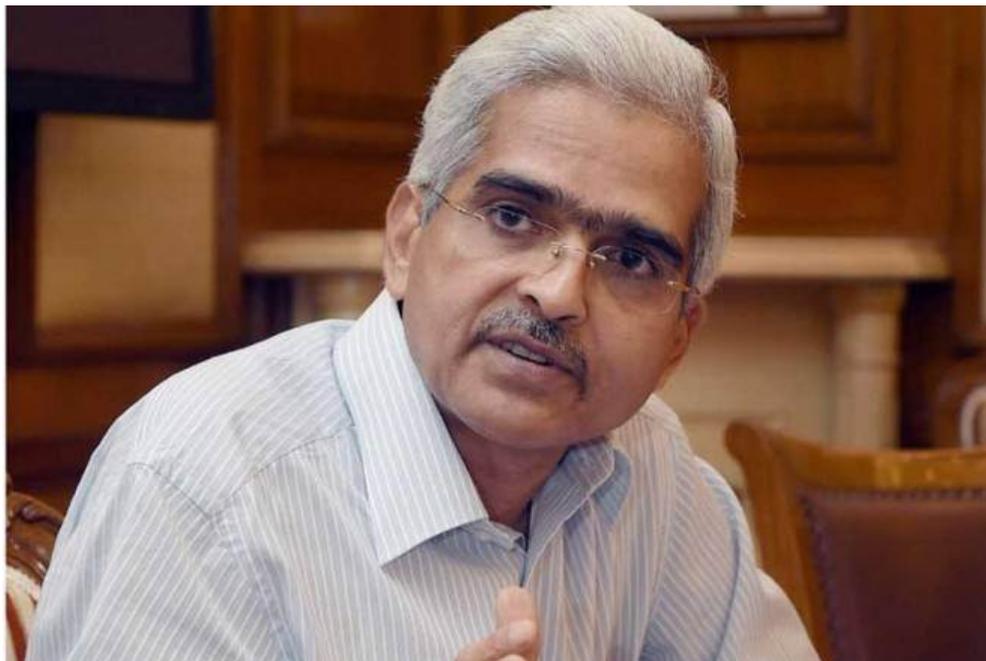


Follow prudential norms for credit without being excessively conservative: Shaktikanta Das to banks

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The RBI is scheduled to announce its sixth bi-monthly monetary policy for 2018-19 on February 7.



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Reserve Bank of India Governor Shaktikanta Das Monday asked banks to extend credit while observing prudential norms without getting excessively conservative. During his interaction with the chief executive officers (CEOs) of the state-owned banks, Das highlighted the importance of public sector banks (PSBs) for the economy at all times and especially at the current juncture in helping meet broader economic goals. He also flagged “the need for PSBs to extend credit while observing prudential norms but without excessive conservatism”.

Das emphasised the need for further strengthening various aspects of banking, including underwriting standards, capacity building, use of technology and governance. “Basically, the idea was to convey to them the regulator’s expectation from the banking sector in general and public sector banks in particular, and also to get from them their understanding of the current banking situation, and to get an understanding about the future outlook, the sense they have,” Das said after meeting CEOs of PSBs.

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The [RBI](#) is scheduled to announce its sixth bi-monthly monetary policy for 2018-19 on February 7. It would be the first monetary policy review under the new RBI Governor. It is widely expected that the RBI would cut interest rate in its upcoming review meeting.

With softer retail and wholesale price-based inflation, the RBI is likely to change its policy stance to ‘neutral’ from ‘calibrated tightening’ in the February policy. The inflation based on the Consumer Price Index (CPI) eased to an 18-month low of 2.19 per cent in December, compared with 2.33 per cent in November and 5.21 per cent in December 2017.

The Wholesale Price Index (WPI)-based inflation also eased to an eight-month low of 3.80 per cent in December, against 4.64 per cent in November and 3.58 per cent in December 2017.

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