



RBI Governor Shaktikanta Das urged institutions like IMF to recognise the efforts of emerging market economies in protecting their domestic economies from global currency fluctuations and volatility

Das cautions against exuberance in lending

ANJALI KUMARI

Mumbai, 18 January

Reserve Bank of India (RBI) Governor Shaktikanta Das on Thursday said there shouldn't be exuberance in lending, and there should be some correlation between deposit base and credit growth.

Das said the central bank had not mandated any number on credit deposit ratio, and neither did it propose to. While he acknowledged signs of exuberance in personal and unsecured loans, he reassured that the central bank had taken pre-emptive measures to prevent potential stress in the banking sector.

"All that I can say is that there should not be exuberance in lending. Number two, there should be some correlation between your deposit base and your credit growth. There should be some correlation. But in terms of hard-coding it, in terms of a particular number, there is no such proposal in our mind and we have not prescribed any such number," Das told *CNBC-TV18* in an interview at Davos. The RBI governor cautioned against interpreting share prices as a direct reflection of a company's fundamentals. He emphasised that stock prices are influenced by various factors and may not necessarily represent the financial health of a company, includ-

ing those in the banking sector.

The disappointing earnings for the December quarter had led to an over 8 per cent fall in the stock of HDFC Bank on Wednesday, accounting for more than half of the losses for both Sensex and Nifty — where it holds a weighting of 14.7 per cent and 12.7 per cent, respectively. Further, the RBI governor urged institutions like the International Monetary Fund (IMF) to recognise the efforts of emerging market economies in protecting their domestic economies from global currency fluctuations and volatility. He

said the stability of the rupee could be attributed to a number of factors beyond the RBI's intervention. India's

WORLD
ECONOMIC
FORUM

robust macroeconomic fundamentals and the stability inherent in the Indian financial sector contributed to the stability of the rupee, he said. Additionally, the foreign capital inflows have played a pivotal role in maintaining the rupee's stability. He specifically noted the surge in foreign portfolio investment (FPI) inflows, highlighting India's position as one of the larger recipients.

China curbs may be eased: DPIIT secy

The Indian government could ease its heightened scrutiny of Chinese investments if the two countries' border remains peaceful, Department for Promotion of Industry and Internal Trade (DPIIT) Secretary said in the first signal that the four-year-old curbs could be lifted. Border tensions, the biggest irritant to relations, have eased, which could lead to improved investment ties, he said. **REUTERS**