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Yogesh Dayal:

Thank you Sir, for those opening remarks. I will invite Mr. Mayur Shetty from the Times of India to ask his question.

Mayur Shetty, The Times of India

Governor, you announced some measures on UPI allowing Tap 'n' Pay and conversational payments. Also, since the last policy, there have been some bilateral agreements signed between the RBI and other governments for the integration of domestic payment systems and rupee invoicing. So, when will users get to see this on the ground happening?

Shaktikanta Das:

With regard to UPI linkage, we have already done it for Singapore. So far as the RuPay card is concerned, it is already used in a few other countries. Recently, we have signed an MoU with the UAE whereby we are going to link our UPI with their IPP. They call it an Integrated Payment Platform (IPP) that is work-in-progress, and it will happen in the coming months. Discussions are underway with a few other countries also for linkage of the payment system including some advanced economies who have evinced interest in linking to UPI. UPI has now become internationally recognised by others. It is recognised very widely that it is perhaps the most efficient and advanced payment system in the world. This is something which I am saying on the basis of our G20 meetings, the Finance Ministers and Governors meeting, which was held recently and even earlier. We are already in discussion with a few other countries. So, this is a work in progress.

Yogesh Dayal:

Thank you Sir. I will invite Anshika Kayastha from the Hindu Business Line to ask a question.

Anshika Kayastha, The Hindu Business Line

Good afternoon Sir. The statement said that the RBI will review the reset of floating rate loans due to unreasonable elongation. I wanted to understand how you define unreasonable elongation given the 250-bps rate hike by the Central Bank so far.

Shaktikanta Das:

I would request Deputy Governor Shri Rajeshwar Rao to take that question.

M. Rajeshwar Rao:

We are not considering defining an unreasonable elongation. It is something which the Board will have to consider having regard to the tenure and repayment capacity of individual borrowers. It is up to the Board to decide what is a reasonable tenure and increasing that beyond a particular period would be deemed as unreasonable. It is left to the individual institution to define it. We will not define it.

Anshika Kayastha, The Hindu Business Line

As per them as in the elongation, it would be because they are floating rate, it is market linked. So, what are the parameters that you look at?

M. Rajeshwar Rao:

We have already discussed this with the CEOs of the banks, and we have conveyed our concerns and what action we expect them to take. We will stop it with that.

Shaktikanta Das:

As the Deputy Governor has pointed out, this is something which banks will have to assess taking into account the payment capacity of the borrower and how long his payment capacity is lasting, the age factor. It will vary from individual to individual, the age factor, and the payment capacity also it is

necessary to avoid unduly long elongation which sometimes may going forward camouflage the underlying stress in a particular loan. Therefore, the extension of tenure has to be for a reasonable period. We do not want to define it. It is a commercial decision of the banks and as the Deputy Governor has pointed out, the banks and their boards will have to assess and take a decision. It is a commercial decision that the banks have to take. We are just providing some broad guidelines.

Anushka Kayastha, The Hindu Business Line
Will it be on a case-to-case basis then?

Shaktikanta Das:
Please wait for the circular.

Yogesh Dayal:
Thank you Sirs. Now I will invite Swati Khandelwal from Zee Business News.

Swati Khandelwal, Zee Business News
Thank you Governor. You have said in your statement that the balance sheets of the companies are very strong and are very robust and India is emerging as a resilient economy. When we talk about private CAPEX, it is still a matter of concern so how do you address this and why this is not happening and how much the RBI is worried about this?

Shaktikanta Das:
As I have written in the foreword of the last Financial Stability Report that at the moment in this situation there is a twin-balance sheet advantage. The balance sheets of banks and balance sheets of corporates both are strong, and the balance sheets of corporates are quite deleveraged. So, there is space for making investments. Otherwise, it depends on individual companies. In my statement, I have very clearly stated that private investments are happening only in the critical sectors like iron and steel, automobiles, petroleum, metals, and chemicals sectors. So, investments are happening in many key sectors. Therefore, going forward, it should happen in other sectors as well because the ground conditions are favourable for investments.

Yogesh Dayal:
Thank you Sir. Now I will move on to Latha Venkatesh from CNBC TV18.

Latha Venkatesh, CNBC TV18
A couple of questions about CRR. Can you tell us exactly how much more CRR will have to be maintained? I am getting calculations from ₹95,000 crore to ₹1 trillion to even ₹1.1 trillion. What exactly is the extra part of the extra?

Shaktikanta Das:
You are not very much off the mark.

Latha Venkatesh, CNBC TV18
Some part of the increase in July is because HDFC got merged. Now, your purpose is to remove the ₹2,000 related liquidity. So, will you adjust for the HDFC-related increase, and will the calculation be net of that? The other point is when you say 10%, whether you have to pay a base 4.5 plus 10% right; or 10% does not include the 4.5, so the increase is a net 5.5. How should you calculate?

Shaktikanta Das:
We have done an internal calculation. We have done a bank-wise calculation also. It will be a little above ₹1,00,000 crore. We have an exact number in our minds, but I do not want to say it because NDTL calculations require further fine-tuning. But, it will be a little higher than ₹1 lakh crore and this incremental CRR applies to all scheduled banks.

Latha Venkatesh, CNBC TV18
Now just to add even though the extra liquidity surplus sustainable or endurable liquidity is ₹3.5 trillion, the weighted average call rate is behaving itself. It is almost always hugging the repo rate. So, what is your comfort figure? The banks complain that they also have to keep excess liquidity because of any NEFT. So, what is your discomfort figure and separately, what will you consider when you tweak it on September 8? Will you remove it on September 8? If not, what will you consider?

Shaktikanta Das:

The action on September 8 will depend on the situation prevailing at that time. In between so many things are there. GST payments will happen. Government expenditures will happen. We have to watch the credit offtake from the banking sector also. So, I cannot prejudge what we will do on September 8. But yes, we will review it on September 8 or even earlier, that is what I have mentioned. As regards liquidity, it is a very dynamic number. You cannot say that this is the level of liquidity I want to take out. It will depend on so many factors. It will depend on what is your growth rate. It will depend on what is your inflation number. Therefore, it is neither possible nor desirable to give a particular number because it undergoes constant change. We are always nimble in our liquidity actions. You would have seen in the past that we have the main operation of 14-day VRRR. As and when required, we have also undertaken fine-tuning VRRR operations, whereby the repo has been injected. So, we monitor this situation constantly and there have been two-way interventions, which we have done in the past. We are very nimble and so far as the level of liquidity it's a dynamic figure and would not like to venture into giving a particular number.

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