

Edited Transcript of the Reserve Bank of India's Post-Monetary Policy Press Conference: October 1, 2025 (Wednesday)

Participants from the Reserve Bank of India:

Shri Sanjay Malhotra – Governor, Reserve Bank of India
Shri M. Rajeshwar Rao – Deputy Governor, Reserve Bank of India
Shri T. Rabi Sankar – Deputy Governor, Reserve Bank of India
Shri Swaminathan J – Deputy Governor, Reserve Bank of India
Dr. Poonam Gupta – Deputy Governor, Reserve Bank of India
Shri Indranil Bhattacharyya – Executive Director, Reserve Bank of India
Dr. Ajit Joshi – Executive Director, Reserve Bank of India

Moderator:

Shri Puneet Pancholy – Chief General Manager, Reserve Bank of India

Puneet Pancholy:

Hello, and good afternoon. Welcome to this Post Policy Press Conference, fourth for the financial year 2025-26. Friends, we have with us Governor, Reserve Bank of India, Shri Sanjay Malhotra; Deputy Governors, Shri M. Rajeshwar Rao; Shri T. Rabi Sankar; Shri Swaminathan J; and Dr. Poonam Gupta. We also have with us Executive Directors, Dr. Ajit Joshi, and for the first time Shri Indranil Bhattacharyya. I also welcome my other colleagues from the Reserve Bank. As always, we will have a few housekeeping announcements.

Sir, there are around 23 participants from the media. And I request the media participants to please stick to one question so that everybody gets a chance. I would also request everyone to switch on the mic when they are intervening, so that the people listening to this transmission, they are able to listen clearly. And once you are done, please switch it off. Sir, so with your permission, I will call out the names. I would ask Ms. Latha Venkatesh from CNBC TV-18, to ask the first question. Latha, please.

Latha Venkatesh, CNBC-TV18:

Thank you, Puneet. And thank you, Governor, for the opportunity. You have said in the statement that the fall in inflation opens up space for further supporting growth. You have omitted the word limited, which was there previously when you said limited space. So, should we understand there is space for more than one cut? And what is the trigger? If you had the space, why not now? What trigger are you waiting for? You also said that the transmission is broad based. Are you okay with the way bond yields have moved? There doesn't seem to be transmission there.

Sanjay Malhotra:

Yes, there is a change as you have noticed. I mean, inflation has reduced considerably since we met earlier in June by 1% and so that does open up the space. At the same time, growth you have seen while it has surprised us on the upside in Q1, Q3, Q4 and even next year, there is a downward revision slightly. And as mentioned, it is on account of the tariff, the 50% tariff that has come into play, offset to some extent by the GST.

Why not a rate cut, is again, you know, given in our Statement, monetary policy transmission, while it has been good across sectors, it is still happening. And it is not only monetary policy transmission, there are other policies, for example, the Government's GST rate and a number of other policies announced by the Hon'ble PM and the Government. They are taking shape, and their impact is still unfolding. At the same time, there are still a lot of uncertainties. We see developments every week, every day. And we also see responses there too. There is still clarity on that account. And so that is why the MPC felt that we should pause. Insofar as transmission to government bonds is concerned, you are aware that there was a good transmission of about from 6.86 peaks, or thereabout to 6.30, about 46 basis points. And after that there has been a hardening. So, the net impact thereof is only about 26, 6.59 today, so about 30 basis points. More than 30 basis points, yes, about 30 or less than 30 basis points in the government yields. We are watchful, and we will see, you know, how ultimately it is of course, you know, for the demand and supply. We will see how all the needs of the economy are supported.

Latha Venkatesh, CNBC-TV18:

Speak about limited. Why did you drop that word?

Sanjay Malhotra:

I mentioned, no, that inflation has dropped by 1% from our earlier forecast. It is now at 2.6% from our earlier forecast. So, it has dropped down by 1% and so that is why that's the reason. And the growth at the same time, I did mention, has also been revised slightly downwards primarily, of course, you know, as I mentioned, on account of trade-related, the higher tariff that has come into play, which is still negotiations going on, etc., still unfolding. But we have taken that.

Latha Venkatesh, CNBC-TV18:

Space to cut. Limited space?

Sanjay Malhotra:

We have made that change. And that's the reason. The changing growth inflation dynamics is the reason that we have changed the language.

Puneet Pancholy:

Thank you, sir. For the next question, I will ask Mr. Mayur Shetty from Times of India. Mayur, please.

Mayur Shetty, Times of India:

Sir, since the last policy there has been a lot of headwinds from the United States, there has been tariff notice, and the H1B Visa and the US Commerce Secretary has also been talking about the need to 'fix India'. You have made some adjustments to the growth forecast and what exactly does it mean for the financial market? And just the GST reforms and deregulations you mentioned are they enough to offset the US impact?

Sanjay Malhotra:

That is the attempt that whatever are the external headwinds, we try to counter them. Ours is primarily a domestic demand-driven economy, so the impact is limited. It is not

as high as some of the other countries, as I had earlier mentioned. And the government, as well as the RBI, both fiscal, monetary, and other policies, we will make all efforts to ensure that whatever are the headwinds, they can be countered.

At the same time, you are aware that negotiations are still going on. Government is looking at other means, opening up other markets. There has already been a trade deal with the UK. Negotiations are on with so many other countries including Oman, EU, etc. that will also open up markets for our exporters. And on the whole, the growth, Indian growth has been quite resilient, and we are very hopeful that we will continue to maintain a very high growth trajectory while maintaining price stability.

Puneet Pancholy:

Thank you, sir. Next, I will have Mr. Manojit Saha from Business Standard. Manojit, please.

Manojit Saha, Business Standard:

Thank you, Governor. The commentary is that inflation is coming down while there is softening of the bond yields because of the trade related uncertainties. I wanted to understand, so this clearly hints that going ahead rates can probably come down. Rates going up is not an option. So, is there a discussion to change the stance to accommodative?

Sanjay Malhotra:

Yes, there was a discussion as you have already noted. Two members wanted. You do not have a vote. It is more of a forward guidance. Let me again clarify. This was clarified in one of the earlier policies. It has got nothing to do with liquidity. It is only as a measure of forward guidance as to where the rates can be going forward. So, two members, Professor Ram Singh and Dr. Nagesh Kumar, wanted, (and) have given their guidance as accommodative, while the others have maintained it at neutral.

Puneet Pancholy:

Thank you, sir. Next, we will have Ms. Hamsini from Moneycontrol. Hamsini, please.

Hamsini Karthik, Moneycontrol:

Thank you. Good afternoon, Governor. I will add a little from macro aspects. One of the things in the policy speech which sort of caught my attention a lot was the limits for specified large corporates. That has been sort of done away with and the reason in 2016 it was introduced, one of the reasons cited was to also develop a very vibrant bond market and derisk the banking sector to some extent. So, now that we have gone back on that, what is the inference that one should make that credit growth for large corporates should once again come back or be fed by banks? Or despite all efforts to create a little bit of vibrancy in bond markets, it is not yet picking up. How should we infer that particular change, sir? And as a continuation to that, a lot of changes have also come pro-banking sector in this particular speech. Like, for instance, funding acquisitions, etc. What was the rationale in making or in opening the doors for ease of doing business for banks, granting a lot of their wants?

Sanjay Malhotra:

A lot of questions in one question only. First of all, my understanding is that the 2016 Policy was more about mitigating risk and reducing, limiting exposure to large corporates at the banking system level, not at the bank level.

For the bank level, I would like to clarify that the large exposure framework which was there continues. There is no change at the bank level, individual bank level, whatever is the large exposure framework continues. The banking system level, any borrower which was having an exposure, a credit limit of ₹10,000 crore or more from 2019 onwards, this limit was progressively reduced from 25 to 15 to 10,000 starting from 2016 to 2019. That has been done away because it is felt that the large exposure framework is able to take care of the needs at the individual bank level and at the banking system level, if there is a need, we have the macroprudential tools already to take care of that.

Thirdly, you have been seeing that the share of corporates in total banking exposure has in fact come down over the years. I do not have the right numbers. I think last 10 years, it has reduced by about 10% or so. So, the risks are not so many. So, that is the primary reason why we have reduced, why we have proposed to remove this large exposure framework for specific borrowers at the banking system level.

And then there are a number of other measures, ease of doing business. I think we announced seven measures on top of some five measures, smaller measures which we had announced a few days, couple of days ago. That is a continuous process. We need to continue looking at rationalising our regulations so that the productive needs of the economy are met with the least of compliance burden, with the least of cost, while at the same time, ensuring that wherever prudential measures are required, they are not compromised.

Puneet Pancholy:

Thank you, sir. Now, I would like to request Mr. Anurag Shah from ET Now Swadesh to ask his question. Mr. Anurag.

Anurag Shah, ET Now Swadesh:

Thank you Mr. Puneet. Sir, you talked about GST reform at the beginning of your statement and at the end as well. So, sir, the target of growth which has been revised, what is the contribution of tariff in that and what is the contribution of GST reform? Because this reform has started from the September 22. So, in the future, there can be more change in the outlook of growth. And the inflation which you have brought from 3.1% to 2.6%, the GST reform which was announced by the government and before that in the budget, which was announced in the personal income tax, after both of these, people will get a lot of money and it will go into consumption. So, how much impact will it have on inflation? I had asked a question last time, but I could not ask it correctly. So, if you allow me, can I ask it later?

Sanjay Malhotra:

So, first, what you have said, the impact of all this, whether it is GST, whether it is 50% tariff, in the baseline we have considered baseline tariff as 50% in all our estimates. So, but as it was said in the statement, as far as growth rate is concerned, the 50% tariff and along with that the uncertainty, the global demand, it has two impacts.

One is the global demand, not only US demand, but on the whole global demand, there will be a reduction. There is an impact due to which, as you know, 20 basis points, before that we had 6.7% to 6.5% and now the impact of 50% is on direct exports in the US which can be reduced if the current talks that are going on yield constructive results and the impact of GST will be less than that. So, it will not be able to offset completely. In total, as we said, there is a reduction of 20 basis points and all these impacts, we have assumed this assumption. In total, however in this year because in the first 6 months, there has been good economic activity and the numbers have already come to us, so in total, the growth forecast for this year has increased.

Puneet Pancholy:

Thank you, sir. If you get time, ask later. Everyone else should get a chance. Thank you, sir. Next, I will request Ms. Swati Bhat from Reuters.

Swati Bhat, Reuters:

Thank you, sir. So, at the RBI for the last decade or so, largely the focus has been on reducing the banking sector risks, but now by easing the large exposure framework, allowing banks to fund acquisitions, IPO financing, more in shares, aren't you in some way making, inviting possible risks here? I mean, and what are we trying to achieve through all this easing? Can you just throw some light on that? Thank you.

Sanjay Malhotra:

We have taken measures, very balanced, calibrated, thought out, considered, even though we will still be doing a public consultation, even pre the formal consultation, a number of consultations, and there are measures on both sides. There are at least a couple of them, ECL, credit risk related capital adequacy norms, which I would not say would put higher requirement, I do not think so, but it will be better targeted. Those banks, depending on the risks, some of them may have to provide and keep higher credit, it will be better targeted. And similarly, some of the other measures that we have taken to enhance the flow of credit, improve the competitiveness of the banks. It is not as if those measures were not there at all. For example, acquisition finance was already allowed for infrastructure companies and now we have expanded it. Similarly, the loans against shares, etc. or for IPO financing, it was already there. It was not revised for a number of years. It is but natural that we revise them. I think on the whole, all these measures taken together and we will continue to take more measures as and when required. Always the aim will be to promote the stability while at the same time, improving competitiveness, encouraging and enhancing growth of the economy. Do you want to come in?

M. Rajeshwar Rao:

Sir, I think as Governor has already mentioned.

Sanjay Malhotra:

Because number of measures actually, pertain to regulation division, I will request DG MRR to...

M. Rajeshwar Rao:

I think most of the measures have been well thought out and calibrated, one. Second, the banking system's ability to handle the risks has improved over the period. So, there

is some enough provisions. Third, most of the measures have enough guardrails built into them to safeguard the interests of the banks and the financial system. And speaking of the loans against shares, I think while the limit has gone from ₹20 lakhs to ₹1 crore, I think the limits were last revised in 1998. So, inflation itself, if you factor it in, it is not really a very significant increase. So, overall, I think it has been a calibrated set of measures and again, it is coming up for public consultation. So, we will take the feedback and revise it, if appropriately required.

Puneet Pancholy:

Thank you, sirs. Next, we will have Mr. Vishwanath Nair from NDTV Profit.

Vishwanath Nair, NDTV Profit:

Good afternoon, Governor. I will go back to your first speech as RBI Governor where you spoke about the cost of regulation and the ease of regulation. Are we to see these 22 guidelines that or whatever indications of guidelines that you have listed out in today's speech as a move towards that? Because while ECL is a very necessary and very delayed sort of framework that is coming in, a lot of others seem to be giving banks whatever they were asking for, some of it. Like, for example, acquisition financing or something else, banks have been speaking very vocally about it in the last few weeks. Is that how we should see these moves?

Sanjay Malhotra:

Yes, see, circumstances change, times change, requirements change and so nothing should be frozen in time. And so, that is why we had earlier also said that we will be continuously reviewing our regulations. In fact, we have decided in the FSDC under the chairmanship of the Finance Minister where all the finance sector regulators come together to review each and every regulation every 5 to 7 years. So, while we are doing that and while it will be a continuous process as you are mentioning, some of these things which have come our way, we have thought it appropriate to revise them and it is very important that we continuously revise, review, improve our whole regulatory ecosystem.

Puneet Pancholy:

Thank you, sir. Next, we will have Mr. Anup Roy from Bloomberg.

Anup Roy, Bloomberg:

Thank you, sir. Sir, in the policy you mentioned about rupee reference rate with trading partners, now with major trading partners, so far we have four-rupee reference rate and now it will be expanded. So, what are those currencies and also, I wonder what will be the benchmark reference rate that you will use and will that also increase rupee's trading in the international market? Like, what I mean is that earlier there used to be a cross-currency like INR-USD and then say, USD-CNY. How will you fix that?

T. Rabi Sankar:

Yes, I think the objective is that you minimise the use of crossing currencies to get rates. Now, that will help both our currency as well as the other currency. We are currently looking at a couple of currencies. We are looking at Indonesian Rupiah as one, we are looking at AED (UAE Dirham) for another, but there are a few others. We will gradually keep taking them up. About your question on how do we set the

benchmark, we will have to see. We will have to see because there are not many active transactions to begin with. So, FBIL has to work out - what is the best way of initiating something. This is a case where the pricing, the reference has to be shown first, and the market has to pick up from there. So, keeping that in mind, we will have to work out ways of how do we arrive at, what benchmarks do we use for these reference rates. Thank you.

Puneet Pancholy:

Thank you, sir. Now I will invite Ms. Ekta Suri from Zee Business to ask her question.

Ekta Suri, Zee Business:

Good afternoon, sir. My question is related with common people and their pocket. I would like to ask that since the time of last policy to this policy, 2-3 news have made headlines. The first one is that according to banking sector, the way UPI transactions are increasing there is a burden on our infrastructure, but the cost is not yet being recovered. So, is it that in coming days will there be some fees on the UPI big transactions. And the second news is that the banking sector is saying that if the house is on mortgage in home loan with us or gold is mortgaged in gold loan then if we talk about the smart appliances like smart phones, then there is no possibility of recovery. Then in this case, can the bank go back on old ways where the phone gets locked if you do not pay EMI. Also, the way the valid handle of SEBI is launched in which if I am paying money to a fraud then I will get to know that this is fraud and not registered under SEBI. So, if there is any platform in which if I am transferring money then I will get to know that this is a fraud account or I am getting stuck in it...

Sanjay Malhotra:

Three questions. First one is if any charges are going to be levied on UPI. We have no such proposal in front of us.

Second you said that if the mobile phone loan is given to purchase it, then can we give permission to lock it or not, the way it is given for auto loans etc. This case is under study. We are getting responses from both sides. We are taking cognisance of the same. Our effort is that our consumers' rights and data privacy should be protected. Consumer interest and their wellbeing is the top most priority and at the same time how can we protect the lenders' interest as well - that matter is still under study.

Your third question was about fraud, which is a very serious matter, and we have taken a lot of steps toward that. It is our continuous endeavor to find a way to stop the money transfer from one account to another in a fraudulent manner. On the same way we have told you about MuleHunter and in similar way we are now doing another experiment; we have not implemented it completely. We are preparing software to gather all the information at the beginning of the transaction so that we can warn our consumers that this is a risky transaction - do not proceed with this transaction we are trying for that.

I would ask our DG to explain the same thing in English. And regarding your second question regarding mobile phone, I would ask DG MRR to translate it in English.

T Rabi Sankar:

No, I will not try to translate what the Governor said, but yes, it is basically this. The digital payments intelligence platform - you would recall that RBI had set up a group, it had announced. We are now implementing it. As the Governor said, the actual prototype is getting developed by our Innovation Hub. An entity is being set up to run this. The basic idea behind this platform is that you collect information from whatever sources are available, mule accounts, telecoms, geography, where the call is coming from and whatever information is available. You have an AI system which is being trained on this information. The idea is that this system will alert before a transaction by saying that this transaction is risky. Now, based on the alert, the customer will have to take a call, or the bank will have to take a call. We expect that this will have a significant impact in terms of reducing the number of frauds that we see in the system. By no means, I am saying that the number of frauds are high. The number of frauds are well under control. If you look at number of frauds per transactions in UPI and others, they are quite low, but these systems will further lower those transactions. Thank you.

M. Rajeshwar Rao:

Issue of digital locking, which I think I had referred to. I think the issue is under examination as Governor has pointed out. There are pros and cons on both sides in terms of balancing the customer rights and requirements, data privacy, and also the creditors' requirements. We are examining the issue. We will evaluate the pros and cons and then take a view at a later point in time.

Puneet Pancholy:

Thank you, sirs. Next, I will ask Ms. Sangita Mehta from Economic Times. Sangita, please.

Sangita Mehta, Economic Times:

Thank you, sir. Sir, my question is on forms of business. You all have relaxed the guidelines, and you have said that the board of the banks will have the discretion to decide. Why has RBI chosen to relax the norms? And sir, one more thing on this, what would be the specific macro-prudential tools that you would be using for larger exposure framework?

Sanjay Malhotra:

So, first thing you are saying relaxation. Let me first of all clarify that that was only a draft. It was not a final kind of guideline or a direction. So, the other thing is, see, we do not want to micromanage. We believe that the banks will take a conscious, considered, balanced view depending on their needs as to how they wish to conduct their own business. And so, that is why we have just left it to them. Second question was, what would be the macro-prudential tools, we have number of them, I will leave it to DG MRR.

M. Rajeshwar Rao:

We have number of tools which are available. May be we can look at, say, putting a cap on the exposure from all the banks because I think the fundamental point which Governor mentioned was the concentration risk. All the banks collective exposure to

a single entity. So, we could think of limits for that, but that is something which can be considered at a particular point in time if appropriate.

Sanjay Malhotra:

And then we have supervision also. We can also put in supervisory measures in case required.

Sangita Mehta, Economic Times:

But this will be draft first.

Sanjay Malhotra:

Yes. This is final now.

M. Rajeshwar Rao:

Forms of business is final.

Sanjay Malhotra:

Forms of business is final.

Sangita Mehta, Economic Times:

No, the large credit...

M. Rajeshwar Rao:

That is a draft circular, sir.

Puneet Pancholy:

Thank you, sirs. Next, we will have Mr. Ashish Agashe from PTI.

Ashish Agashe, PTI:

Thank you so much, sir. A quick follow-up to Vishwanath and Swati's questions. Earlier, there was a perception that financial stability sort of foregrounds RBI's approach on things. Are we to now understand that it is a sort of turn towards being more pragmatic? And sir second quick question. So, how do you look at these adverse weather events right now, since the last policy, there have been more. So, how do you look at this from an inflation and growth perspective?

Sanjay Malhotra:

I do not think that you should see these measures as any kind of relaxation or kind of letting go our sight from financial stability. Stability is foremost for us. Whether it is price stability, whether it is financial stability, that is foremost not only for us, I think for the country as a whole. It is very, very important because if you do not have price stability, there are consequences. Similarly, financial stability, one episode of financial instability can take you many years behind. So, all of us need to be very conscious of that. At the same time, we have to ensure that we are not in any ways impeding growth or limiting whatever are the fulfilment of the genuine requirements of the various productive sectors of our economy. So, financial stability, price stability will continue to be the primary focus of the Reserve Bank as it is for all other central banks as well.

Weather related events, yes, they do have an impact on both growth and on inflation. There have been a number of them. At the same time, let us also keep in mind that the government has also put in place a number of measures. Now, the supply chain management is much better, and they are able to respond to them better. So, that is why we have seen that over the years, despite there being more weather-related events, as you mentioned, inflation has been much better behaved. It is lower in the last 10 years vis-a-vis earlier 10 years. So, at the same time, we will also do whatever is required for the health of our banking system to be able to take care of any weather or climate-related risks.

Puneet Pancholy:

Thank you, sir. Next question will be from Mr. Ankur Mishra from ET Now. Ankur please.

Ankur Mishra, ET Now:

Thank you so much for the opportunity. Hello, sir. I want to ask you regarding the rupee depreciation, which you have mentioned in the policy also. You will take measures as and when required. In the MPR, the revision of exchange rate has been there from 86 to 88 this time. I want to understand from you, is the current exchange rate comfortable for you? And also talking about MPR, you have made projections for inflation also 4.5%. In that context, keeping the neutral rates and talking about the real rates here, it is below the estimate. How much of the scope of then easing is there for you?

Sanjay Malhotra:

What is below the estimate?

Ankur Mishra, ET Now:

Real rate. 4.5% is the projection which has been given in the MPR.

Sanjay Malhotra:

Okay. So, your first question was on?

Ankur Mishra, ET Now:

Rupee.

Sanjay Malhotra:

So, rupee, see we do not, you asked me whether you are comfortable with this rate, etc. So, we do not target any level or any price band. Our effort has been to manage any undue volatility, and we will continue to do so. Insofar as you are saying the real rate is concerned going forward, you are saying this 4.5%, that is in Q1. So, there are a number of things which go into it, and it is not only inflation that we have to look at, we have to also look at growth in our overall macro, in our monetary policy. And so, based on that, we have continued to retain the policy repo rate at 5.5% and the stance at neutral.

Ankur Mishra, ET Now:

Thank you.

Puneet Pancholy:

Thank you, sir. Next, we will have Mr. Mahesh from Financial Express.

Mahesh Nayak, Financial Express:

Thank you, sir. With all these measures taken, are you still seeing any green shoots in the capex happening in this country, especially with the large corporates, apart from the infrastructure and the renewable sector?

Sanjay Malhotra:

We had a good number in Q1; we had a good healthy number. A lot of sectors, we are seeing good demand. I think, cement for example, auto, a lot of other sectors - they are seeing a good demand for capex. And on the whole, we are confident that capex will further going forward revive, private capex will revive.

Puneet Pancholy:

Thank you, sir. Sir, next, it will be Mr. Aaryan from Informist Media. Aaryan, please.

Aaryan Khanna, Informist Media:

Thank you, sir. This question is for both the Governor and DG Gupta, if possible. The MPC resolution said that the MPC was waiting for the impact of prior steps to take further action on rates. Eventually, the transmission of the prior actions will take place. Considering your growth and inflation forecast for the next few quarters - what do you think will stop you from cutting rates, especially considering the real and nominal GDP? The real and nominal GDP numbers in the June quarter painted very different pictures of the economy. Thank you, sir.

Poonam Gupta:

As you know, monetary policy is a forward-looking response. So, while Q1 numbers have actually been surprisingly good, as you said, but there is some softness projected in the second half of the year. And inflation numbers have also been surprisingly very, very benign. So, I guess taking into account both of those developments, as we said in the statement, some room has opened, but it has to be contextualised with everything else that is happening both domestically and globally. So, it is a fast evolving, very, very fluid situation. Yes, Q1 numbers have been good, but those are only one factor in the number of things that we consider for monetary policy action. And that is an important factor, but it is a backward-looking factor. So, to that extent, there is room. But as has been said and has been also repeated by Sir, a number of other things will be taken into account before deciding the next action in December.

Puneet Pancholy:

Thank you, ma'am. Next, we will have Mr. Lalatendu Mishra from The Hindu.

Lalatendu Mishra, The Hindu:

Good afternoon, Governor. You have partly answered my question that I will be asking. This is about the impact of the tariff on the Indian economy. Have the RBI or the MPC mapped the impact into different sectors? Thank you, sir.

Sanjay Malhotra:

Yes, we have the map. We have the details. You are aware which are the sectors - gems & jewellery, shrimps, textiles, now may be a little bit of, very little extent, generic branded pharma, which has now come in later, footwear. These are the primary sectors which will be impacted.

Puneet Pancholy:

Thank you, sir. Next, we will have Ms. Subhana from The Mint.

Subhana Shaikh, The Mint:

Hi, sir. So, sir, I wanted to go back to the first question on monetary policy transmission. You said that there has been an impact of yields – they have gone up by 30 to 35 basis points. Now, that has gone up since the June monetary policy and we have seen some headwinds on monetary policy transmission, so what is it that, is RBI concerned about this monetary policy transmission getting impacted through the bond channel? In your assessment, would you bring back OMOs or G-Sec purchases? In what way would you signal to ensure the market that the policy repo rate adjustments would feed through long-term rates?

Sanjay Malhotra:

See, the primary tool that we have for monetary policy transmission is the policy repo rate and align the policy, the operational target, which is our weighted average call rate (WACR) to the policy repo rate. Last month, it was at 5.46%. There has been broad-based transmission, as I mentioned to you, across all sectors - whether it is money markets, bank credit, even corporate bonds. Corporate bonds five-year AAA corporate bonds are down from their peak by 50 basis points. And similarly, you know, for other bonds also. Similarly, for government securities also. It is a process. It takes time and we are hopeful that the transmission will take place even in other sectors. Please also keep in mind that even in 10-year (bond), as I mentioned, it is about 25-30 basis points. Only because of monetary policy, it had decreased by even more, 60 basis points. There have been certain developments after that.

The other thing is 10-year G-sec will not move one is to one. Let us keep that also in mind. 25-30 basis points, while there is scope for more, and we feel that it should head downward, a number of measures have been contemplated in this regard, including how the primary G-Sec auctions will be held. The tenor of these government offerings, not only central government as well as state government, we are quite confident that monetary policy transmission has already happened to a great extent and will continue going forward.

Puneet Pancholy:

Thank you, sir. From the left-hand side itself, Mr. Benn from The New Indian Express. Benn, please.

Benn Kochuveedan, The New Indian Express:

Hi, sir. One is a complaint or a suggestion. The RBI statements and releases are coming too late these days and too many bunches. It could be given on a reasonable time; can't we do a better job on that. Like the banking, the seven regulation changes,

it came at 10:20 (pm). Or the last bulletin came at 11:30 (pm) or something, it is beyond our capacity to manage.

Sanjay Malhotra:

We work 24x7. I get the point, and we will endeavour that we bring them out, what time do you want them out?

Latha Venkatesh, CNBC TV-18:

After 6 is fine.

Sanjay Malhotra:

By 6, okay. We will issue all whatever documents, press releases primarily, regulations by 6 pm. And if anything is getting delayed beyond 6 pm, then will issue it next day. Right. Fair point.

Benn Kochuveedan, The New Indian Express:

Sir, my question is, I know RBI does not name individual entities, it is regulated. But this is about the Tata Sons application, which was submitted last year - last August to seeking the de-registration of their NBFC licence.

Sanjay Malhotra:

Individual entities. We do not comment on individual matters.

Puneet Pancholy:

Thank you. Sir, next we will have Mr. Piyush from The Hindu Business Line. Piyush, please.

Piyush Shukla, The Hindu Business Line:

Good afternoon, sir, DGs. Thanks, Puneet ji. Sir, you had issued discussion paper on FIT framework. The deadline for public feedback has gone last year, last month. What is the sort of suggestions that you have received - whether to stick with headline or core, narrowing the band? And by when can we expect, because it is supposed to be implemented from March next year, one?

Sanjay Malhotra:

Which one?

Piyush Shulka, The Hindu Business Line:

Flexible inflation Targeting.

Sanjay Malhotra:

Okay.

Piyush Shulka, The Hindu Business Line:

Separately, there are over 2,000 urban cooperative banks in the country. We have seen over the past year that there have been governance issues at some of these which has led to substantial fraud and depositors getting hurt. What is the rationale for giving new licences to UCBs? Or do you feel there is still financial inclusion, that penetration is still yet to be done. And just a follow-up to Benn sir's question, we

understand that you do not comment on entities, but this deadline was supposed to be yesterday. So, now what happens? Now, they are non-compliant. So, what is the view we take?

Sanjay Malhotra:

So, your first question on FIT. See, that is a discussion paper. We have got various suggestions and basis those suggestions, we will now finalise our recommendations as per the provisions of the amended Act. And we will send our recommendations to the government. This was a public consultation. We did so as to enable all stakeholders to participate in the formulation of our views.

Our views will be communicated to the government. But we will take into account all views that have come to us. The final decision will be with the government.

Second question on UCBs, it is a discussion paper, first of all. So, it has been 21 years, as I said, in the spirit of review, a lot of developments have happened. Banking Regulation Act itself has brought a number of areas, including governance now under the supervision and regulation of the Reserve Bank of India, number of positive developments have happened. After that, however, whether to open up licensing again or not, and if to do it with what guardrails is a question that we will be putting for all of you to respond to and to comment on. And only thereafter, we will be taking a view on it. Thank you.

Puneet Pancholy:

Thank you, sir. A couple of questions from the right-hand side, sir. We will have Mr. Krishn Kaushik from Financial Times. Krishna, please.

Krishn Kaushik, Financial Times:

Thank you, sir. I had the same question that was asked over there. Sir, for Tata Sons, because the deadline has come and passed, does it mean that they have got an exemption for now for floating an IPO? I know it is not a single entity question; it is a policy question because they have not floated the IPO, yet the deadline has passed.

Sanjay Malhotra:

See, as I mentioned, we do not comment on any specific entities. Any entity which has a registration till it is not cancelled, any entity will continue to do its business.

Puneet Pancholy:

Thank you, sir. And lastly, we will have Mr. Soumyajit Saha from Nikkei.

Soumyajit Saha, Nikkei:

Hello, Governor. We wanted to talk about the rupee because some of the predictions from the more bearish economists is that a further weakening may be expected over the next few months. There is obviously some benefits coming out of that when it comes to export competitiveness, but there is also the public sentiment side of things. It is something that is often sentimental or even politicised.

We just want to understand how the RBI looks at public sentiment around the weakening of the rupee or any such movement. Does that kind of feature in the way

you think about it in your considerations of your actions? How important is the public sentiment there?

Sanjay Malhotra:

See, as I mentioned, we do not target any level, any band. If there is any public opinion, *etc.*, we suppose that gets factored in, in the prices of the rupee. But we do not push or target any band. We only try to maintain, remove any undue abnormal volatility. And we have sufficient reserves, as I already mentioned. There is no reason why it should impact the sentiments or emotions of the public.

Puneet Pancholy:

Thank you, sir. With this, we come to the close of this press conference. Sir, thank you and thanks to all the top management for answering all the questions and making this very interactive. I thank all the media participants for being here and I wish you all a pleasant day. Thank you.