**Interactive Session with Mr. Shaktikanta Das,
Governer, Reserve Bank of India
on the occasion of
the 29th Lalit Doshi Memorial Lecture held on 23rd August 2023**

Question:

I was tremendously impressed with the example of milk producer/farmer, bringing that segment of the population into the formal economy will be a game changer. While explaining the modalities of how the platform works, I have a small question, will this exercise provide the farmer with the information regarding the rate of interest that will be charged and the repayment tenure?

Mr. Shaktikanta Das:

Yes, in fact when he applies the rate of interest is displayed and other details are provided. It is not as if he blindly takes the loan.

Question:

The CRR has been maintained without any increase or decrease. Those who have taken loans are complaining and many charges are levied against the loan providers. How do we go about it?

Mr. Shaktikanta Das:

With regard to the interest rates, we have to always remember that we have to look at the real interest rates. When you have low inflation you can have low interest rates. The real rate would be, the rate of interest plus inflation. That is the real rate the borrower is paying. When you have high inflation, lets say 6% which we had for several months together, and if you keep the interest rate at 4%, the interest rates are by and large are negative. So as far as the depositors are concerned, we have large number of small depositors, middle class people, lower sections of the society, retired people, so they get a negative rate of interest. Therefore, interest rates are always based on the rate of inflation. If the inflation goes down you can always have lower interest rates. Therefore,

increasing interest rates is basically a response to high inflation to give a reasonable return to the depositors and also, primarily, to control or to bring down the inflation. Therefore, when the rates had to be increased because the inflation is high and so naturally it will be passed on to the borrower. You have to increase the interest rates, apart from the fact that you have to bring down the inflation, you have to ensure that the depositors get real return, because depositors' money is the supporting base for any bank.

As regards complaints, we do get lot of complaints. We have also mandated now that every bank should have internal ombudsman. In RBI we have launched the integrated ombudsman scheme, where you have to submit your complaint to the bank itself, the bank is expected to resolve your grievance in 30 days. If you are not satisfied with the resolution given by the bank or if the bank does not resolve your problem in 30 days, after 30 days you can file your complaint with the Reserve Bank integrated ombudsman. It is all on-line. You can even post a letter. The letter will go to the centralised processing centre and there it will be fed into the system. One can use the portal to track the complaint on how it is moving. We are now giving lot of emphasis on customer grievance redress. In my interaction with the bank CEOs, both public and private sector banks, customer grievance redress is something which we constantly emphasise. I must say the banks have now their internal ombudsmen who are addressing this issue for faster resolution of the customer grievances.

Question:

Excellent report you have given for inclusiveness and farmer loans. Very nice to hear this. I want to know in your pilot project coming up for SMEs, do you have anything for women? Today women are into business, is there anything coming up for women empowerment?

Mr. Shaktikanta Das:

This particular scheme the way it is designed is open access for all. We do have a major financial inclusion programme now, which was launched three years

ago and we have targeted that by March next year every bloc in India will have a Centre for Financial Literacy (CFL). These centres are operated by the NGOs and the NGOs are selected by the State Level Bankers Committee (SLBC), they are playing a important role in that. They are supposed to focus on financial literacy and financial inclusion. So, through the banking channel and through this NGO channel we are trying to promote financial inclusion. But this particular initiative of frictionless credit is for all. There is no differentiation. There is no special scheme as such for women in this particular scheme.

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