

# RBI to engage external managers for very small part of FX reserves: Das

## CENTRAL VIEW

■ Inflation targets quite robust; one should not be in a hurry to shift the goalpost

■ For emerging economies, cryptocurrencies have serious consequences for monetary system and regulation of capital flows

■ Constantly in dialogue with other central banks on CBDCs

■ Relationship between the central bank and govt has to be based on a constant dialogue

■ Pace of increase in currency in circulation moderated

**Shaktikanta Das,**  
RBI  
governor



## CBDC going to be future of money: RBI guv

**ANJALI KUMARI**  
Mumbai, 26 June

The Reserve Bank of India (RBI) has “offered” a small amount of its foreign exchange reserves to external asset managers to manage, though it is not a change in strategy of reserve management but to gain experience, Governor Shaktikanta Das has said.

In an interview to the *Central Banking journal*, Das said, “The RBI continues to manage its own reserves. It is an experiment we are doing to learn how they do it. It is a very small amount we are offering to them. We want to learn...and it should help build our

own internal capacity.”

In October 2021, Central Banking had reported that more central banks were working with external managers in their reserve portfolios, citing the Reserve Benchmarks 2021 report.

Das said the RBI had three priorities when it came to managing its forex reserves — safety, liquidity, and return. He said building forex reserves was a conscious strategy to avoid the experience faced during ‘taper tantrum’ in 2013. “We did not want to have a repeat of that situation. For that, we needed to build reserves, which have to be strong. So, as a conscious policy, when the inflows were good, we started to build our reserves,” *Central Banking* quoted Das as saying.

Turn to Page 6 ▶

**RBI FINALISES NORMS FOR BANKS TO HOLD CAPITAL FOR OPERATIONAL RISKS**

P4

# RBI...

“(We) reached a peak of about \$642 billion. That really helped us – investors and the business community get a lot of confidence that the country will be able to honour all of its external obligations,” Das said.

According to the latest data, the country’s forex reserves stood at \$596 billion as on June 16.

On the issue of central bank digital currency (CBDC), Das said it was going to be the future of money, and the RBI was preparing for that.

The RBI launched a pilot project on CBDC wholesale in November last year, and a pilot for retail was introduced in December 2023.

“By the end of this month, we hope to reach about 1 million users of retail CBDC. That is for domestic payments,” Das said.

He said cross-border payments would also become much quicker, more seamless and very cost-effective, and the RBI is constantly in dialogue with other central banks that have introduced or are introducing CBDCs. “That is going to be the future,” he said.

The governor also elaborated on the government’s plans to privatise certain state-owned banks, with one bank already undergoing the privatisation process. While the government primarily handles the privatisation process, the RBI’s involvement is limited to providing regulatory clearance to new investors, Das said.

Das said the existing inflation targets were quite robust and there was no need to change them. “Because of the experience of the last two or three years, with many black swan events, one should not be in a hurry to shift the goalposts,” Das said.

On the issue of relation with the government, Das emphasised on the need to have a constant dialogue, adding that there would be differences. “The relationship between the central bank and government, in any scenario, in any country is one of interdependence. Therefore, the relationship has to be based on a constant dialogue...A dialogue does not mean a compromise of autonomy at all. In the end, you decide what you want to do. But it is useful to share each other’s concerns,” he added.

