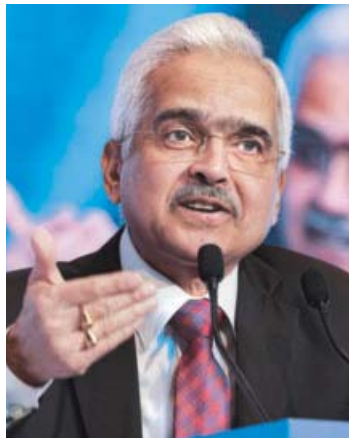


# Inflation war not over; FY23 growth may top 7%: RBI gov

'Withdrawal of ₹2K notes to be completed in non-disruptive manner'



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New Delhi, 24 May

Reserve Bank of India (RBI) Governor Shaktikanta Das said on Wednesday that while retail inflation had moderated in recent months, there was a continued need for vigilance as weather-related uncertainties posed headwinds. Das also said India's gross domestic product (GDP) growth for the financial year 2022-23 (FY23) could be higher than the official forecast of 7 per cent.

"The war on inflation is not over yet; we have to remain alert. There is no room for complacency. We will have to see how the El Nino factor plays out," Das said at an event organised by the industry body Confederation of Indian Industry (CII) in New Delhi.

Consumer Price Index (CPI)-based inflation for April eased to 4.70 per cent from 5.66 per cent in March. For

May, it could be even lower, he said.

Retail inflation had remained above the RBI's upper tolerance level of 6 per cent for the better part of 2022.

Das also said the decision to tweak policy rates was not in his hands, as the RBI's Monetary Policy Committee (MPC) was driven by the situation on the ground. In April, the MPC hit the pause button on rate hikes. Das called it a pause and not a pivot.

On GDP growth, he said, "There is a possibility that growth for FY23 could be more than 7 per cent. The data will come at the end of this month. According to all the recent trends, it will not be a surprise if GDP growth for the last year comes above the official estimate of 7 per cent."

The National Statistical Office will release the GDP print for the January-March quarter and FY23 on May 31.

**“ALL THE KEY INDICATORS FOR Q4 SHOW THAT ECONOMIC ACTIVITY HAS SUSTAINED MOMENTUM”**

**SHAKTIKANTA DAS**, RBI governor

will rule as in the heavens, as per our order’.

To a question that alluded to much of the Opposition deciding to boycott the inauguration, objecting to the PM instead of President Droupadi Murmu inaugurating it, Shah said all political parties have been invited to the inauguration, and they will take a “call as per their wisdom”.

## RBI...

“All the economic indicators for Q4 (January-March) show that economic activity sustained momentum and, in fact, in all the high-frequency indicators which we monitor, the momentum was maintained in Q4,” he said. For the current financial year (FY24), the governor expressed confidence that GDP growth would be 6.5 per cent. Though the Economic Survey has projected that figure, other agencies like the International Monetary Fund and the World Bank have forecast much lower growth, at 6.3 per cent and 5.9 per cent, respectively. Das said geopolitical uncertainties and a decline in merchandise trade due to contraction in global trade could be major headwinds in the current year.

### ₹2,000 note withdrawal

Das said the RBI was monitoring the situation regularly and expressed confidence that the entire exercise would be completed in a non-disruptive manner. The RBI on Friday announced the withdrawal of ₹2,000 notes as part of its currency management and permitted their exchange up to ₹20,000 in one go from Tuesday onwards. The exchange or deposit window is

available until September 30. The governor said the RBI had given four months for exchanging and depositing the ₹2,000 currency notes to ensure that nobody faced any hardships. “Yesterday there was no crowd anywhere. We are monitoring the situation regularly. I don’t think there is any concern or any major issue which is coming out,” he said. Justifying the deadline, he said unless there is a timeline in any process, it’s not effective. “So you need to give a timeline and we have given sufficient time.”

The ₹2,000 notes constituted around 10.8 per cent of total currency in circulation, or ₹3.6 trillion in value, as of the day of the announcement of their withdrawal. Das said these notes had completed the life-cycle and the purpose had been fulfilled. “It’s not being used in transactions. Any high denomination currency just remaining here and there, it has other collateral issues,” he said.

### Trade in rupees

The governor also said the Indian banking system remained stable and resilient, with strong capital, liquidity position and improving asset quality. “The RBI will remain proactive and prudent, and will do its best to support the economy to maintain financial stability of India.” The central bank has not set any specific targets for “internationalisation” of the rupee as it is an ongoing process, the governor said. Seventeen banks have opened 65 special vostro accounts to facilitate foreign trade in rupees, Das said. The RBI has also permitted 18 countries to have trade settlement accounts, he added.