

# Price stability top priority for S. Asia: Das

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Consistently high inflation may pose risks to economic growth and it is, therefore, important for South Asian countries to work towards price stability, Reserve Bank of India (RBI) Governor Shaktikanta Das said on Friday.

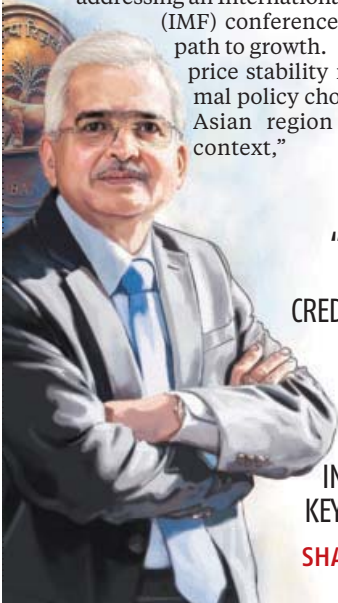
Das also said the government and the RBI were in discussion with South Asian countries to have cross-border trade in rupee. He also said the central bank digital currency was in the trial phase and the RBI was moving very carefully and cautiously on its launch, *PTI* reported.

“While the recent softening of commodity prices and supply-side bottlenecks should help in lowering inflation going ahead, risks to growth and investment outlook may rise if inflation persists at high levels,” Das said while addressing an International Monetary Fund

(IMF) conference on South Asia’s path to growth.

“Prioritising price stability may be the optimal policy choice for the South Asian region in the current context,” he added.

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**“FOR SUCCESSFUL  
DISINFLATION,  
CREDIBLE MONETARY  
POLICY ACTIONS  
ACCOMPANIED  
BY TARGETED  
SUPPLY-SIDE  
INTERVENTIONS...  
KEY INSTRUMENTS”**

**SHAKTIKANTA DAS,**  
RBI governor

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## Das...

As retail inflation in India remained above the RBI's tolerance level for the better part of 2022, the central bank joined the ranks of other global monetary authorities by hiking interest rates aggressively to tame consumer prices. The RBI, which embarked on its latest monetary tightening cycle in May 2022, raised the repo rate by a total of 225 basis points in the last calendar year.

"During the first three quarters of 2022, food price inflation in South Asia averaged more than 20 per cent. The region's heavy dependence on imported fossil fuels has made it vulnerable to imported fuel inflation," Das said. "For successful disinflation, credible monetary policy actions accompanied by targeted supply-side interventions, fiscal trade policy and administrative measures have become the key instruments... This approach to disinflation, however, needs to be mindful of the rising risks to growth outlook in an environment of deteriorating prospects for global growth and trade activity," he said.

Das's remarks come at a time when the RBI has slowed the pace of its rate hikes amid indications of easing inflation. Some members of the Monetary Policy Committee recently favoured a pause in monetary tightening as well as a different stance from the current one which withdraws accommodation.

While acknowledging the detrimental impact of the pandemic and the war in Ukraine on growth prospects in South Asia, Das emphasised the key role to be played by regional cooperation.

"Regional cooperation could be a

win-win situation for all countries of the region. Intra-regional trade in the South Asian region is only one-fifth of its potential. This implies that the annual shortfall — this has been calculated by the World Bank — to be in the region of \$44 billion," Das said.

A key risk Das flagged was the climbing levels of external debt for some South Asian nations. External debt, which was already elevated in low and middle-income countries in the pre-pandemic period, jumped sharply after that. External debt of South Asian countries rose to \$9.3 trillion in 2021 from \$8.2 trillion in 2019, he said.

Citing a World Bank study, Das said that 60 per cent of 73 eligible debt service suspension initiative countries were at high risk of debt distress or were already facing it.

As part of efforts to propel economic growth in South Asia, Das listed priority areas including stronger cooperation for energy security, cooperation towards green energy, the promotion of tourism, and boosting productivity.

## Air India...

The accused, Shankar Mishra, is on the run and his service has been terminated by his employer Wells Fargo, a US-headquartered bank. Wells Fargo has an aviation finance business and has in the past acted as security trustee for lenders and lessors who financed Air India's aircraft.

In a staff email, Wilson said the story is more complicated than has been reported and has lessons for the airline. "If an incident on our aircraft involves improper behaviour of such magnitude, we must report it to authorities at the earliest opportu-