Edited Transcript of the Governor's Conversation with NDTV India at the World Economic Forum 2024, Davos on January 18, 2024

Vishnu Som:

One of the most important announcements which have been made over the last couple of days at the World Economic Forum and on the sidelines here in Davos, Switzerland, is the India Growth Story. There is nobody better placed to talk about growth in India than the RBI Governor. Mr. Shaktikanta Das has joined us now. Thank you very much for being with us. Sir, 7% is extremely optimistic; it is in line, of course, with what some of the global projections are. What are some of the sectors driving this growth?

Shaktikanta Das:

You are talking about the current year or next year?

Vishnu Som:

2024-25.

Shaktikanta Das:

Let me start by saying that India has recovered from the recent volatilities and the uncertainties and challenges, multiple turmoil one after the other, health crisis followed by all these geopolitical crises. India has emerged out of it a lot better. Our macroeconomic stability is far better than in most other countries. Our financial sector is also doing well. When we said 7% growth for the current year it looked optimistic but as you know the National Statistical Office (NSO) has given a number of 7.3%. Now talking of 2024-25, I made a statement in some other forum yesterday that I have a sense that the economy will touch a real GDP growth of 7% next year. I said this on the basis of the overall macroeconomic conditions prevailing in the country. The momentum of economic activities remains very positive and we have reasons to believe that this momentum will be maintained well into next year and beyond. I have made a statement also that India has now entered into a period of gross long haul and economic activities are holding their ground, the momentum of economic activity is maintained, aggregate demand conditions are remaining positive, investment activity has started picking up backed by the continued high capital expenditure by the Government. Private sector capital expenditure is also picking up and the agriculture sector in the current year and also expected to do better in the next year. So, with all these confluences of factors and with a lot of activity also happening with regard to investment in the new age technologies like fintech and startups and technology-based activities all that gives us the confidence to say that next year the growth would be touching about 7%.

Vishnu Som:
So, inflation at about 4.5% that is what you are projecting?

Shaktikanta Das:
Yes, next year's average inflation is expected to remain at 4.5%. Our headline inflation, immediately after the Ukraine war, had touched 7.8%. Thereafter, because of the Monetary Policy actions taken by the Reserve Bank coupled with the supply-side measures taken by the Government, inflation has been steadily coming down and we are on our way to reach the 4% target. But next year's average is expected to be 4.5%. The positive aspect of it is that our inflation is now well within the target band of inflation, but we are not satisfied with that. We would like our inflation to reach 4% and remain around 4%, that is our endeavour. The core inflation is now marginally below the 4% headline target. So, we expect the next year's average inflation to be 4.5%. Inflation to steadily moderate towards 4%.

Vishnu Som:
Sir, what are the areas of concern presently? In the Red Sea scenario, there are attacks which are taking place, and India's maritime supply lines are through those waters to a large extent. Is this an area of potential concern?

Shaktikanta Das:
There are lots of global uncertainties and you just mentioned some of them. These are new flashpoints in global geopolitics. As we stand today, India is quite well-placed to deal with this challenge. How these Red Sea area conflicts and how the movement of ships, etc., are going to pan out are things which have to be watched and monitored. I think various national governments, including India, are doing their best to see that the movement of our ships or ships coming towards India is not disrupted.

Vishnu Som:
And the final question Sir. In the last couple of days, we have seen lots of interesting conversations, for example, on artificial intelligence and also on the overall state of the world economy. India remains a clear outlier.

Shaktikanta Das:
At the general systemic level, there is a lot of interest in India. India is an outlier in the sense that the rest of the world is not witnessing contraction. The rest of the world has

escaped the earlier apprehensions of a hard landing, but global growth and individual country growth have slowed. In the middle of all this, India is recording 7% plus growth. Inflation in most countries as in India has moderated but in every country including India, we are yet to reach our target levels. That is an area which receives our continued focus. I would like to mention two points where my interaction with people from other countries shows there is a lot of interest in the fintechs, how the technology sectors, how the startups are doing in India. There are a lot of questions about the Central Bank digital currency (CBDC), which we have launched the e-Rupee which is based on blockchain technology and what has been our experience? How do we see this and what is its potential, how we are going about it? There is a lot of interest around the CBDC of the Reserve Bank of India. There is a lot of interest in UPI. Countries are asking questions. They would like to have it in their countries. So, there is a lot of interest in the area of technology, in fintech, in payment systems. These are areas where conventionally there was not so much interest on India but this time around I find that there is a lot of interest in these areas.

Vishnu Som:
So, thank you very much for speaking to us.

That is the RBI governor talking to us, telling us among other things, where India's GDP growth is projected to be for 2024-25, the inflation numbers are much better now, and things are coming out of the COVID situation we saw, but also a great deal of interest over here in Davos, Switzerland.