"Reserve Bank of India Post Policy Conference Call For Media"

January 28, 2014

SPEAKERS FROM RBI: **DR. RAGHURAM G. RAJAN – GOVERNOR**
DR. K.C.CHAKRABARTY – DEPUTY GOVERNOR
SHRI H.R. KHAN – DEPUTY GOVERNOR
DR. URJIT PATEL – DEPUTY GOVERNOR
SHRI DEEPAK MOHANTY – EXECUTIVE DIRECTOR

MODERATOR: **MS. ALPANA KILLAWALA – PRINCIPAL CHIEF GENERAL MANAGER, DEPARTMENT OF COMMUNICATION**

Moderator: Ladies and Gentlemen Good Day and Welcome to the 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. Participants connected to the audio bridge may press '*' and '1' to ask a question. Participants present in the conference room are requested to use the mic while asking a question. I now hand the conference over to Ms. Alpana Killawala from RBI. Thank you. And over to you ma'am.

Alpana Killawala: Thank you very much Inba, I will straightaway request Governor to take over.

Dr. Raghuram Rajan: Well, I don't have any preliminary remarks; I already made them some time back. Happy to take questions.

Alpana Killawala: Yes, I think we will start with Aniruddha.

Aniruddha: Good Afternoon Governor. Aniruddha here from ET Now. I would like to start by asking about, of course, the hike that you have effected and quite clearly on have already started targeting the CPI. So I just like to understand firstly whether you all are already adopted all of the recommendations of the Urjit Patel Committee report? And secondly, if you could kind of respond to a little bit of the criticism that is come your way from the government in terms of targeting the CPI and we have seen even Econoimc Affairs secretary talk about how it could be premature to target CPI and in terms of also the quality of that data? So just these two questions.

Dr. Raghuram Rajan: I think the Urjit Patel Committee report is still being studied, and of course, some of the recommendations require both the government as well as the RBI to come on board. So, as and when we proceed on the recommendations we will have to have a dialogue with the government on some of those issues. I think as far as today goes, we are taking a piece where the Urjit Patel Committee has done substantial amount of work in talking about a possible disinflationary path that really is not directly related to anything like targeting, it is basically saying we need to bring down inflation, I think there would be very little disagreement about that. Clearly, we have made a lot of noises about CPI inflation for some time. I think the RBI has always been focused on both CPI and WPI but given the fact that CPI has stayed high for a considerable amount of time and that is what the retail investor as well as the consumer sees, we have to bring it down. So the Urjit Patel Committee report has given us a timeframe which seems reasonable in which we can bring it down to something which is more reasonable. So that aspect clearly is something that I do not think there would be a lot of disagreement about. Whether the 'CPI New' has a long history? Really when you look at the CPI(IW) it often tells the same story as the 'CPI New.' These are different indices of CPI inflation. Over time we have to figure out how we make the index better, but the fact that the index is not perfect does not necessarily say that there is no problem, CPI inflation is too high, and we need to bring it down.

Lata: Lata Venkatesh from CNBC TV18. Governor, you said that you are acting on some of the recommendations of the Urjit Patel Committee Report.Should we accept that inflation targeting will be the way to go? Have you swerved from multi-indicator to single indicator approach and therefore where does core CPI figure? Will you look at that number or will you only look at the headline number, what does the market expect you to look at, in the days to come?

Dr. Raghuram Rajan: I love the way you try and put words in my mouth. I did not say we have accepted inflation targeting we are looking at it. Remember, the Urjit Patel Committee has recommended flexible medium term inflation targeting. Dr. Urjit Patel sits with me, we will take a close look at all the recommendations of the committee, and then what we can do alone, and we want to do, we will take up. What we want to do and needs the cooperation of the government we will take up with the government. So I think it will be premature to say that we have moved towards inflation targeting. What I think there can be no question about is that we have time and again, it is in our mandate, said that we need to bring inflation down. We have also said -- and I think this is quite clear –that the best way for us to sustain growth over the medium term is really to bring inflation down, there is really no trade off in growth and inflation. That said, we are cognizant of the weak state of the economy, which is why any disinflationary path must take that into account. As I said, the Urjit Patel Committee, based on a fair amount of deliberation and study, has suggested a disinflationary path. What we have said is, that seems an appropriate disinflationary path for us to follow especially since many of our monetary policy department as well as people who are involved in that. So all we are doing is taking that aspect onboard and following that path. I have said that based on our models we look like we should be able to hit, when we factor in this rate hike that we have put in place, we should be able to reach the 8% sort of objective by the end of the year and that is exactly what we are looking for.

Lata Venkatesh: Do you look at core inflation?

Dr. Raghuram Rajan: No, obviously, core tells us something about the second round effects. We look at all components. Even within core there are some which we need to pay attention to, for example, some aspects of services- education has been going up quite strongly, so we have to pay attention to all aspects. I think the important point to make is that inflation is not merely food inflation, it is more than that.

Alpana Killawala: May I request questions on this policy? Yes Ritesh.

Ritesh: Governor good afternoon, Ritesh here from Zee Business. Last policy when I asked you a question that how confident were you of the second half of the growth, that time you said you are very confident of it. This policy you suggest, and even the IIP numbers suggest the same thing, that this momentum has been lost. Still you have gone ahead and actually hiked the rate, plus the uncertainty in elections also suggests the same thing. So do we to understand that growth will be a second priority compared to inflation and that has taken a back seat for now as such?

Dr. Raghuram Rajan: No, I think juxtaposing growth versus inflation is a mistake that many people are doing which I think is incorrect. If we cut policy rates for example right now, do you think the banks would go and cut their deposit rate? The deposit rate is high because inflation is high. The customer wants a real rate of return. If you cut policy rates it is not going to create an immediate reduction in the banks' cost of funds, it is not going to create any immediate filter through into borrowers' cost of funds, it is not going to create immediate demand. So we have to get away from the sense that there is magic to be done without bringing down inflation. Ultimately, the best way we can create growth and sustainable growth is by bringing down inflation. For example, look at weak consumer numbers, part of that is being driven by high inflation; the high vegetable price inflation cut in to people's budgets and they did not have money to spend on other things. So this notion somehow that inflation is irrelevant to demand and that somehow we can have strong demand without bringing down inflation, I think has to be revisited. We do not have magic levers. We have to work at it. I think the message to take away from the RBI policy statement was that we think that with what we have done so far as well as the relative weak state of the economy plus the fact that we will see some effects of the stabilisation of the exchange rate, that we have confidence we can bring inflation within more tolerable limits over the course of the year. And if we can do that, that will give us some room on the monetary front which can then be passed through. But first I think let us fight the fight that needs to be fought.

Saloni: Good Afternoon, Governor Saloni from Bloomberg. Two statements I would like you to elaborate upon. One is on the monetary policy document itself, it says that further policy tightening in the near term is not anticipated at this juncture. Going forward if we see inflation cooling off to the levels that may be RBI perceives, do you think that we see may be say a policy cooling off? Also, the second question is from the macroeconomic document, you have said that going forward, we will see muted recovery as far as GDP growth is concerned. Considering the fact that we are entering into an election year you see that this has to be a prolonged recovery, we will not see the recovery that we anticipated especially in FY-15?

Dr. Raghuram Rajan: No, look, I think we need to create the environment for the recovery to take place to be strong, and again I think inflation is part of that environment. On the issue of policy I think what we want to do is wait and see how the steps we have taken play out into the inflationary environment. And as I have said in the policy, once we get enough data we can decide how the course of policy will move. If in fact disinflation is stronger then we anticipate right now, we will have more room to take action. So let us wait and see. As far as growth goes, I think if we create the environment -- and remember the government is also creating the environment - a number of steps recently by the Environment Ministry, before that by the CCI, will all add up together to create stronger growth. So I think that we will wait and watch. I am not in any way giving up on growth in the coming months as well as the coming quarters. We will wait and see.

Devina: Governor, Devina from NDTV Profit. In the last policy you said that you are also looking at fruit and vegetable price inflation coming off which rightfully they have come off. So this time even after they have come off you spoke about core inflation, now on the CPI side you are taking policy stance. Just looking at the fact that the negative output data is acting as a negative inflationary measure and the fact that possible fiscal cuts could also act as a disinflationary measure, could this have waited or this was a stance you had to take?

Dr. Raghuram Rajan: No, I would say again, the decision was close, last time it was close, but we chose to wait, this time it was close but we chose to act. So in that sense you are right that it could have gone the other way. But I think given that action needs to be taken, this time we saw that some of the noise created by vegetables was taken off, but you still saw that some aspects of inflation were sticky and were not moving. That is suggesting that we probably need a little more medicine, but I think at this point we have injected some medicine, 75 basis points in rate hikes since September, and we have to watch to see how that medicine works along with again the weak state of the economy as well as the stabilisation of the rupee. So let us see how it goes. We believe, based on our projections, based on our models, that at this point we think we should be able to hit 8%, based on what we have done but we have to wait and see. And this is an inexact process in the best of circumstances and with global volatility, financial market volatility adding to the noise, as well as domestic volatility will be there of course surrounding the elections, we have to wait and see.

Alpana Killawala: Viren.

Virendra: Virendra Singh Ghunawat of Aaj Tak, India Today Group. Sir two questions, the advisory that you have given regarding the bank notes. The first question is that presently does the RBI and Income Tax Department aim to target black money and fake currency? Will RBI share information with Central Agency, because many people will now come to exchange the notes. So will the information be shared? This is the first question. Secondly, fake note smugglers are very smart and the technology they use is also improving and by the time your exchange will start in 1 April, 2014, with the security features with which they are already aware. Do you not think they will bring into the market fake currency notes with these security features and the whole strategy will fail?

Dr. Raghuram Rajan: Two things on the note withdrawal. First, it is not intended to get at black money, tax evasion, etc. I am not saying those are good things, there are other instruments and those are issues that the government focuses on. This is a technical action in order to withdraw, as you correctly point out, notes that have fewer security features than newer notes. So it is an attempt to reduce the possibility of counterfeiting and give more reliable notes into the hands of the public. And, of course, we want to minimise any inconvenience the public has, and if public had to fear a tremendous amount of bureaucratic hurdles in putting their money back or that we would involve the Income Tax authorities, this process would be much less smooth. So there is no plan to do the kinds of things that you have been talking about. That is not to say that we support black money or we support tax evasion, but there are other instruments. This particular currency withdrawal is meant at something else and let us make it clean and focus on that. On the issue of whether the counterfeiter will now see new means, the whole point about the security features is they are hard to counterfeit, and yes, we have no doubt that we are in a constant race, we have to keep improving the security features and the counterfeiter keeps trying to figure out how to do that, which is why notes will continuously be withdrawn. It is a part of a technical process which will continue into the future also. I have no doubt that today's notes will be withdrawn at some point. Many of them are destroyed in the process of use itself. We have this clean note policy. If the note is written on for example we take it out of circulation. So please do not write on your notes. You are actually reducing the value of government property by writing on your notes. Some people come to me with a note and say sign on this and I refuse to sign because notes are not meant to be written on. Clean notes- we will continue that policy. Lot of the notes will be withdrawn. In that way we continuously improve the security features because the old notes get withdrawn. But in this case we are trying to move that process a little more forward by asking people to put their money.

Bijoy: Sir, Bijoy from Cogenesis. About a quarter ago when I asked you about giving guidance, you had said the CPI data is not enough but you start looking at giving guidance. Now, we are talking about using the same data, pretty much target CPI in some sense going forward; I am not trying to put words there, but at least you are looking at CPI much more closely based on the same data and your actions are basically trying to target that. So on that front Sir, what has changed in the last quarter for you to have much more confidence on that same data? And as an additional question Sir, has macroeconomic and monetary report now being relegated to a second, far country cousin status after today because earlier there used to be a lot more focus on it. But I do not think any of us had the time look at the matter of course, because it has been bunched together with the policy.

Dr. Raghuram Rajan: Okay, let me answer in sequence, your first question about CPI why we have more confidence. Because we had a whole committee look at it and do more work on it. Again, let me say we are very far right now from targeting CPI. All we are using it as a guide for the disinflationary process saying that CPI is important, and we have to bring CPI down. Again, there are various indices of CPI, they all telling the same message, that CPI is too high, that Indian citizen faces too high a rate of inflation, we have to bring it down for the consumer, it is going to help growth, it is going to help him plan or help her plan; it is going to be better for all. And we have seen even politically inflation has made a return even though it seemed to be somewhat under the radar screen for some time. On the macroeconomic and monetary document it is is worked on simultaneously with the monetary policy, it is not that it is done by a different department. The same guys write it, I work on it, Dr. Urjit Patel works on it, we all work on it, it is part of explaining our policy stance. The reason it is being released at the same time as policy is- it used to be released one day before- and the same guys who worked on the policy worked on that, and so you started trying to second guess policy based on the macroeconomic report. What we are saying is, it is part of the same process, we make policy based on the macro report, so let us release it at the same time so you do not have to second guess what policy is and come to different conclusions.

Nupur Acharya: Nupur Acharya from the Wall Street Journal. I just want to get a sense from you how well-prepared are we now to face the external debt situation? Does the policy decision today, does it have to do with the sell-off in the emerging market currencies?

Dr. Raghuram Rajan: I think over time what we have decided to do is focus on getting macro stability in India, the rest will follow. That we should focus on getting the domestic environment looking a lot healthier. Now some of that was reducing the current account deficit over the last few months, so that was part of macro stabilisation. But going forward, fiscal stabilisation, monetary stabilisation is part of getting macro stability, and once we do that the foreign investors will come, so that is point no.1. Point no. 2 is yes, we are far better prepared than we were. The current account deficit, the number we put out today is below 2.5%, we do not want to be bolder, but that I think we can comfortably say it will be below 2.5% for fiscal year 2013-14. The second aspect is we have built up reserves somewhat. One of the points that I made in policy was that we have also allowed the oil marketing companies to buy up dollars and they have that to pay us back when they have to pay swap. So again earlier I have said if that process runs into difficulty we will conclude the swaps, we can always do the swaps in rupee terms rather than them going into the market. So it should not be seen as there is an overhang of dollar purchase out there. That said we are watching flows also and I have to say that over the last month we did attract a lot of short term flows into the debt markets and some of the volatility in the last couple of days has been created by those short term flows leaving. Now over time we have to figure out how much we want to sort of expose ourselves to those relatively short term flows, but I am glad to say that even during the big sell off in last July-August, long term flows, whether debt or equity stayed with us. I think the point I made in the policy statement was that those investors are worried about inflation. So bringing down inflation is a way of assuaging those investors about the long term future of the country and their investments there, and I think that it will be investor-positive from that aspect. But the primary focus I think is not the investor, not the market, it is the Indian consumer, how do we bring inflation down to the Indian consumers so that their welfare is improved.

Alpana Killawala: Can we go out and take questions from there? Inba, can you announce please?

Moderator: Sure ma'am. Ladies and Gentlemen, we will now begin the question-and-answer session for the audio bridge.. Our first question is from Manju A of Financial Chronicle.

Manju A: Good afternoon, Governor. The policy action is hawkish but the guidance is dovish. So is not the guidance anti-inflationary?

Dr. Raghuram Rajan: So the question is, policy action is hawkish but the guidance is dovish. I think Urjit had a fantastic description, we are neither hawks nor doves, we are actually owls. Owls in the sense.., Urjit would you like to elaborate.

Dr. Urjit Patel: Well, an owl is traditionally a symbol of wisdom, so we are neither doves nor hawks but owls and we are vigilant when others are resting.

Dr. Raghuram Rajan The broader point is a) do not try and put us into buckets. We are doing what is necessary for the economy. I think the last time around we wanted to say we were vigilant but we were waiting for data. That meant we did not act but we needed to convey the signal that we were ready to act. This time when the signals were met, and remember we say what we are going to do and then we do what we said. We said we would act if certain conditions were violated, if you will, those conditions- core inflation coming down was violated, therefore we acted. But we also acted because we thought that this was consistent with the broader plan of bringing down inflation, and at this point we believe that from the perspective of growth that is really the best thing that we can do. Of course we think that if our plan works out which is why we have taken the action we have taken, that over time we will, once inflation comes down have room to cut interest rates. It would be premature at this point to say we will do it. So there is no guidance of that kind. But we are saying, contingent of course on inflation coming down faster than we expect, we will have room. So call it dovish, call it whatever, it is basically trying to tell you what we will do and we are trying to take you along as we go, and you are trying to understand us. Sometimes the markets get ahead of themselves in trying to understand us, but let me tell you that we have tried to explain in advance everything that we were going to do.

Moderator: The next question is from Gautam Chakravarty of Ticker News.

Gautam Chakravarty: Governor, just a clarification, till the next policy if the inflation remains around 8% or below we are not expected to see another rate hike from the Reserve Bank, that is one. And how much of the part will a currency play in your policy review for the next quarter in case there is extreme volatility. Do we expect more action on the policy front at least to cool it down?

Dr. Raghuram Rajan: First on when we will act. I think no central banks ever sort of binds itself tightly, but I think the guidance we have given is that we are going to wait for more data and see the effects of our measures before taking further steps. So I think that is what as clear as I can make it that we are going to wait for data and see the effects of our measures before taking further steps. Let me emphasise we believe that based on our models, based on the data we have right now, that the measures we have taken are enough to get us where we want to be over the course of the year. So that I can say is what we believe. Right now, of course, data movements will affect actions over time. But again, we hope to wait for the data to come in before signing on a further course. On the issue of the currency and the external sector, again, we have to wait and see. As I said we are better prepared to face the external sector volatility. I want to look through one or two days of volatility because I think there are some fairly volatile flows which built up in the short term, I do not think they are large, I think as they leave there will be far less of that and that we have enough in reserves, we have enough in capacity to sustain that flow leaving. But going forward I take heart from the fact that our long term flows have remained stable even during the most extreme volatility last year. So my sense is that we really are in a very different position from last time. Of course, we will remain very vigilant and do what is necessary as and when it becomes necessary, but it would be hypothetical right now to contemplate what needs to be done. There are lots of instruments we have, let me assure you, and we would undertake actions calibrated to the necessity.

Moderator: Radhika Mervin of Hindu Business Line.

Radhika: I just had one question on the term repo. As it looks we are going ahead with keeping the term repo and the cap on LAF. So going forward some of the recommendations in the committee report suggest that lowering the SLR requirement might come in sometime, since the cap on LAF remains at 0.5% of NDTL. So, some thoughts there - are we looking at reducing the SLR mandate for banks?

Dr. Raghuram Rajan: I see those are two different things that the SLR mandate has been there for some time. Clearly, overtime we need to make it more of a liquidity function rather than a financing function, but it has to be a temperate process by which we bring down SLR requirements to meet the needs of liquidity. That is because the government has to reduce its need for financing. I think that the process that government has laid out for reducing budget deficits will over time give us the room in discussion with the government to reduce the SLR requirements. So, I do not see this as an immediate thing, I see it as a process that takes place over time, getting the SLR down to a level which is consistent with the prudential liquidity norms for banks rather than any other purpose. On the LAF borrowing, our movement will be towards reducing the need for banks to borrow individually from special windows on a daily basis and moving towards supplying market wide liquidity needs through auctions via these various repos, maybe overnight repos, term repos, etc. In other words, we are trying to bring the interest rate for liquidity down to the policy rate or close enough to the policy rate, but instead of liquidity being freely available at that rate from a window we are trying to make it more of a market price driven process and that is the direction we are slowly moving towards and we will create the institutional structure to make that happen. So over time, liquidity will be based on an auction process and will be priced in the market and we will supply enough liquidity for that price to move towards what we set the policy rate at. So, that is what we are going towards. That to some extent, I think is the idea also behind the Urjit Patel Committee recommendation on this front and we will move in a calibrated way towards that.

Alpana Killawala: Last two questions; one from Govardhan and then Shobhana.

Govardhan: Govardhan from Economic Times. The Patel Committee also told that taking down CPI headline to 4% is contingent upon the government putting its house in order. The past experience has been bad. Also, it talks about reducing subsidies, and eliminating administered prices. What happens if the government does not behave? Does that mean you continue on your path of targeting inflation? What will be the fallout of that?

Dr. Raghuram Rajan: No, I think that there has to be a dialogue between the government and the Reserve Bank on macro stability. It has as you point out two components; a fiscal component, a monetary component. And the two have to work hand in hand. So, that dialogue will continue. I think it is working. I think the dialogue is taking place. I think we explain our side of it to the government and occasionally we tell the government what we think they should be doing and they tell us what they think we should be doing and together we work towards, in my view, an appropriate balance and we are moving in that way. I take heart from the fact that in recent times the increase in, for example, agricultural support prices which has been a big factor in the price of agricultural commodities that is coming to an end. Perhaps it started out too low. Now, it is coming to a process where those rises have been tempered. That will help the disinflationary process. We can continue to have a dialogue on these kinds of things. I think given the government's fiscal roadmap, I do not think we should say that monetary goals are unattainable. I think they are perfectly consistent with the government's fiscal roadmap and if the government adheres to that roadmap, I do not see why we cannot bring down inflation over time. Again, let me emphasise at this point, there is no decision on whether 4% will be the target. And remember, it was 4 (+/-2), but at this point what we are just taking up is the fact that we need a disinflationary process and reaching 6 by 2016 given the government's fiscal framework seems imminently feasible.

Shobhana: Shobhana from Financial Express. How much transmission are you expecting now after this cut because in the past very often we have seen there has been a very little or sometimes nil transmission And how important is that transmission in helping you achieve your inflation of 8% going ahead?

Dr. Raghuram Rajan: It is somewhat important of course. Otherwise why raise interest rates? But you are absolutely right that transmission will become stronger as inflation comes down. I think with the inflation at the levels at which it is there is a very little traction that you can get beyond a certain point. I mean there is some traction, I would not say it does not exist. But as inflation comes down, this is why we see the disinflationary process that is already underway as joining forces with the monetary tightening that we have done, to give us more traction over time. So, it is not something that will happen today, but it is something that we think will happen over the course of this year.

Shobhana: You are expecting banks to hike rates how soon?

Dr. Raghuram Rajan: No, look, it could happen in multiple ways, right. Some of it could be through hiking rates. Another way this could help over time is if over time the monetary policy rate serves as more of a floor to deposit rates, and deposit rates basically then pass through into lending rates. So the point is, this is a process we are looking at. We are looking at a time path over which this happens and let us see how it flows.

Alpana Killawala: Before we close this conference, Dr. Patel will conclude**.**

Dr. Urjit Patel: Just two points. The Macroeconomic and Monetary Developments Report (MMDR) has actually been upgraded. For the first time, we have the growth inflation projection as part of that. So it is absolutely wrong to say that it is downgraded, it is in fact upgraded because it is simultaneously released with projections. On the time lag, the committee found that we have a lag of about 2-3 quarters on the output front and about the same on the inflation front. So, those lags are well-known. And the lag starts from the time that we started tightening. So, it is not the latest hike that matters. Thank you.

Pradeep: Sir, you have answered questions on inflation targeting But surprisingly, nobody asked what will happen to growth in the meantime? You have projected inflation up to 2016, you said you can go up to 6 that is achievable by 2016. What happens to growth?

Dr. Raghuram Rajan: What happens to growth? Our projection for the coming year is between 5% and 6%, probably centered around 5.5%. A lot depends on a) these large projects coming back on stream; b) the sentiment then changing towards the private sector investing more. There has been a huge fall off in corporate investment. That has to pick up. A period of low investment itself creates the conditions for that investment to pick up, because people find that they need new investments. But that coupled with large projects starting up, coupled with a better external environment and therefore exports picking up, should all combine together to push us to stronger growth. We have seen time and again growth forecasting is a very inexact science, if you can call it a science at all. So I think it is better do not try and project exactly what it will be but instead focus on creating the conditions that when it emerges it can be strengthened. And so, the important places we are focusing – we have talked about inflation, so I would not talk any more about it, but also on credit; that we have to create both the institutional structure to deliver credit more effectively, improving the infrastructure for credit delivery to individuals, credit delivery to small and medium enterprises, we have a number of initiatives there, but also the Nachiket Mor Committee report will help us push forward on those dimensions. So that is on the credit and saving side. We also need to improve on the resolution of distress. These large corporate groups that are somewhat distressed or have assets that they need to sell, we are creating an environment that they can dispose of those assets so that they have the liquidity to go forward on other projects. So that clearly is something that that is also important to prepare the ground for sustainable growth as the growth picks up now. Now what is the spark that creates the growth? I think nobody can tell. But it starts resuming. You have seen in the UK everybody was predicting doomsday, doomsday, suddenly growth picked up and surprised everybody, including the central bank. So at this point I will say it can come from anywhere. We as a country will not be held down. 5% is not a permanent rate of growth. We will start picking up. When and where and how I think is more an inexact process of prediction.

Alpana Killawala: Well, on that note we close the conference. Thank you very much.

Dr. Raghuram Rajan: Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Reserve Bank of India that concludes this conference. Thank you for joining us and you may now disconnect your lines.