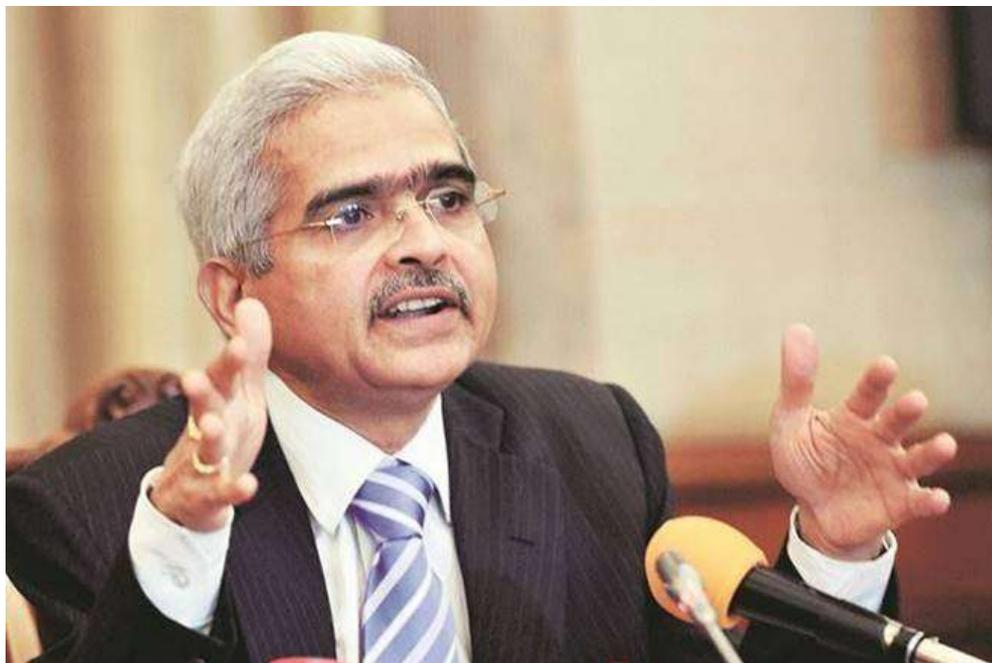


## Is there more room for rate cuts? RBI governor Shaktikanta Das has this to say

By: Bloomberg

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India's central bank Governor Shaktikanta Das said there's more room for easing monetary policy, but a lot depends on how these actions are timed. "It's a very clear forward guidance," Das said at the Times Network India Economic Conclave in Mumbai on Monday. "While taking a pause, we very carefully and definitively said there's space for further monetary action, but its timing will have to be decided."

The RBI's decision this month to keep interest rates unchanged surprised markets and economists at a time when economic growth slowed to a more than six-year-low of 4.5% in the latest quarter. The central bank, which has reduced rates by a total 135 basis points this year, retained an accommodative policy stance.

The rate-setting panel cited high inflation as the reason for the pause. Consumer prices surged to a more than three-year high of 5.54% in November, coming close to the upper end of the RBI's 2%-6% inflation target band. With some economists flagging the prospect of high inflation and weak growth leading to stagflation, a senior official told reporters in Mumbai that the central bank would review incoming data.

Earlier, Governor Das called for coordinated and timely action by all countries to revive global growth and said he hoped that the recent understanding between the U.S. and China on trade issues will hold. He was referring to the world's two largest economies agreeing to the first phase of a broader trade deal, bringing a temporary calm to their escalating trade war. "I'm not implying that the slowdown we have seen in India is entirely due to global prospects, but it does impact," Das said.

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