Edited Transcript of Reserve Bank of India's Post Policy Conference Call with Researchers and Analysts

April 7, 2015

PARTICIPANTS FROM RBI:

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

MODERATOR: **MS. ALPANA KILLAWALA – PRINCIPAL CHIEF GENERAL MANAGER**

Moderator: Ladies and Gentlemen, good day and welcome to the Reserve Bank of India Conference Call on First Bi-monthly Monetary Policy, 2015-16. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch tone phone. 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: Thank you, Shyma and welcome to all. Since there are no questions in link, we will straightaway start with online questions. Okay, Shyma, you can begin with the queue.

Moderator: Thank you, Ma'am. Ladies and Gentlemen, we will now begin with the question-and-answer session.

Sandeep Bagla:
Trust Group I have just one question; I saw that the point inflation in March 2016 end is at 5.8%. So my question is that for policy rate setting, is it relevant to look at the point inflation at the end of a period or the average expected inflation during the period, because looking at a point inflation might give the wrong picture; the average could be 5% while the point inflation in March could be 5.8% so what is relevant?

Dr. Raghuram G. Rajan: This is Raghu Rajan. Let me ask Dr. Michael Patra to take this question.

Dr. Michael Patra: We have provided the whole path of inflation during the year in the policy document and in the Monetary Policy Review we have given you a path of inflation for 2 years ending in 2016-17. So we take the whole path of inflation into consideration. And as we mentioned, there are frictional factors and transient factors like base effects and seasonal effects that will characterize this path going forward. So it is not that we are targeting only 5.8%, we are targeting the whole evolution of inflation over 2 years.

Kaushik Das:
Deutsche Bank I have two questions: The first question is what is the potential growth rate that RBI is considering in its model to decide on future monetary policy action? And the second is regarding transmission. What we saw in the last easing cycle is that in 2012-13 we had a 125 basis points repo rate cut, significant cut in CRR as well from 6% to 4%, and all we got was a 50 basis points cut in bank lending rate. So this time around the bank lending rate cuts will happen probably but by a very small amount. So even if we achieve a 50 basis points cut in lending rate through the course of the monetary policy cycle this time around, do you think that is enough to kind of support economic recovery more from the investment side rather than the consumption side?

Dr. Raghuram G. Rajan: Let me start with your question then turn the potential growth question to Michael again. What is important is that when we cut the interest rates there should be a sense that the deposit rates that are available to banks are commensurate with our interest rate cut. In other words if we are cutting interest rates and inflation stays really high, it may be difficult for banks to cut deposit rates. So we cannot outrun the pace of disinflation as we bring down interest rates because transmission will simply not happen simply because banks will not have the room to cut interest rates. That has not been the case so far and you have seen a number of banks cut their deposit rates. Now the question is how much time does it take for those cuts to feed into the lending rates? Two factors play in favour of that happening sooner rather than later - one is the fact that credit growth has been tepid so banks are sitting on tremendous amounts of liquidity which they can deploy today in more lending, and as SBI Chairman said, there is some evidence that the lending is also picking up. Second, markets themselves are willing to lend at lower rates, and as a result, if the banks do not start cutting lending rates they will find themselves increasingly disintermediated and clearly that will be detrimental to profit. So my sense is the pass-through will happen more readily this time partly because of the first point I made it is accompanied by a significant reduction in CPI inflation. Remember, the previous time around there is more of a focus on WPI inflation while CPI inflation was still relatively high. That is different this time.

Dr. Urjit R. Patel: Just to add to that that the previous cycle of easing was prematurely truncated in part because of the US Fed policy tantrums that ensued and therefore the full pass-through could not be effected for the reasons that you are well aware of.

Dr. Michael Patra: First of all, let me clarify that for the purpose of monetary policy setting, it is most important to know what the level of potential output is and potential growth is just the growth of that potential output; potential output tells you where on the business cycle you are and therefore how to position policy. We have addressed this in the Monetary Policy Report. The important thing to note is that potential output is always difficult to measure, and when you have just sixteen quarters of data it becomes even more difficult. So what we have tried to do is not to approach it in a structural sense in terms of what contributions labour and capital and productivity do. But we have tried to estimate some sort of trend given this limited history of the data, and we give you various versions of trend estimations in the Monetary Policy Review and they give us estimates of trend growth rates in the range of 7.7% to 8% and that is why we have chosen 7.8% as the most feasible trend rate of growth for the economy going forward. As we gather more history and more information on the new GDP series, we will work out potential output and we will release it in the public domain.

Doad Manpreet Kaur: Mecklai Financial Sir my question is on the increasing corporate vulnerability, recently. We got this data that the ECB has increased by 19 billion only in the quarter of December, and Sir looking at the hedging ratio which has been declining since 2014 like 50% it was in July-August 2014, which has decreased to 24% in April-August. So looking at the risk management proposal of the corporate has been on the negligible part. So can we expect RBI to come into the picture to increase any kind of risk management proposal for the corporate by the action of the policies? And Sir the second question is on the implementation of Basel III. If we are planning to increase the Basel III in the coming year, that also hinders the process in where the corporate can increase their focus on hedging because it adds an extra cost to them. So on that process what is your take on that?

Dr. Raghuram G. Rajan: Let me ask Mr. Khan to respond to the question on ECBs.

Shri H. R. Khan: I am not sure the data you gave of 19 billion in one quarter how far it is correct, I do not think that is correct information. In any case we have an implicit ceiling in our minds and the last 2-3 years the ECB borrowings have been within that ceiling. Although the external borrowings are increasing, as a percentage of GDP for ECBs we are one of those countries which is not very high. But nevertheless we have articulated number of times that this unhedged exposure can have a firm level risk as well as more importantly systemic level risk. That is why from the prudential side we have laid down guidelines in terms of additional provisioning and additional capital charge. The issue which boils down is that how do we capture the information, that is why a lot of suggestions have come which we are working on, whether you can bring it to CRILC, whether you can put it as a balance sheet disclosure through ICAI. So these are some of the steps we are thinking of how to get more information. I think that is what we are trying to do, but overall what you say that percentage of hedging remains low, we are encouraging people to hedge and also simultaneously, some of the steps we have taken including the step we have taken recently for expanding the option framework, for that also so that hedging increases. Efforts are on to increase more instruments for that. So I think multiple actions on different fronts will ensure that corporates hedge more, and as Governor has been emphasizing that people should not take "Stability of rupee for granted" and that should not lull them into complacency. This is what we have been telling.

Dr. Raghuram G. Rajan: Also just to throw out a number, the net ECB that we have for 2014-15, April-January is just 4.6 billion.

Manpreet Kaur: Sir it is on the December quarter recently, I just went through an article it was saying like quite a leading financial publication.

Dr. Raghuram G. Rajan: You may be looking at approvals, you may be looking at only one side because what we really need for the stock is the net change and that is just 4.6 billion from April-January for 2014-15, which is relatively small numbers. I for one am not aware of a substantial explosion in ECBs and I do not think any of my colleagues are and I do not think the numbers bear that out. The thrust of your question was "Are we going to think of some draconian measures?" The answer is 'no' because what we would like to do is incentivize corporations to do more of it and perhaps find better ways for banks to monitor it and we will examine our regulations on that basis, but at this point I do not think there is a clear measure that is being contemplated in any way.

Manpreet Kaur: Sir, the implementation of Basel-III is in process, we are saying that by 2019 we will be turning into Basel-III. In terms of that process if we see the hedging as to be followed by the corporate, here the RBI wants hedging to be motivated among the corporates to cover their risk and all. But if we have a Basel-III that becomes a hindrance process for the corporate to get into hedging and to hedge their exposures?

Shri R. Gandhi: Basel-III related requirements are on the banks, not on the corporates.

Manpreet Kaur: Obviously, the bank would be incurring because again the bank has to keep an extra capital credit is required by the bank also, so even that would not incentivized for the corporates also to get into long-term hedging in?

Shri R. Gandhi: That is true, in the sense that banks will have to have additional capital for that costing they have to appropriately price their services to the corporate. But these are all booked for in the long-term interest of the banks capabilities and the financial health, this is the proper risk management. So it should be seen in that angle.

Mohan Poddar:
Fincap Investments I have a question regarding inflation indexed bonds. At the current level of CPI and WPI, why this inflation indexed bonds are quoted at such deep discounts. Is the market factoring in more fall in inflation henceforth?

Shri H.R.Khan: Actually we had issued some inflation indexed bond, I think around 6,000 is outstanding. We could not follow it up by subsequent issuances and inflation trajectory has gone in a different direction. That is why it is in deep discounts. We are in discussion with government for a revised version of inflation indexed bond both for the institutional investors as well as the retail investors. So let us see if the new thing comes, and possibly we could consider how to take care of this illiquid inflation indexed bond, whether we can do some switching, we will take a view on that.

Kumar Rachapudi:
ANZ Bank I have two questions: One is on the liquidity conditions which you mentioned which in your view are quite flush. But, if I look at indicators like either the reserve money of M3 or even incremental credit deposit ratio, which is right now at 83% in the last 3 months versus LDR ratio of about 77% overall. And banks obviously have been on a daily basis- notwithstanding the fact that they have depositing some money on the term reverse repos at the RBI, they have still been net borrowers from the central bank. So I am wondering why you are thinking that liquidity conditions are accommodative as of now? That is no. 1. Second question is on the sterilization of FX inflows which the RBI has been probably doing. So if you look at the FX 3-month implied yields at around 8.2% which is much higher where the overnight rate is, do you not think this way of sterilizing is prohibiting corporates from hedging their FX liabilities. So are you considering any other ways of sterilization?

Dr. Raghuram G. Rajan: On your first question, I think you are looking overly at the March numbers when liquidity is generally tight, you have to look forward and see what happens when that liquidity unwinds. So from that forward-looking perspective that I am saying there is plenty of liquidity in the market. On the second question, as far as the forward premium goes, if and when we intervene, we take into account various issues including size of premia, etc., in deciding what might be the more effective way to intervene. That said the fact that premia sometimes push out has a variety of reasons not just because of intervention. For example, if credit is tight, the arbitrage leg to create a synthetic forward may be more difficult and may therefore imply a higher premium than otherwise. So I would not treat an expansion in the premium as primarily because of RBI intervention, there could be a variety of other reasons.

Kumar Rachapudi: Sir, just following up on the question on liquidity, in your assessment where do you see banks borrowing let us say in May or June? April I am presuming because of the increased government spending, they will be borrowing slightly lower numbers than what they did in March. According to your projections what are those numbers in May or June?

Dr. Michael Patra: There are a lot of contingent factors; there is the economy. Let us say the economy goes through a turning point and moves up, obviously there will be a little excess demand for liquidity or let us say that there is a less agricultural activity if the monsoon does not turn favourable, then we will see a completely different roll out of liquidity in May and June. So it is too early to forecast liquidity in June when so many imponderables exist today.

Imran Sayed: Aegon Religare My question has probably been partly answered; it is related to inflation indexed bonds. Now it is good that you are looking forward to issuing CPI-linked inflation indexed bonds. Once you start doing that can we have some visibility? Because the last time around the bonds were issued, people created products around inflation indexed bonds, and now the bonds are no longer issued. Now if were to issue CPI-linked bonds if you could give us some roadmap as to how, certainty about being issued in the future so that we can develop certain products or certain business case around inflation indexed bonds provide customers some real hedge against inflation and also have a business case for us?

Dr. Raghuram G. Rajan: A very good suggestion and we will certainly keep this in mind.

Aastha Gudwani: Birla Sun Life Asset Management Sir, just one question. There are three conditions and in spirit actually four, which have been laid out as to the ones which will condition the accommodative monetary policy stance going forward. The point is that all these conditions will take at least 6, 9, and 12 and may be longer months in terms of shaping up and having their impact. So, do we from this decipher that the next policy rate move is actually deferred until that time that these four conditions are met?

Dr. Raghuram G. Rajan: I am not sure, when you say these conditions are met, it seems as if you have in mind a numerical something that is clear yes or no on each condition. I think the conditions are reflecting the kinds of things that we would like to see movement on. Precisely how much is something that we have to look at compositely looking at all what is happening including the information that comes in. So I would not ascribe a threshold number to each of the conditions and say if this falls below X, no action will be forthcoming. It is a composite big picture that we are going to look at. As you put it some of these elements will play out over a longer time but announcements can be made about what is likely to happen and that will also give us a sense of the composite picture.

Aastha Gudwani: Sir, if you would allow just one point there; so when we are talking of, for example, impact of transmissions of the front loaded rate cuts or the supply response to the inputs such as power and land, so the announcements or the intention that these things are about to happen is what the RBI is going to look out for before the next action?

Dr. Raghuram G. Rajan: You are trying to get me to be more precise than I was. I am saying we look at all these elements and develop and composite sense. Now obviously, some transmission has to take place, but how much and what about the likely sort of prospects of more happening. Those are the things we will have to gauge in determining when we make our next move. But again, I do not want to be more precise than saying these are the elements we need to look at.

Anjali Verma: Phillip Capital I have two questions. One is when we talk about real interest rates, are we looking at repo as the interest rate or should we be looking at the deposit rate? And second question is although we understand that RBI is largely targeting and focused on achieving CPI targets, but is it right if we are completely ignoring WPI disinflation which is underway?

Dr. Raghuram G. Rajan: As far as the real interest rate goes, thus far we have been talking about the risk-free real interest rate in the Indian context which typically would mean a look forward CPI, something like the repo rate minus the look forward CPI. So that would be a good definition or working definition for you of what we think is the real interest rate. As far as the WPI goes, clearly, it is an issue that it is a number that we look at to inform ourselves of what is going on, both from international forces which have an effect on the WPI as well as corporate pressures because often this is a number which indicates to some extent corporate pricing power and corporate input cost. So it gives us a sense of what corporate see inflation as different from say the citizen. So it is an element in our thinking, but our target, if you will, is the CPI, not the WPI.

Naveen Sharma: HDFC Life I have two questions: One is that on the fiscal consolidation path, we are saying that government is on a deleveraging path because it is going on a fiscal consolidation path, on the private sector we see mid-privates they are also on a deleveraging path, banks are not able to lend big ticket size because they are capital constrained. I am talking about the PSU banks which constitute 70% of the total book, FII limits are not being opened up and whatever corporate bond FII limits is there, precisely the money is going to PFCs. So one question which I have if at all when the economy picks up who is going to fund this growth?

Dr. Raghuram G. Rajan: It is a good question. As the economy picks up, we have to be alert to funding constraints. As of now I do not see them as starkly as you see them, but we will certainly be alert, I think the government will also be alert to perhaps capital needs of PSU banks. So let us see, there is some room for banks to bring, especially the PSUs that can access markets, to raise capital from the markets also, over and above what they can do from the government. For the PSUs that do not have market access, they will have to make the case that they do need capital, and I am sure at that point that some capital will be forthcoming from the government. So we are not in that position right now but that does not mean we should not be thinking about that and there is some active discussion going on in the government on how to do these things.

Naveen Sharma: Sir one more question was there that on the WPI and CPI as you have answered, now there is a stark difference between the fuel inflation in the WPI it is a (-14%) and CPI it is (+4%) The core reason which used to be close to be 0.98, now that is no more there from the last three or four readings. So how is RBI looking at it because I think it is very difficult to get this composition of CPI right and the way the data is collected, obviously, the series is not that old, but is RBI looking at that also or it is just that headline number and the core number which we are going by?

Dr. Michael Patra: The petroleum that we import is reflected in WPI, but what is reflected in CPI is the fuel that households consume, and in the fuel category you will find that its really firewood and electricity prices which are determining the evolution of the fuel category. Most of the motor fuels that households use are in the transport and communication in the CPI. So that is the difference between the WPI and the CPI and we watch both very closely.

Srinivas: Deutsche Bank Sir, how does one square up your forecast of inflation at 5.8 % and growth at 7.8% by the end of the year in the backdrop of flexible inflation targeting. If you really look at it, if one applies basically a monetary policy rule to your forecast of both inflation and growth, then how does one square that up with the stance and the guidance that you have given?

Dr. Raghuram G. Rajan: What you basically I think hinting at is what is our measure of potential growth? Because that is the plug figure which is going to tell you whether it is consistent with our stance or not, right. I think this is what Michael talked about earlier. Of course, we have to admit that we are still trying to understand the new CSO numbers and we are somewhat constrained to project growth based on the new numbers which we do not understand as well as we thought we understood the old numbers. So that is why it may seem that, as Michael said, determining potential growth is not that easy with such a short series of data and that creates a little bit of noise. But we feel fairly comfortable with our stance given, I think some of us have old growth numbers in mind, others have new growth numbers in mind, but we feel that to some extent we are still slightly below potential.

Srinivas: Currently, the investment cycle is not really picking up because the system, that is the banks and borrowers, are undergoing a time correction, and by a time correction I really mean that banks are faced with stressed assets and they need to maintain capital and borrowers need to de-lever. So given this backdrop, would it have made sense to cut the CRR, I am giving a number say about 100 basis points, which would have actually helped transmission, not from a liquidity perspective, but really from a cost of funds perspective for banks. It could have actually compressed this time correction, in some ways this will actually be tantamount to a backdoor recapitalization of the banking system and could have complemented the Rs.7,000 crore that was budgeted and could have actually helped transmission. So is that line of enquiry correct, what are your thoughts?

Dr. Urjit R. Patel: I think that you are comparing apples and bananas. The issue of the CRR as we discussed in the morning, of 50 basis points reduction in the CRR if you have a 10% would have resulted in a 2 to 5 basis points reduction in the lending rate. I think the issue of banks not having enough projects coming to them and corporates being leveraged, in some ways that issue is being tackled through the government's increase in investment that was announced in the budget. So, that is where the investment gap in some ways is being filled up or the cycle is being kick started with respect to roads, railways and the power sector.

Dr. Raghuram G. Rajan: First, I think just endorsing Urjit's point about CRR cuts, these are miniscule. A 100 basis points cut in the CRR would release Rs.80,000 crore permanently into the system, but result in barely 7 or 8 basis points cut in lending rates even if they pass it all through and that is not clear also from the outset. So, I think we are talking orders of magnitude difference from CRR and I do not understand why the market has got so enthused about it. In fact it is of irrelevance at this point as far as the lending rates go. I think the issue about credit that you are talking about, I think SBI chairman today talked a little bit about credit growth picking up in a view over and above coal and telecom which obviously will need credit for the auctions that were conducted. So that is a good sign. But, also if you look at CMIE data which came out yesterday, it looks like investment is starting to pick up. These are early signs. Should not go to town celebrating about it, but stalled projects are coming down, investment intentions are picking up and I think that we are starting to see the beginnings of an investment cycle.

Finally, what our hope is that we can create enough new avenues of purchasing some of these assets or liquefying them; that highly leveraged players can deleverage and sell out of some of these or bring in more equity so the leverage comes down that way, but let us see.

Abhay More: Axis Bank I just wanted to ask, you have been reducing fixed rate overnight liquidity injection earlier. Does it also mean we will be reducing the overnight LAF and if so what will allow us to do that?

Dr. Raghuram G. Rajan: I do not think any reduction in the overnight LAF is currently contemplated. It will stay at 0.25% of NDTL and we want to keep a readily accessible window at a fixed rate. Everything else has been moved to the market rate and that was the intention. With us now providing additional liquidity as need be to ensure that the rate is close to the policy rate- the market rate is close to the policy rate.

Harish Agarwal: FirstRand Bank My question is regarding the reverse repo. Since like 2008-09 we are not operating on a reverse repo rate and we understand that the WPI was around 10%. When we are looking at CPI and we are comfortably sitting where CPI may come down going forward. Are we looking to operate at a reverse repo going forward at any given point of time?

Dr. Raghuram G. Rajan: I hope you do not mind in saying this, but this is the second issue that I found a little puzzling this time around, first was the CRR, why people got sort of gung-ho about it, and the second is this movement to reverse repo. If I were to move to reverse repo today, that means the operational rate in the market would move down to 6.5%. You are talking about 100 basis points cut in the policy rate. Smell the coffee guys! We are not going to cut interest rate by 100 basis points overnight. So, the policy rate is today at the repo rate of 7.5%. If I want to bring that rate down, I will cut the policy rate. And I have given you the conditions under which we will cut the policy rate. But this whole suggestion of moving to the reverse repo and moving to liquidity surplus is, pardon the expression, just nuts!

Samiran Chakraborty: Standard Chartered Bank Two questions, related: One is on the Monetary Policy Report, the projection of CPI inflation for August 2015 is somewhat higher, the midpoint is around 5% but the policy statement said that it is closer to 4%. I am just wondering whether there is a subjective element that you have induced on the model to talk about the 4% target for August. Second is that if you have built in a forecast for about 4% CPI by August, will the number above that surprise you and affect your monetary policy decision?

Dr. Michael Patra: The 4% projection for August really comes out of what we already know. What we know today is that there will be base effects right up to August which will allow CPI inflation to ease down to 4%. That is what our projections show. I wonder if you have separate projection show that it will come 5%, but most market participants seem to suggest that these favourable base effects will take it down to 4-4.5% and then it will rise again.

Samiran Chakraborty: I am just looking at the projection of CPI inflation in the Monetary Policy Report. The midpoint does not show 4% for August 2015.

Dr. Michael Patra: Yes, it does, I think you need to look at it carefully, it is also there in the policy, it is just an extension of the policy.

Shubhada Rao:
Yes Bank I was just wanting to seek your comments on a disconnect between banks and RBI perception of comfortable liquidity, because that clearly seems to be hampering the transmission and from assessment we believe that there seems to be a disconnect in what is comfortable liquidity from banking system's perspective and what is from RBI's perspective?

Dr. Raghuram G. Rajan: You may well be right that there is a disconnect in perception, so let me say what I think RBI's perception of comfortable liquidity is. We have done away with the windows where you could borrow any amount of liquidity at a fixed price. And as a result, certain market players who used to finance themselves through our windows are finding it harder, because now they have to go and raise the money in the markets. We have tried to keep the market rate at close to the policy rate by injecting sufficient amounts of liquidity. Occasionally, there are spikes, for example, on March 31st. But if you look at the volatility around the policy rate it has been substantially lower. Of course, it would be zero; if I give you an unlimited ability to borrow at the policy rate, because then you would just go to the window and borrow as much as you wanted. But given that we want to stop that and move towards market borrowing by the players, I think we have achieved a fair amount of consolidation or narrowness in the movement of market rates, they now tend to hug the policy rate. So, we would say there is a plenty of liquidity in the market, at least short-term liquidity when we hug the policy rate. There is also the aspect of long-term liquidity which is by how much do we increase the size of our balance sheet to accommodate credit growth. And there we make an estimate of what the nominal growth of the economy is, how that translates into an expansion in the size of our balance sheet and over the year we try and maintain that size of growth of the balance sheet. In some years, that is determined primarily by our purchase of government bonds, in some years that is determined primarily by our purchase of foreign exchange. And if we do purchase substantial amounts of foreign exchange over and beyond what we want to grow the balance sheet at, we have to sort of adjust the size of the balance sheet by selling government bonds, in other words, sterilization. That is basically what we do. I think we have been successful at both aspects but clearly, people you talk to may think differently.

Shubhada Rao: Would it be that if there is a certain sense of visibility of liquidity going forward, the medium to long-term or a short liquidity, maybe the banking system as a whole would feel more confident of lowering the rates?

Dr. Raghuram G. Rajan: Ultimately, banks have to take a call. This is not their primary source of borrowing and cannot be their primary source of borrowing. Our windows cannot be the primary source by which the financial system finances itself. Now, there have been some murmurs from the banks that somebody puts in money at 5 o'clock at night and they cannot immediately turn around and deposit at an adequate rate there. That is a question of management; we have extended our windows for banks to be able to redeploy that money quite a bit. We have accommodated some of these requests, but ultimately the Central bank cannot be the way banks manage their liquidity, they have to find other ways including sometimes not taking their clients' money or giving them an appropriate interest rate if it comes at 7 o'clock at night. So, the short-term liquidity management sometimes is a source of friction, but banks have to figure out what is an appropriate amount of liquidity they are going to offer their clients and there is always an amount of liquidity at which they can perfectly well manage their balance sheets today. I do not think that we are going to persuade them to reduce lending rates by offering liquidity in the amounts that we possibly can. I mean, we are not going to be able to offer more than 1% of NDTL under any circumstance through windows. That was what we were doing in the past and we brought them down. So to see that as the reason they are not reducing lending rates, seems to be beside the point, it is not the real reason.

Alpana Killawala: That is about it for today's conference call of Researchers and Analysts. Thank you very much for joining in. Thank you, Governor.

Dr. Raghuram G. Rajan: Thank you.

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