is only to prevent the excessive and undue volatility.

One of the reason where clearly the appetite for buying bonds and the bandwidth is only that -- will you think allowing more foreign money in some fashion, the sovereign bond was one idea, but will that give you a little more for transmission?

In fact foreign money is coming in. I would like to share two important pieces of information. Number one, the FDI inflow this year has been better than the last year. Second thing is the FPI outflow this year despite the slowdown and the tax issue which was raised, despite that the outflow also this year so far has been lower than the last year. Last year there were other factors which had their role. Now to sort of looking at allowing more foreign money we have already liberalised ECB to a significant extent, we have allowed ECB now for repayment of domestic rupee loans, to use it for general purposes. To use it for working capital requirements, so the ECB route has been substantially liberalised.

FPI in government debt?

There is still a lot of space in that, I think about 30-40 percent space, within that limit of 30 to 40 percent is still not utilised and only when it reaches somewhere near 90-95 percent, then only we can look at it. But even now there is lot of space.

Let me come to transmission and the banks. Until recently you were kind of sympathising with the bank's position on linking rates to external benchmarks. What made you change your mind?

The banks themselves had prepared themselves.

One bank did it.

No, other also banks did it.

Other banks were arm-twisted into doing it?

Nobody arm-twisted, at least the RBI did not arm-twist anybody. I am not aware if anybody else arm-twisted.

No, the RBI did not, but the government did tell the public sector banks to link?

I am not aware, but the RBI did not say. I have said it openly that we expect better transmission to happen. After all when we reduce the rate, the rate reduction is for the real economy, it should have impact on the real economy and the objective of the rate reduction is that it will have impact on real economy in terms of giving a boost to demand. That will happen only if there is transmission. The banks themselves had started linking their lending rates on the new loans to repo rate. I had articulated in fact at one of the events in Mumbai last month that perhaps a time has come to formalise this arrangement. So all that we have done is now formalise this arrangement.

On this issue of external benchmark, there was a committee in 2017, an RBI committee which came out with a report recommending external benchmark. It was put in the public domain, comments were received and the RBI's response on that were uploaded in the website last year, that is February 2018, and it was announced in the monetary policy by my predecessor. In December monetary policy, it was announced. After I came we did not introduce it because there were some difficulties which the banks were expressing. Now the banks seem to be ready, the sense we got was that the banks were ready now to adopt the repo rate, so we wanted to give them more flexibility. They have a choice of adopting an external benchmark that is a three-month T-Bill rate or a 6-month T-Bill rate or the repo rate or any other external benchmark which is accepted and which is published by the Financial Benchmark India Private Ltd. So that way banks were sufficiently prepared. I think what we have done is just to formalise a thing which was already happening.

Banks are still wondering whether it is really flexibility, for instance State Bank which is contemplating whether they can give three years of fixed and then float. Now under the current rules they may not be able to do that so in a way flexibility would be curbed?

If the banks seek some clarification, we will look at the difficulties that the banks have. I mean we have a process of very free and frank discussion between the RBI and the banks and if there is a difficulty which the banks expressed we will certainly examine that. But the external benchmark, let me also mention that it is more transparent compared to the earlier Marginal Cost of Funds-based Lending Rate (MCLR) regime, it is more transparent. Number two it is less prescriptive, it is less micromanagement because MCLR it was an internal benchmark and RBI had specified how the MCLR is to be calculated, what are the components of MCLR. Now we have left it entirely to the banks. The final point I would like to say for the moment is that what we have now done, not only applies to the new loans it applies to the old loans also.

In my reporting career from 2005, I have seen banks and the RBI go from Prime Lending Rate (PLR) to Benchmark Prime Lending Rate (BPLR) to base rate to MCLR and they have not been able to crack it. In a recent interview, in the SBI Conclave, even Dr Reddy admitted that he has not been able to ensure this.

Let us give chance to external benchmark and see how it plays out. One good thing this time is that the banks are on board, at least that is the sense I have.

I wanted to ask you about mergers, there is a school of thought which believes weak plus weak will still be weak. So are you really expecting a lot from merged banks?

Merged banks the advantage of that is that it creates overall stronger entities and I think this is also in line with the policy which the government had announced with regard to public sector banks way back in 2014 or 2015. Eventually the government is looking at about 8-9 public sector banks, large public sector banks and this is in line with that announcement. Larger banks by and large, if you have synergy in terms of their presence, synergy meaning each bank has its presence which is not confined to a particular region, but it gets a presence elsewhere also. For example take the case of one south-based bank. Today east India-based bank is merged with that. So therefore its spread increases. The banks are expected to be stronger, but the process of transition has to be managed really well. I think banks have also announced that they will have internal mechanisms to monitor and supervise the internal mechanism within the banks and it should not be done by an external mechanism. It has to be internal to the banks, the banks themselves have to see that the transition is smooth, non-disruptive and the normal activities of the bank like the credit disbursement or the loan recoveries and other things they continue to happen in a seamless manner.

Governor's from Rangarajan, Narasimham, Reddy, and even Urjit Patel have pointed out that the Bank Nationalisation Act, what you now call Banking Companies Act, is itself not as commercial profit driven as say the Companies Act. YV Reddy, I remember covering his speech in 2000 advising that banks be brought under Companies Act and then eventually government stake be brought down. What are your views on that, isn't government stake over 51 percent a problem for commercial profit, you cannot recruit anywhere anytime?

I would not like to express my personal view. In fact it is not relevant because you need a larger political consensus to achieve what you are saying that is to bring down government stake below 51 percent. You need a larger political consensus because it requires an amendment to the Bank Nationalisation Act. So without that kind of a political consensus, I do not think it is possible.

The weight of your word may convince people.

Public sector banks do have a certain role in the economy and I think that also has to be recognised. They do have a role in an economy like India. What is required is governance reforms, what is required is more flexibility to the public sector bank management and the current round of governance reforms which government proposes to announce, details hopefully they will be specified in the coming weeks, I think that kind of change – there is no point in sort of talking about bank denationalization when you need a larger political consensus. Let us operate within what we have, let us recognise that public sector banks have a certain role and to ensure that they function efficiently the focus has to be on governance reforms, the focus has to be in giving them more flexibility of operations.

Let me come to private banks. As you say, we keep talking about public sector banks too much, but are you worried about weakness in private sector banks, for instance Yes Bank, are you worried?

Today as we talk, there are strengths and weaknesses in both public and private sector bank and as the regulator and as the supervisor of the banking sector, we are aware of what is going on in various banks and it is very closely monitored by the Reserve Bank of India. There are issues in public sector banks, there are also some issues in some of the private sector banks which through our supervision, it is a continuous process, through our supervision we point out certain deviations which they try and correct and that is a continuous process.

There was news speculation that the owners of Paytm bank may take a stake in Yes Bank, these are still buzz, the banker never admitted to it, but will the payment bank be allowed to hold stake in full service bank, universal bank?

I would not like to comment on a specific case.

I am just asking what the rules say.

Under universal banking, it is on-tap, anybody can apply for a banking licence. RBI has a certain fit and proper criteria. Whoever it is, if he passes the fit and proper criteria he will get a banking licence.

NBFCs – do you still worry that there can be a contagion effect. The market doesn't still seem to trust NBFCs and HFCs?

After the failure of the IL&FS, NBFCs have been under stress. The RBI is very much concerned about it. It is a matter of concern and we are keeping a close watch. We are monitoring about 50 top NBFCs including a few HFCs which cover roughly about 70-75 percent of the loan outstanding of the banks and there are a few NBFCs where we are doing a further deep dive to see exactly what is happening in that NBFC and we have been our supervision and our RBI team, wherever required they are tough with the promoters and with the management of the NBFCs to see that the repayment obligations and other things are maintained. We are keeping a close watch.

You said you are doing a deep dive. Is it for the top 10 or top 20 NBFCs?

No, I don't want to give the number but let me clarify what I meant to say is that wherever required, we are doing a deep dive to find out more details. Otherwise we have the data which comes to us through the Central Repository of Information on Large Credits (CRILC) data, we have that data and we collect additional data that maybe required. Some cases do require further analysis and we are doing that.

Why don't you announce an asset quality review (AQR) because the market feels that once the RBI says we have done an AQR, then you feel the best supervision has been done and trust may return. Why the resistance?

Two things I would like to say. One, not directly relevant to your question but it must be mentioned in the context of NBFCs is today there are a good number of NBFCs which are performing well, which are doing well and they are able to raise money through commercial paper and other instruments at rates which are comparable to pre-IL&FS rates. So the sector as in totality is not in crisis; some good number of NBFCs are doing well, some of them, another set of NBFCs have a problem.

Now, with regard to AQR; in the case of the banks the RBI announced it and the banks did it themselves and it's not that the RBI's supervision team went and derate. Today in fact there is a strong case, a particular NBFC, if it says that it is not getting money, the banks are not financing him or the markets are demanding very high rates. I think there is a strong case for the NBFC itself to do an AQR themselves, they must do a forensic audit themselves and come out with results saying that this is our result. So that option is available. The point is the lenders also, let us realise whatever supervision needs to be done to satisfy ourselves -- which are the NBFCs which are okay, which are the NBFCs which are under stress – that internal supervision, we are doing it – that is one thing which the RBI as a supervisor is obliged to do under the law and we are doing it. I think the market expectation is that we say an AQR and we issue a certificate that these NBFCs are good, so you can start lending.

You don't issue a certificate. What you do is you say the discrepancy between their NPA and our NPA is 5 or 10 or 15 percent. You say that and that gives a lot of confidence even if the discrepancy is 15 percent the market is happy that it is only 15 percent – that is the message I got from the market.

The expectation of the market is that they want RBI to do an appraisal and to give a certificate before they start lending. A regulator giving that kind of a certificate is not done and it is a process with regard to banks also our supervision reports are never publicised. Supervision reports are direct communication between the RBI and the bank wherever a bank is a listed entity in the stock exchange the bank declare it to the stock exchange that is how they come to know. NBFC supervision so far has been a relatively light touch supervision. What you are suggesting is a complete paradigm shift, a transition that requires a further consideration and a deeper consideration within the RBI. We have to see in terms of feasibility of doing it and there are various other aspects but having said that I can tell you that internally in our supervision we are getting a sense of how this sector is doing and that is how we are proceeding.

What about housing finance companies? You all have got regulatory right but you don't supervise their books?

Supervision will be done by the National Housing Bank (NHB).

Don't you think it will be better if you all did it because then there is a little more satisfaction that the rigour of RBI supervision is on the radar?

Taking on the supervision of the HFCs will require a lot of internal manpower addition within the RBI. We don't have the manpower to take up that additional responsibility. It is similar to what we have in respect of the cooperative banking structure where the

National Bank for Agriculture and Rural Development (NABARD) does the supervision and the RBI does the regulation. It is a similar situation here also.

This question – how else can I ask, when are we going to hear about Indiabulls Housing Finance and Lakshmi Vilas Bank?

I would not like to mention Individual cases.

Even the timeline?

Timeline I would not like to give and we will see. In any case, we haven't taken – normally if you see in the past how much time the RBI has taken to give a banking licence, this time it is not as if we have taken any extra time or anything like that.

I am not saying it is an outlier case, it is just that there is also a case of Indiabulls in the courts, you won't wait for that result?

Individual cases, I would not like to comment.

This is not an individual case, I wanted to ask you generally these small finance banks, their holding company and their units having to be listed. At some point will you take a relook at it because it seems a little bit of duplication that a couple of these banks have to list both, not the regulator's fault, it was their own making but nevertheless would you look at changing the rules?

That affects one or two entities, which have listed their holding company but there is a regulatory stipulation, which was known very well to everybody and now with regards to the small finance banks, we have come out with the draft guidelines for on-tap licence and we are now waiting for – we have given a time limit to get public comments and observations from stakeholders. So once we get their public comments, we will come out with the finance guidelines.

What is the RBI view on promoter holding itself? We know one promoter has taken you to court, will you relook at promoter holding rules?

That is again an individual case. I won't like to comment.

I am asking you whether the rules for promoter holding, will you want to take a look at it and see whether 15 should be the level, 20 or 25?

As and when we decide you will know about it. At the moment, I don't want to say anything which sort of directly or indirectly refers to commenting on an individual case.

Finally, liquidity framework – when is the report expected?

Liquidity framework report, I concede that we have taken more time than what we had originally planned and that is because a lot of stakeholder consultation was done. The report is almost ready and I think we will be in a position to release it for public consultation in the next few days.

At the moment, the weighted average call rate has to be hugging the repo rate as it were, that is hardcoded into the liquidity framework, because of that even if you have surplus liquidity, the weighted average call rate doesn't move towards the reverse repo rate, will that itself be recast?

Let us wait for the committee's report - the internal working group rather. Let us wait for their report and once it is out, then you will know what is the current thinking of the group and when we get the stakeholders' comments and observations then only we will take a final view.

Only on this NBFC resolution, there is no resolution mechanism. For non-finance companies at least the insolvency and bankruptcy code (IBC) is there even if it has got its problems. But for the finance companies, the Financial Resolution and Deposit Insurance (FRDI) was supposed to put in a resolution, are you all working towards something? There is a big fear in the market or fear in the economy that DHFL can also go the Jet Airways way and the subsequent NBFCs can also just languish, are you all thinking of an institutional response?

There is a lot of discussion going on between the RBI and the government. Within the RBI also we are examining various options of dealing with these situations. Today NBFC resolution we can do outside the legal ambit as in the case of the IBC. So there is a lot of discussion and internal consideration going on but too premature to give any indication.

I am telling you because the first wave of NPAs was before 2013, all those infrastructure, now the big fear for banks is the second wave which is after IL&FS, then DHFL, and then those loan against shares companies – the Eveready's and the Cox and Kings'. This new wave requires a resolution and that is why I am asking if you are worried about the balance sheets of banks?

There is definitely a need for a formal mechanism with necessarily legal backing to deal with resolution of financial entities, especially NBFCs and HFCs. So, there is a need for that. On that point there cannot be two opinions. We are discussing various possibilities, how it is to be done because Financial Resolution and Deposit Insurance (FRDI) Bill attracted a lot of criticism and therefore it was withdrawn by the government.

That was only for the bailing part of the banks, but if you had one for HFCs and NBFCs?

That is under discussion, but there is definitely requirement for a formal mechanism with legal backing.

When can we expect it?

That is to be done by the government. The government has to enact a law.

You have written to them on this or spoken with them?

A lot of discussion goes on within the RBI, between government and the RBI, it is not through exchange of letters or anything, but I think at this point of time it may not be correct because if I say something, it would appear as if it is around the corner. So, only when things crystalise and reach a certain level then it assumes a stage of finality. So, at the moment, it will be premature to comment.

I wanted to ask you basically how does it feel sitting in Mint Street as oppose to how it was in North Block? What is the big learning now that you are looking at economic policy from the Mint Street angle?

There are two aspects. One, is that since I was dealing with the RBI and I have dealt with previous governors, I was in the central board, I was dealing with government borrowing and many things which overlapped, many interface with the RBI, and I did know most of the senior executives, even middle level executives, therefore the transition was fairly smooth for me. The big change I find is that in government you are part of the system. Now whether good or bad, you are part of a system. In the RBI, RBI is an institution, but in terms of public perception, everything is attributed to you and you as an individual become much more accountable in the RBI than in government. So therefore the difference between being a senior bureaucrat, a secretary to government of India and governor is that in public perception things are attributed more to RBI governor with regards to RBI affairs than to a secretary to government because the secretary to government is a part of a system. There it is the government, here it is the RBI. It is an institution but the perception is that the governor has done it or governor has not done it. So that is the big difference. In a way on a more serious note, I think you become much more responsible and much more accountable. It is not as if you are not responsible there, but here you have that feeling much more.

A predecessor of yours who like you served in the DEA, served in the finance ministry as secretary and then became RBI Governor, Dr Subbarao, had said that one of the big things he learnt when he came here is RBI is a knowledge institution. Did you get a sense in terms of the amount of information and knowledge available in the institution with respect to financial matters?

I have dealt with RBI fairly closely over the years, not just as secretary, even as a joint secretary budget, I was dealing with RBI executives and it was always evident in any meeting that we attended with RBI in government, that RBI is a repository of a lot of knowledge and information. In fact that was also a reason why we used to consult RBI on many matters, both formally and informally.

What is your sense about the economy troughing out? Does it look like we can see it in this calendar year, will it take a couple of quarters. Month after month we are buffeted by falling auto sales or manufacturing sector or even biscuits, people are complaining that sales are not moving?

The signs of slowdown have been visible for the past few months and that is why we are cutting rates. Now when things will turn and how much it will turn, the wheel will turn upwards, I don't want to make an estimate but because there are many things which are still playing out. Now for example the Saudi oil crisis – it is something which was totally unanticipated, the trade issue between two largest economies – some statement here, some statement there, it appears that they are going on the brink and then they pull back. So with so much of uncertainties happening all around.

Let us also remember that the Q2 growth, all the advanced economies whether it is the US or Eurozone or Japan everywhere the Q2 growth is lower than the Q1, there is deceleration. I am not trying to sort of justify our slowdown through the prism of the global slowdown although global slowdown does impact our domestic growth and results in slowdown, we have domestic issues also. I think with the right measures taken, things should improve. It is positive trend that government has come out with various steps… they are responding very fast and I don't think we have learned last from the government with regard to dealing with the current economic situation.

My expectation is that the government will definitely…that it will it will be a continuous process and they would definitely be dealing with other challenges, a few more reforms we have said in our annual report also, a few structural reforms also.

Such as?

I think one major thing would be in agricultural marketing, definitely I would expect some action from the government with regards to reforms in the agricultural marketing.