

New RBI gov signs in, says focus to be on economic growth, policy stability

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Sanjay Malhotra, who assumed office as the twenty-sixth Reserve Bank of India (RBI) governor on Wednesday, said in his first media interaction that fostering economic growth, ensuring stability in policy making, and expanding financial inclusion would be among his key priorities moving forward.

While significant progress has been made in financial inclusion, much more remains to be done, said Malhotra, stressing the importance of collaborating with all stakeholders in the financial system to further advance these efforts.

“Ours is still an economy that needs to develop as we enter ‘Amrit Kaal’ and to realise the vision of Viksit Bharat by 2047. The huge responsibility we have in ensuring that the growth this country has, continues,” Malhotra said.

This statement assumes as India’s gross domestic product (GDP) growth in the July–September quarter fell to a seven-quarter low of 5.4 per cent. Turn to Page 6 ▶



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SANJAY MALHOTRA, RBI Governor



RBI Governor Sanjay Malhotra with Deputy Governors at RBI headquarters in Mumbai PHOTO: PTI

Still much work to be done on financial inclusion: Malhotra

The RBI, in its recently concluded monetary policy meeting, also lowered its projection for GDP growth in FY25 from 7.2 per cent to 6.6 per cent.

The slowdown in growth has led to calls for a rate cut in the February monetary policy meeting, which will mark Malhotra's first time chairing the meeting as RBI governor.

He highlighted that "stability" in policy making is essential. "In my previous role, we were trying to give stability or continuity in policy. So, whether it is taxation policy or fiscal policy or monetary policy, I think all businesses, all people need continuity and stability rather than a day-to-day kind of a policy. So, we need to continue to uphold this value, this principle of stability," Malhotra said.

However, he also cautioned about constantly evolving world, marked by geopolitical tensions, the impact of climate change, and political uncertainties. "We have to be alert and agile to meet these challenges while we maintain a policy continuity," Malhotra said.

On financial inclusion, Malhotra said: "One of the most important roles of the central bank is to spread financial inclusion with the banking and the non-banking finance companies under its hold."

While significant progress in financial inclusion has been made, particularly in making banking services available and accessible to even the most remote corners of the country, there is still much work to be done, and collaboration amongst financial regulators will be crucial to achieve this, he said.

Under the Pradhan Mantri Jan Dhan Yojana, a scheme focusing on providing universal access to banking facilities, over 530 million bank

accounts have been opened, with over ₹2.3 trillion in deposit balances. Of these accounts, 65 per cent are either in rural or semi-urban areas.

"We must collaborate with financial regulators, as well as the central and state governments, to ensure that the benefits of formal financial inclusion reach every individual," Malhotra said. He also highlighted there would be increased focus on technology that can be used to reduce costs, make financial inclusion more accessible and all pervasive.

"Innovation will be key. While innovation will have to be fostered and supported, we will of course have to be conscious of the risks that it may entail and so we have to put in place requisite safeguards and guardrails without killing or stopping innovation," the RBI governor said.

Malhotra, who has taken over from Shakikanta Das, is a 1990-batch IAS officer from the Rajasthan cadre. Before being appointed as the RBI governor, Malhotra was secretary in the Department of Revenue and the Department of Financial Services in the Ministry of Finance.

He described his new role as both an honour and a significant responsibility. "The RBI is a prestigious institution and it has a huge legacy. So I will continue to uphold the legacy and take it forward," Malhotra said.

"The RBI has adopted stability, trust, and growth as its core principles. These pillars are essential, and we must continue to reinforce and build upon them," he said.

While addressing the media referring to his first day in the office, he said: "It won't be right for me to score on the first ball itself... It won't be appropriate for me to start the first day with bouncers, googly, and Yorkers."

