hindustantimes
Tuesday, August 28, 2012
Indo-Asian News Service
Chennai, August 27, 2012

First Published: 19:59 IST(27/8/2012)
Last Updated: 20:03 IST(27/8/2012)

Senior RBI official ticks off SBI chairman

A senior Reserve Bank of India (RBI) official on Monday ticked off the chairman of State Bank of India (SBI) in public, saying he should look for other work if he is unable to function within the parameters laid down by the central bank. Answering a student's question on SBI chairman Pratip K Chaudhuri's recent comments on phasing out of cash reserve ratio (CRR), at Great Lakes Institute of Management (GLIM) near Chennai, KC Chakrabarty, deputy governor of RBI said, "If the SBI chairman is not able to do business as per our regulatory environment, he has to find out some other place."

Chaudhuri had said that the CRR (Cash Reserve Ratio) - a percentage of deposits that banks have to maintain with RBI - has been unfairly imposed on the banks while so such restriction is there on insurance companies, non-banking finance companies and mutual funds.

The SBI chairman also said that the RBI does not pay any interest on the CRR maintained by the banks.

Chakrabarty was at GLIM to participate in the Financial Conference on Systemic Risk.

However Chakrabarty supported SBI as the bank to be supported as it is a big banking tree to be allowed to fall.

Chakrabarthy said the interest rates will come down automatically if the inflation is controlled.

According to him the major focus should be on increasing the productivity in manufacturing and the farm sectors.

Chakrabarty said the country is facing three challenges - high inflation, current accout deficit and fiscal deficit.

He said it is enough if the country replicates the Punjab, Haryana and West Uttar Pradesh the achievements in farm sector in other states then the food inflation would come down.

According to him India and China cannot afford to import food as the global prices would shoot up if they do that.

On containing the manufacturing inflation, Chakrabarty said the sector should adopt technology to reduce cost.

According to him reducing imports of gold and oil would enable the country to check current accout deficit while subsidies should be targeted to reduce the fiscal deficit.

http://www.hindustantimes.com/StoryPage/Print/920221.aspx

© Copyright © 2012 HT Media Limited. All Rights Reserved.