

Keeping a keen 'Arjuna's eye' on inflation: RBI Governor

RIGHT MOVES. Prevented a 'collapse of economy' by not tightening prematurely, says Das

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Ahead of the Monetary Policy Committee's extra meeting on Thursday, Reserve Bank of India Governor Shaktikanta Das defended the central bank's stance on managing inflation, saying that it has been a constant endeavour to keep an "Arjuna 'eye'" on rising prices.

"We prevented a 'complete collapse of the economy' by keeping rates lower and staying away from premature tightening," Das said at the IBA-FICCI Annual Banking Conclave. Acting early would have imposed costs on the economy and the people, he said.

MPC MEET TODAY

Das said that during the pandemic, the Monetary Policy Committee had used the flexibility in the monetary policy framework to tolerate a slightly higher inflation, but within a range of 2-6 per cent, to ensure that the overall economy remained resilient and financial stability



IN CONTROL. RBI Governor Shaktikanta Das addressing the IBA-FICCI conference in Mumbai on Wednesday.

was maintained. This was with the clear objective that as the situation normalised, inflation would be brought down to 4 per cent.

"Today, we are in a situation where the inflation has remained above 6 per cent for three consecutive quarters, and as per the accountability norms provided in the RBI Act, we are expected to send a report to the government explaining as to why it happened and what

measures we propose to take. So, the MPC will meet on Thursday and we will prepare a report and send it to the government," the Governor explained.

"The MPC's resolution is meant for the entire economy. Immediately, the markets should know what the RBI's decision is. Citizens should know what the RBI's decision is," Das said.

Noting that inflation remains elevated, he said the

RBI is closely monitoring the price trends as well as the effects of its past actions. The central bank's view is that price stability, sustained growth, and financial stability need not be mutually exclusive.

Das likened the RBI's inflation fight to Arjuna's laser-focussed approach in the epic *Mahabharata*, to shoot an arrow at the eye of a revolving fish seeing its reflection in a pool of water below.

"No one can match the prowess of Arjuna, but our constant endeavour is to keep an Arjuna's eye on inflation, which is our primary target," the Governor said.

REPORT TO THE GOVT

"I don't have the privilege, the authority, or the luxury to reveal a letter like this (release it to the media) which is written under the law. But that is not to assume that the contents of the letter and the report are going to be kept perennially under wraps. They will be available in public domain at some point," Das said.