

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

RBI AND THE GOVERNMENT ON THE SAME PAGE AND WORKING TOGETHER TO ACHIEVE STABILITY AND GROWTH; GOVERNMENT WELCOMES THE RBI POLICY STATEMENT : CEA

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The Reserve Bank of India (RBI) came out with its policy statement this morning. The RBI left policy rates on hold. Dr Raghuram Rajan, Chief Economic Adviser (CEA), Ministry of Finance said that RBI policy saw the main immediate macroeconomic task as that of stabilizing the rupee, and believes that once the rupee is stabilized, the policy makers will have room for more growth friendly measures. He said that the Government welcomes the RBI policy statement. Dr Rajan emphasised that the Government and the Reserve Bank of India (RBI) are firmly convinced of the need to do what it takes to stabilise the rupee, and we see this as being friendly to growth over the medium term. No one should doubt our resolve in this matter, he added.

Dr Rajan, Chief Economic Adviser (CEA) said that even as the RBI does what it needs to do, the Government is exploring ways to reduce the Current Account Deficit (CAD), including measures to reduce imports and measures to incentivize or expand exports. Consequently, we believe the CAD will be brought down significantly this fiscal year regardless of the growth of the outside world, he added. Of course, if growth picks-up more strongly in US, UK or elsewhere, our CAD will also come down faster, Dr Rajan added.

Turning to the capital account, Dr Rajan, CEA said that we have already taken some steps on liberalizing FDI, we are also exploring some other options for stably and sustainable funding the CAD. We will announce specific measures in the next few weeks, he added.

To sum up, Dr Rajan, Chief Economic Adviser (CEA) said that the RBI and the Government are on the same page and working together to achieve stability and growth.
