Edited Transcript of Reserve Bank of India's Post Policy Conference Call with Media

June 2, 2015

PARTICIPANTS FROM RBI:

DR. RAGHURAM G. RAJAN – GOVERNOR
SHRI H.R.KHAN - DEPUTY GOVERNOR
DR. URJIT R. PATEL – DEPUTY GOVERNOR
SHRI S.S. MUNDRA – DEPUTY GOVERNOR
DR. MICHAEL D. PATRA – EXECUTIVE DIRECTOR
SHRI G. MAHALINGAM – EXECUTIVE DIRECTOR

MODERATOR:
MS. ALPANA KILLAWALA – PRINCIPAL CHIEF GENERAL MANAGER

Moderator: Ladies and Gentlemen Good Day, and Welcome to Reserve Bank of India Post Policy Conference Call for Media. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Alpana Killawala. Thank you and over to you Ma'am.

Alpana Killawala: Once again, Good Morning to all of you. Governor is there along with Deputy Governors and Executive Directors Dr. Patra and Mr. Mahalingam. We will start with the Governor.

Dr. Raghuram G. Rajan: Thank you, Alpana. Let me read out some of the rationale for the policy today; we cut the repo rate by 25 basis points, and the associated rates by the appropriate amount. Banks have started passing through some of the past rate cuts into their lending rates; headline inflation has evolved along the projected path; the impact of unseasonal rains has been moderate so far; administered price increases remain muted; and the timing of normalization of US monetary policy seems to have been pushed back. With lower domestic capacity utilization, still mixed indicators of recovery and subdued investment and credit growth there is therefore a case for a cut in the policy rate today. However, of the risk to inflation identified in April, three still cloud the picture – first, some forecasters, notably the IMD, predict a below normal Southwest Monsoon. Astute food management is needed to mitigate possible inflationary effects. Second, crude prices have been firming amidst considerable volatility and geopolitical risks are ever present. Third, volatility in the external environment could impact inflation. Therefore, a conservative strategy would be to wait, especially for more certainty on both the monsoon outturn as well as the effects of government's responses if the monsoon turns out to be weak. With still weak investment and the need to reduce supply constraints over the medium-term to stay on the proposed disinflationary path which is down to 4% in early 2018, we feel a more appropriate stance is to front-load a rate cut today and then wait for data that clarify uncertainty. Meanwhile, banks should pass through the sequence of rate cuts into lending rates. So, I think the policy today, I would characterize as neither conservative nor aggressive; it is in some sense a Goldilocks policy, just right given the current situation.

In addition, I hope to be able to announce a new set of bank licenses, at least one set of bank licenses by August-end. We are undertaking a review of all regulations governing markets to see where there is scope for further liberalization once macroeconomic uncertainty diminishes. We are also doing a deep scrutiny of all our past regulations in general to prepare a greatly simplified list of master circulars.

Thank you, happy to take questions.

Saloni:
Bloomberg TV In your last three policies, we had the word "accommodative policy stance", it is not mentioned here. Looking at the inflation target that has been revised upwards, do you see that further room for monetary policy easing is very low considering that from September base effect starts playing out. And another part to this question, government on the other hand has

been giving a lot of responsibility on RBI to prop up growth, do you see any sign of some bit of burden sharing from the government to prop up growth?

Dr. Raghuram G. Rajan: To start with your second question, I do not think the premise is right, that the government has been putting the burden on the RBI; the government has been acting on its own to try and reduce bottlenecks, create new pathways for growth. So I would not agree with that part, I think we both play together. And as far as the rate cut today goes, it is an attempt to ease the way for further investment to reduce medium-term supply constraints. As far as the first part of the question goes, we have done what we think is appropriate given the data. We have always said we are data contingent. There are possibilities if the monsoon turns out much better than forecast by various forecasting agencies, where there might be more room that emerges or if the actions by the government are such as to contain the possible inflationary effects. So we have reused the room that the data gives us and our policy will continue to be data-contingent. Urjit, would you like to add something here?

Dr. Urjit R. Patel: If I could just say that although the forecast for early January has been increased to about 6%, it is still a marginal increase, but we have emphasized the risks on both sides.

Latha Venkatesh: CNBCTV18 You have said that a more appropriate stance is to front-load a rate cut today and then wait for data that clarify uncertainty. What is the data you are waiting for? What kind of uncertainty? And what actions? Also, you have so far maintained that you want a 1.5% to 2% corridor of real interest rates. If the inflation forecast is 6%, then you have already reduced the corridor to 1.25%. Are you willing to reduce it further?

Dr. Raghuram G. Rajan: Let us start first with the question of what data we are waiting for. Clearly, the biggest uncertainty at this point is the outturn of the monsoon, but also the policy reaction. As you know there have been El Ninos in the past with reasonable rainfall, poor rainfall which has not led to a fall in production, and a fall in production which has not led to inflation. So each path of this sequence is fraught with uncertainties. So, we need to figure out how this plays out. And clearly, government action is very important because I think the link between all these has been broken by appropriate government action. For example 2002-2003, there was very weak rain, but you had very limited inflation, partly because of government action. So I think we need to wait and see how all those factors play out, that would be the biggest factor that is on our mind right now. Of course, the pickup in the economy, we think the economy is in recovery, still slow recovery as evidenced by corporate numbers, but it could pick up faster or it could pick up slower, that will have an impact on how much room there is to play with. So these are the factors that we will be looking for. Of course, there are the oil prices. We believe as do most forecasters that there is some upside sort of check on oil prices which is shale production, which comes in at $70 plus. But does this sort of prevent geopolitical shocks from affecting oil prices and how does that play out over the medium term? OPEC is meeting this week, that will also affect how oil prices move. So there are considerable number of uncertainties. As I said, we have done what we could, given the room that current data allows. In fact, we have sort of erred a little bit on focusing on encouraging investment given the need to alleviate medium-term supply constraints. Going forward if more room builds up we will have more room to take action.

Latha Venkatesh: No, my point is, as you said, you have erred a little; you have gone down below that 1.5% Lakshman Rekha that you gave yourself. Will you be willing to err further?

Dr. Raghuram G. Rajan: No, I think the point we have always made is that we have to be on the disinflationary path that has been set up. So whatever room builds up on the disinflationary path, we will use. But we are not going to move far away from the disinflationary path; that would not make sense given that we are just building up credibility to stay on that path.

Gopika:
ET Now My question is largely on the banking industry and the performance of the banks as we see in the fourth quarter. Many believe or there is a view that RBI has been behind the curve in fighting the asset quality in the banking system. Looking at the fourth quarter numbers, we see there are no reasons to cheer. RBI has been collecting data from banks with regard to their exposure to large borrowers, and bankers and also industry experts believe that RBI has not given any early warning signals to the banking system to help them fight bad quality issues. So, your comment on this?

Dr. Raghuram G. Rajan: Bankers fully know the asset quality issues; they have been sitting on them for a number of years, so they have to deal with them. It is not RBI telling them, they know about the asset quality issues. In fact what we are doing is, unearthing these cases where the asset quality issues are being suppressed. What we want is a quick cleanup of balance sheets and a restructuring of situations where assets can be put on track. Nobody gains when the asset is lying without further progress, without new funding to get it restarted, or without fixing all the problems that exist. The government has been taking actions to fix some of the problems, the banks have to take actions to fix other problems. Not recognizing the problem is the worst possible action in these situations. Where we are pushing at this point is to also advise further capital so that the banks can fully recognize the problems and make provisions accordingly. So in that sense I think the problems are known, they have to be dealt with, and often the best way to deal with them is to deal with them now. That is what we have been pushing the banks. We restructured the whole process of recognizing these bad assets and working with them, that was the joint lending forum process. Wherever there are problems we are talking to the banks and trying to make the changes that are needed to make that move forward. We have given a number of relaxations where we believe the relaxations will help set the asset back on track. But where the primary purpose is to postpone recognition and not deal with the problem we have been very reluctant. So when somebody says “Do not make me provision for this.”, we say “No.” The real problem is when you do not provision or do not recognize it, it comes back to hit you in a much bigger way later. So do it now- that has been our message constantly to the banks.

Shobhana Subramanian:
Financial Express Sir, you have revised the growth number downwards, and you said that there is a downward bias. Would you like to tell us how much it could be?

Dr. Urjit R. Patel: I think the downward bias carries forward CSO's own downward forecast for the previous year, that there has been some slowdown especially when you look at the GVA, the gross value added terms on a quarter-on-quarter basis. Secondly, while there has been some progress, maybe even considerable amount of progress in de-clogging the investment pipeline, the evidence on the ground is mixed in terms of the actual production and therefore these kinds of factors have been programmed in for the lower growth. Thirdly, also the issue of how much the banks will be able to fund the extra credit growth going forward. They may not be able to do that immediately given the capital requirements. So, these are the downside risks to that.

Shobhana Subramanian: How much of a down side at this point? I know it is difficult, we do not have, but given the corporate numbers where profits have fallen, for example of 2,000 companies by 25%?

Dr. Raghuram G. Rajan: I think we have given our best estimates, so around that you can pick any but the best estimate or the center of the estimate is 7.6.

Amol:
Zee Business Sir, if we take today's rate cut, so in the last five to six months the total is 75 basis points, but the rate that has been reduced by the banks is not more than 25. If we see the benchmark rate is around 20 basis points. What is your view, after 75 basis points rate cut, how much scope is left with the banks to reduce the rate and what are the challenges that they are not be able to reduce the rates. Second thing I would like to understand is, most of the PSU banks need capital. What would be the ways to raise the capital? Talk on amalgamation is going on, talk on mergers is going on. Will that be a good option?

Dr. Raghuram G. Rajan: Let me start with your second question, on the capital issue, how much? First, I do not think anybody immediately needs capital for their needs. Going forward, they need capital both to absorb some of the provisions that they may need to make, but also as the economy picks up to finance the lending to the new projects. So that will be the need for capital. Capital can be raised in many ways - one way is issue new shares if you have access to the markets, the other is the big owner, who is the government putting in more money, the third possibility is reducing dividends in case the bank is not in a very healthy position, those are possibilities that need to be considered. Rights issues instead of a targeted issue. Those are all possibilities that need to be thought of. On the first question- 75 basis points so far, you can see the markets, if you look at the commercial paper markets, you look at the CD markets, there you see the effects of the rate cuts. If I look at bank fixed deposits, which I invest in, because that is the only thing I can invest in, the rate has come down from 9% to 8%, 100 basis points cut in fixed deposits. So over time this has to be passed through to the lending side. Now obviously not all the financing sources for the banks react the same way, and some of them take time to react. One of the things we are working on is revising the base rate structure, so as to reflect the marginal cost of funds. And we now have a framework, we are discussing with the bankers to get their feedback and soon we will have in position the revised base rate framework. Ideally, we want to migrate to a situation where the benchmark rate of which loans are priced is a market-based benchmark. So that is the medium term objective. In the middle we will work through a marginal cost of funds base rate and go to that in the longer run.

Nishant Nadkarni: Tickerplant I had two questions: First, the current level of foreign exchange reserves is at $350 billion. Would that be sufficient to meet the contingency arising out of the Fed rate hike? And secondly, we have also seen some level of competitive devaluation of currency in some developed countries. Recently also the government has pointed out that a weaker rupee will help exports. So what would be your advice to the government in such a case, and how should companies have to deal with such issues?

Dr. Raghuram G. Rajan: Again, starting with the second question of 'weak rupee', yes, there are some people who want a weaker rupee, there are some people who want a stronger rupee. I think even within the government you can find all kinds of opinions. So I do not think there is a fixed opinion. I think going from what you want the rupee to be, to whether you can achieve that, those are two different questions. You may want a particular level for the rupee, but what it takes to achieve that is also another question. We believe that broadly markets find the rate, and they will find the appropriate rate for the rupee. Where we sort of move in or intervene, is when we find strong flows going in or going out, in such a way that we think the rupee departs significantly, there is significant movement. We do not quite know where fundamentals are, but there is significant movement one way or the other, and we believe that is temporary and not likely to be sustained. So to reduce volatility we intervene in the market. Now because there have been substantial flows over the last few months, we have built up a sufficient stock of reserves. To your question of 'whether we will be able to withstand volatility', I think the first line of defense as we see in the statement is good policy, which I think both the government and the RBI are engaged in, but the second line of defense is strong reserves, I think we have plenty.

Pradeep Pandya: CNBC Awaaz Sir, on inflation you have stated that last year though the rainfall was less at that time there were buffer stocks. But this time that buffer stock is lower, especially in pulses and oilseeds you have stated that buffer stock is not available. So have you factored this in your inflation forecast that suppose the rainfall is 7% lower this time or even lower than that, then by how much can the food inflation increase. Has everything been accounted for in that?

Dr. Raghuram G. Rajan: We have accounted for an increase in food inflation in our forecast, which is why the forecast has been raised. As far as pulses go, yes, you cannot increase production in the short run. But there is a world market, so imports are possible and the government is looking at some of these possibilities. So, I think food management whether it is through buffer stocks, whether it is through logistics, whether it is through anti-hoarding measures, and whether it is through imports, and sometimes through exports if you have excess production. Those are all measures that can help in reducing the inflation and I think government is looking at all this.

Pradeep Pandya: If you will allow one more question. On transmission that you have just answered, we have been talking to banks and banks are saying since the last policy their cost of funds has now increased by 5-7 basis points rather than decreased. So do you hope that now transmission will take place if this feedback has been given to you by the banks?

Dr. Raghuram G. Rajan: I will not comment on banks' cost of funds, I have said enough in previous policy statement.

Gabriele Parussini: Wall Street Journal Sir, since last Friday India has become one of the fastest growing large economies in the world. Still when you look at the RBI policy you had to lever 3 rate cuts since the beginning of the year. Now obviously there is a discrepancy between the official reading of the GDP as we know and what you look at to define policy. So you have given us several hints in the past of what are your favourite indicators. Could you give us an update if there is anything else that you looked at or there something that you focused your attention on lately? And also could you give us an idea of what is the potential growth rate in India and if that has changed over the past months?

Dr. Raghuram G. Rajan: I will turn it over to Urjit in a second to talk about what his favorite indicators are. It is a sort of discrepancy in the eyes of the world why we still think the economy needs rate cuts when it is growing at 7.5%, most economies growing at 7% to 7.5% are just going gangbusters and the issue really is to restrain growth rather than to accelerate growth. We still have very weak investment, investment is still very tepid, we have not seen a strong pickup. And if you look at the corporate results, of course, you have to adjust corporate results for the fact that inflation has come down quite a bit, and in specific sectors inflation has come down much more than in other sectors. So you want to adjust for the level of inflation to see what the real growth has been. But, in general, the corporate results have been quite weak also suggesting that final demand is yet to pick up strongly. So those are the reasons why we do feel that the economy is still below potential, output gap is still somewhat negative, and that as these things reverse, of course, then matters will change. Even with the 7.5% growth numbers, there is some discussion of how much that includes special factors in the last quarter including excise, taxes, and subsidies. And so when you subtract that the growth in the last quarter does not look as strong as before. So you could point to those numbers also suggesting growth is weaker than at least the headline numbers suggests.

Dr. Urjit R. Patel: If you look at two normal indicators in relation to the question that was asked, using the new series our potential, by the way potential output is a level, but if you look at the implied growth rate, it is about 8% to 8.5%. So we are below that at the moment, and the other indicators relate to pricing power and input costs, output costs, etc.

Kavita Krishnan: CNBC Awaaz Sir, in your policy statements you have said that the government should try and limit the increase in agriculture support prices. Are you looking at any particular commodity because of which inflation could increase?

Dr. Raghuram G. Rajan: No, I think it is a statement of fact rather than a suggestion. I think government has to take a view on that based on its own sense. Statement of fact is that there is a strong correlation between increases in minimum support prices and resulting food inflation as well as overall inflation. So that is just pointing out that fact, and if that price increase is limited it will help. Now, the broader point on minimum support prices has been that support has focused only on a couple of commodities in a limited area in India. If it is a form of insurance, broader support across commodities and across India would ensure that the decisions in terms of growing would be made in a more effective way. If you support only a narrow set of commodities and it is only in a few states then those states tend to overproduce that commodity while other states do not get the benefit and it may be that you are skewing production in a certain way that does not respond to price signals. So the broader point is that we need to make this, if it is a form of insurance, which it is, work throughout India and in a reasonable way across commodities.

Pooja Tripathi: CNBC Awaaz Talking about stressed projects do you feel that government has taken enough steps so bring about a revival in stressed and stalled projects?

Dr. Raghuram G. Rajan: I think there have been signs that these stressed projects are coming down if you look at the numbers, but the level of these projects that are stressed is pretty large. So I think this is ongoing work and will take some time to clean up. It is not something that is done overnight, but has to be steady, and we also have to ensure that once the various permissions, roadblocks have been cleared, credit flows to these projects and they actually start up again. So that second part, it is within our area of responsibility to try and ensure that happens.

Virendrasingh Ghunawat: Aaj Tak In this policy there are more concerns and less of good news. On top of that in the initial two minutes you have said a lot about monsoon, crude oil and geopolitical risks. You have also said that strong food management policy will be required to bring down the inflation. So it is a very blunt question; looking at all this it seems that in this policy there was no need for a 25 basis point reduction. With all these concerns regarding the inflation, so do you really think that this reduction was important at this point because now it seems that in the next policy announcement in August, the interest rate will not be reduced? Also there was one rumor going on that you are trying to make government them happy.

Dr. Raghuram G. Rajan: That is in no way news here. If I cut interest rates, it is because I want to please the government, if I do not cut interest rates is because I want to have a fight with the government. There is a misimpression that we want to keep interest rates really high because our primary sort of objective is to look really strong and firm. There is no point in looking strong and firm if you kill the economy in the process. We want to do what is right given our mandate to keep inflation under control. So we are trying to use whatever room we have to undertake the actions that revive the economy. We are under no illusion that the economy especially investment is up and running; it is not and it needs support. We also do not take the view that interest rates are the only thing that matter, there are so many other things that matter, it is one part of the overall picture. So all the entities that are involved in generating growth have to contribute including the banks, including the industrialists, including the government. We are saying that we play as much of a part as we can, and in this case we looked at all the data, we could have waited. But as I said, waiting would probably be a conservative strategy in this environment, we are moving forward but we are not going to be reckless. We have to wait for data to give us more room if that happens going forward. And so now we are as before contingent on the data. I would say every time we have moved, we have used the available room at that point. And similarly, we have moved, we have used the available room, this move is no different from the previous moves, it awaits data now.

Manju Dalal: Thomson Reuters I have two questions, one is on the global rupee offshore bonds by Indian companies. Dr. Rajan I wanted to know when would we expect these guidelines to be out? And the second one is, how is RBI viewing the impact of such issuances in future on the NDF market, and its consequent impact on the Indian rupee? My second question is on the guidelines issued by the RBI on the cross holding of the long-term bonds by banks for financing the infra and the affordable housing. I wanted to understand the rationale behind this caps and restrictions set by the RBI on such issuances.

Dr. Raghuram G. Rajan: I will talk about the second question you asked and leave the first question to Mr. Khan. On the question about 'Infra Bonds', there was a request from the banks that, yes, they could issue the bonds but it would be great if they could trade them also. So they said we just need a small amount to be able to trade them. Of course our whole intent is that the infra bond should not be a back door way for the banks themselves to all hold it and not issue these bonds outside. The whole point was to encourage additional flows into the banking sector other than through the normal route of deposits via bonds to the infrastructure sector. That is why when they asked for some small limits, we gave them the small limits so as to ensure this does not become mutual financing. It is more a facility for them to trade and increase liquidity in the infrastructure bonds. On the first issue of the rupee bonds, I will ask Mr. Khan to respond.

Shri H.R. Khan: On the rupee bond we have drawn out a design features and we have sent to government for their views and as soon as they communicate their views we should be able to put out the guidelines. So far as NDF part is concerned, as you know our approach has been to see that more and more hedging happens and also that is where we have recently relaxed the currency future guidelines. This will also facilitate overseas investors who have got exposure to the Indian rupees to have access to the hedging market in India; that is our approach and we are working on that. As Governor said, going forward, we will also look at some further relaxations in the regulations to see that there is more response in the markets and that there are more hedging products and more players.

Radhika Merwin: Hindu Business Line I have two questions: one is on the capital requirement front. We have been seeing a lot of public sector banks raise money through the 81 bond issue. How comfortable is the RBI with the growing such issuances because it obviously increases risk in the system, because most of the banks have just about meeting their CET requirements? The second part is on the currency front. How comfortable is the RBI - will the fall in rupee also weigh on RBI's future rate actions, or the stance on the liquidity front?

Dr. Raghuram G. Rajan: Let me ask Dr. Urjit Patel to answer the second question, and then I will turn to Mr. Mundra for the first question.

Dr. Urjit R. Patel: What is internalized in terms of policy action emanating from external developments is looking only at the headline inflation number and therefore it is one of many factors that would go into this decision and we would not be focusing on the external value or the volatility in the environment directly, but only indirectly through its feedback into the headline inflation rate.

Shri S.S. Mundra: As far as Tier-1 bonds are concerned, I do not know why this thought comes into the mind that it is creating more risk in the system, Tier-1 bond can be issued only to a certain extent, there is a correlation with the CET. It is not so that one can issue indefinite amount of such bonds to raise the capital. Moreover, the structure of the instrument is such that there are enough checks and balances. If you are indicating towards the cross holding in the bank which can lead to this kind of risk, those things are not permitted. It has to essentially come from a different set of investors. And under the new instrument, the investors come knowing about the risks that if contingent upon a certain level of CET these bonds can be put for loss absorption and conversion of equity. So I think I do not see any concern which should come on this front.

Siddharth Upasani: Congencis A couple of proposals were withdrawn by the government from the Finance Bill relating to the PDMA and amendments to the 45U in terms of section of the RBI Act. Was there any dialogue between the government and the RBI regarding the movement especially with reference to the regulation of the debt market, because you had chaired a committee in 2008, suggesting that the market regulation be given to a unified regulator?

Dr. Raghuram G. Rajan: On the PDMA, I think both the Finance Minister and I are in complete agreement that there is a reasonable case to be made for an independent PDMA, which will be relatively small, which will run the front and middle office that is currently or in the past being done by the RBI. In fact, the middle office is now largely sitting in the Finance Ministry. So, I do not think that will create a huge disruption, etc. There is a broader agenda of moving a whole lot of other things away from the RBI and I think we have agreed that would not be wise without much deeper dialogue. As far as the regulation of the bond markets go, today exchange traded bonds, government or corporate are already with SEBI. There is somehow this misapprehension that it is not already being regulated by SEBI. What the RBI does regulate is over-the-counter trading as it does in over-the-trading of options for example, or currency products, etc., and given that especially for short-term money market instruments there is a much stronger link to monetary policy, it is important to consider how those things are regulated, who regulates them, and where they lie. What is important and this is something and there is a complete agreement with the Finance Minister is that what is functioning well does not need to be disrupted for some hypothetical gain. So let us make sure that we have a well laid out path based on tangible progress and tangible value before we intervene based on some theory.

Gayatri Nayak: Economic Times My one question is given the level of disintermediation that is going on for the high level of CP issuances, how does it play on your conduct of monetary policy and transmission. Is it a worry?

Dr. Raghuram G. Rajan: No, I think the CP markets are helping.

Gayatri Nayak: The three rate cuts have not effectively transmitted into rate cuts by banks. So is this a reason?

Dr. Raghuram G. Rajan: No, I think that as the commercial paper market interest rates come down, firms are going directly to commercial paper, the ones that can access those markets, and thereby disintermediating banks which is putting pressure on the banks to actually cut their rate, in fact if you look and this is some work that Michael Patra, our ED showed me, is that interest rates were coming down even before the first rate cut because of pressure from these other markets. So I have no doubt that over time competition will play a role. So banks will have to figure out, do they keep their margins right now and lose market share or do they cut their margins and keep market share, that is an age old problem that they will have to address.

Suvashree: Reuters Governor, if I can jump in on this similar topic. Just one question on in the transmission, that you have been highlighting about the transmission, if you take into consideration the biggest problem with the borrowers, they have not been able to borrow at a lower rate from the market and the rates are at pre-RBI rate cut levels now. I wanted to understand what do you think is the reason that even there where it is a market determined rate, it is not banks only but a lot of other players are also playing. What is the reason that the transmission is not happening to that particular segment and therefore how do you expect banks to cut rates from thereon? And do you think a booster rate cut would have been more effective than smaller rate cuts?

Dr. Raghuram G. Rajan: I do not think you can argue that government bond yields have not been coming down, they have come down, today 7.65, 7.66% whatever it is at right now is way down since the 11s and 12s we saw at some point in 2013. So if you look over the longer period they have been coming down. If you look over a 1-month, 2-month period there are so many factors, remember, our bond yields are also influenced by international yields. US bond yields have come up by 40 - 50 basis points, from 1.6 now, they are 2.2, 60 basis points. So that also plays a role in the yield differential. In fact bonds are affected more than short-term rates. Regarding your second question, the RBI is not a cheerleader; there are other people in the economy who can play the role of the cheerleader. Our job is to give people confidence in the value of the rupee, in prospects of inflation, and having established that confidence, create longer term framework for good decisions to be made. Every time an exporter comes to me and says, stability has been very valuable for us to make decisions, that reinforces my view that these are our main roles not to act as what was that you said booster shots or cheerleaders.

Alpana Killawala: Thank you very much sir, thank you very much all of you. Thanks Inba, we can close the call.

Moderator: Thank you. Ladies and Gentlemen, with that we conclude this conference. Thank you for joining us and you may now disconnect your lines.