

**Governor Shri Shaktikanta Das's interaction during the Business Line  
Changemaker of the Year Award to Reserve Bank of India  
on November 3, 2023 (Edited excerpts)**

**Raghuvir Srinivasan, Editor, Business Line:**

Recognition of the Reserve Bank's adroit handling of monetary policy and regulations over the last three years especially since the interest rate cycle turned a year and a half ago. I would like to ask you two or three questions very quickly. The first is you will go down in history as the only Governor of the Reserve Bank of India who had the job to guide the country and the economy during a calamity that the country faced. Now, I would like to understand your thought process when you were so super active during the COVID period. The moment COVID was announced you opened up communication with the markets and with the press very quickly; going in front of the cameras and addressing people. Now what was your thought process when you went through that difficult period helming the RBI?

**Shaktikanta Das:**

Good evening and thank you Raghuvir Ji for asking me that question. But before that, with the permission of the dignitaries, I would like to say that I am receiving this award on behalf of more than 13,000 employees and officers of the Reserve Bank of India. During the most turbulent period when we had multiple crises coming, one after the other and some of the crises overlapping with each other, it was teamwork at its best in the Reserve Bank of India. I am receiving this with a sense of deep gratitude and it is a great honour for us from the Reserve Bank of India to receive this award. I would like to thank the members of the jury, the Hindu Business Line for conferring this award on the Reserve Bank. I would also like to thank the Honorable Minister for being here to give this award and before I move to a reply to the question, I would just like to draw a reference to what the Managing Director, Amul said about two people being visible on the road in the morning, now what was invisible at that time was that they were either carrying cash or their mobile through which they were making digital payments. That is something, on which a great amount of the share of that work goes to the Reserve Bank of India.

But coming back to your question, when COVID hit and before the lockdown was announced by the Honorable Prime Minister, we already had reports that this was going to be a kind of major crisis which the world has not seen. What we had done was that even before the lockdown was announced, we had set up a quarantine facility with about 200-250 of our employees and service providers. We hired a hotel on the outskirts of Mumbai. We converted one of our large data centres into a quarantine facility. We hired a bus which was also quarantined. These members of the staff were put in that quarantine facility and all money market operations, whether it is a debt market or the other segments of the money market, have to function 365 days 24x7; so, we had housed all these activities in a quarantine facility and ensured the continuity

of the money market operations. I would like to mention here that this facility continued for more than one year and our senior officers, including myself, kept on talking to them through the video facility because it was at the beginning of the pandemic. The Honorable Prime Minister announced the lockdown on March 25, but we had set up this quarantine facility 4-5 days before that. After two or three months, when I asked the employees through the video conference I understand that you have problems, we are looking after your family members. Do not worry, your family members are our responsibility. We had given that confidence but after three months when I asked them how many of you would like to go back to your families because I understand that you have been there for three months so we would like to change please take it from me. Almost all of them said Sir, we will continue. That is the kind of dedication.

Throughout this period of the entire teamwork in the RBI, many of these suggestions came. What was challenging right at the beginning was that we had decided to close down our office. We, myself, the deputy governors and some of the senior officers decided that let us not wait for a problem to arise and then respond to it. Let us try and anticipate problems and announce measures. The first set of measures, we announced on the 27<sup>th</sup> of March, thereafter, almost every month, we were announcing new measures to deal with the emerging challenges. If I can just sum it up and capture in three words, our endeavour was to be proactive, to be decisive and to weigh the risks in full.

Somebody was asking me just now whether we were encouraging our team members to discuss that if we are going to take a particular innovative measure, what can be the worst possible consequence of it? What can be the worst downside of it and then we were weighing whether the worst consequence of our decision, whether it is something worth the risks, whether it is something which we can manage, or it is something uncontrollable. The moment we were convinced that something was still manageable, even if there was a 20% chance that we would be able to manage the worst possible consequences, then we were decisive and we took that risk and announced those measures. So, our endeavour was to be proactive, endeavour was to be decisive, and endeavour was also to weigh all possible risks before making the decision.

I am happy to mention that the entire RBI team rose to the occasion. The crisis period is not over. We are still having other challenges coming up every day, but I would like to say, in this august gathering, that the RBI remains committed to maintain the financial stability of our country, to ensure that the economy continues to do well.

**Raghuvir Srinivasan:**

That is an amazing story. I am sure every single person here will join me in thanking you from their hearts. You and your staff, who put themselves at risk during the COVID period and went away from their families for the cause of the nation. They are no less than the armed forces soldiers of this country. Congratulations and thanks.

The second question, I would like to go to is – you are an ex-bureaucrat, a seasoned person who has held very high positions in the government and now you are the Governor of the Reserve Bank of India. How has been the transformation from being a bureaucrat to a central banker? Did having been a bureaucrat help you in understanding the government's thinking or when a Finance Ministry official or a Ministry say something to understand where they are coming from so you had prior intelligence on how the mind works? Was that a help to you?

**Shaktikanta Das:**

What matters is the overall understanding of the economy. The government whether it is the Finance Ministry or the overall government, their objective is to do something good for the economy and this is the case everywhere in the world, central banks across the world also have a responsibility to the economy and to the financial sector. Both institutions are working for the people of the country and the welfare of the country. So, there has to be proper coordination and proper exchange of views between the government and the central bank, everywhere. I have always believed that good cooperation between the central bank and the government is absolutely essential to ensure that policy measures, whether taken by the government or by the central bank, are effective. I can tell you that there has been excellent coordination and cooperation between the government and the central bank.

There was a thinking in some parts of the world that the government and the central banks should function in watertight compartments. Now, there is a growing realization that each of these institutions needs each other. In the central bank, we need the support of the government to make many legislative changes and amendments to the Reserve Bank of India Act, giving us additional powers to regulate the cooperative banks, to regulate the NBFC sector. So, we need certain additional powers for which we go to the government to get the acts amended. The government also needs the support of the central bank to deal with the kind of crisis we faced in our country, the fallout of COVID, the fallout of the Ukraine war, the inflation and other things.

What perhaps might have helped me is that I have seen both sides. I had prior knowledge of how the Reserve Bank works because, while being in the government, I was a member of the Central Board of the Reserve Bank. The fact that I was earlier in government and also had some idea about the Reserve Bank's functioning and then moved to RBI, which did help me. Somebody may say that you were trying to keep both your feet in two separate boats, but it is not so. The idea is that even if you have your one foot here and other foot there; in my case of course it was not; both my feet were in one boat, when I went to the Reserve Bank of India. You must know how the other wheel of the system is moving so that there is coordination. That is something which might have helped in my case. But ultimately, I would give the credit to the teamwork at the Reserve Bank of India, and I say with all seriousness that there has

been a fantastic and great contribution of many of my colleagues in the Reserve Bank to what the Reserve Bank as an institution has been able to achieve.

**Raghuvir Srinivasan:**

Perfect. The Reserve Bank is a standing example of an institution of excellence in this country. There is one. If I had asked you three important qualities that a central banker should have, what would those be?

**Shaktikanta Das:**

These are questions, which should be asked when one demits office. But since you have asked, let me try and reply. The first is to have a strong common sense. That applies to every responsibility and more so for a central banker. It is essential to have that strong common sense and to be able to visualise how monetary policy measures or other regulatory or financial sector measures are going to affect the real economy. That is something which a strong common sense can give. A strong common sense can confide that is the first requirement.

Second, of course, is the capability to keep an open mind, keep your eyes open, ears open, and have the capacity also to smell a crisis. I keep on telling my colleagues in the RBI, that it is not just enough that we keep an open mind, listen to everyone, and keep our eyes and ears open. It is a challenge for each of us, easier said than done. One must try and develop the capacity to smell a crisis before it comes up. Now, this may sound very esoteric and philosophical, but essentially what I am trying to say is that there should be capacity to anticipate a potential problem, a potential challenge and be ready to deal with it, be ready to defend the financial sector and the institutions.

And, the third will be a general point, the teamwork, especially for the leadership of any institution like the Reserve Bank of India, which is spread all over the country. We have regional offices everywhere and there is a lot of talent available down the road. Internally within the organisation, there should be active consultation and decision-making should be a kind of collective process in which the leader, of course, takes the final decision, but each decision-making should be the outcome of a collective process. These are the three aspects which I would like to mention.

**Raghuvir Srinivasan:**

Thank you. One last question, I cannot help but ask you this.

**Shaktikanta Das:**

Do not ask me about the next monetary policy, other than that you can ask me anything.

**Raghuvir Srinivasan:**

If you notice, I have stayed away from anything that is sensitive. This question is about your style. For every monetary policy statement, we can see that you end with a quote from Mahatma Gandhi. Now, what is the thought process behind that? You affect a 50-

basis points hike and then end with a Mahatma Gandhi quote. So, what is the thought process behind that?

**Shaktikanta Das:**

I will tell you how it started. When the COVID pandemic started, lockdown was announced. There was a lot of anxiety among the people. The anxiety was not just in the financial markets among the major players in our economy, there was a lot of anxiety among the people. A lot of people were shaken out there. All of us just did not know where it was going to end, what kind of damage it would cause to us, how the family members and all of us were going to come out of it and when it would end. So, there was that kind of anxiety all over the world. It was not just in India but all over the world. So, it was necessary to give confidence to the markets and give confidence to the people. That is the time when we started making these monetary policy statements on television for half an hour. Before that the monetary policy statement was about 15 minutes, but we made it half an hour because there was no other communication. There was no other interaction.

Just a few of us were attending the office, all communications through the television, through the YouTube channel of the RBI, which many television channels picked up. It was necessary to give confidence to the markets and the people. We devised some of our own formulations. If you refer to the earlier policy statements, some statements we devised on our own and they have been accepted. Some of us, while discussing came across some quotations from Mahatma Gandhi which I recalled, and some of my colleagues also recalled. We found that they were very appropriate for that particular occasion. I am not able to remember exactly the full words, but it was like "When the horizon is dark, it is faith that keeps you going". We started giving things like that and we found that it worked. The feedback that we got from the market from others is that it really worked. Initially, it started with a sense of giving confidence to the markets, and give confidence to the people and what better than using a quote from Mahatma Gandhi? Since it worked, we have continued with that thereafter. There are appropriate quotes from Mahatma Gandhi for almost every occasion and there are quite a few of us in the RBI who have read Mahatma Gandhi to a great extent, so we have some idea about it.

**Raghuvir Srinivasan:**

Thank you so much, Sir. Thanks for this session and my hearty congratulations to you and thank you once again for helping the country so well at the Reserve Bank.

**Shaktikanta Das:**

Thank you.