

Jaitley favours interest rate cut, but leaves decision to RBI

Economy still has a lot of distance to cover: Finance Minister

OUR BUREAU

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At a time when many experts are expecting higher growth rate for India, Finance Minister Arun Jaitley has made it clear that there is no room for 'complacency.'

"When you say is there a room for complacency, my answer is no... for various reasons. Agriculture, job creation, infrastructure, manufacturing, these are all areas where we still have a lot of distance to cover," Jaitley said while inaugurating an annual business event, 'The Growth Net' here on Wednesday. The Minister's remark comes in the backdrop of expectations that India

will grow by over 8 per cent during next fiscal, overtaking China.

The 'feel good' story began when the Central Statistics Office (CSO) revised the methodology for calculation of GDP (gross domestic product) and estimated a growth rate of 6.9 per cent in 2013-14 and 7.4 per cent in 2014-15. Based on this, the Budget projected a growth rate between 8-8.5 per cent during 2015-16.

On Wednesday, Jaitley tried to dispel doubts over the methodology adopted by CSO, saying that nobody in India has ever questioned or contested the professionalism of CSO.

"I would be satisfied if India were touching double digit growth. I would be satisfied if manufacturing starts growing at higher rate, if job creation becomes faster, if agriculture, in-



Finance Minister Arun Jaitley and President of Smadja and Smadja Strategic Advisory, Switzerland, Claude Smadja, at the Growth Net summit in the Capital RAMESH SHARMA

stead of struggling at 2-3 per cent growth rate takes a leap itself," he said, adding that the country missed a historic opportunity in the past, but now that opportunity is revisiting. The rupee is witnessing a little volatility and

is now trading below 62 against dollar. When asked what kind of range the government is looking at for the rupee, Jaitley said he would like its real value to reflect itself. "I think that management is done by the RBI at present, and

they will continue to do so. It is effectively handling that situation and, therefore, I don't think the government should be unusually worried if movement takes place a little higher or lower," he said.

Rate cut

After two policy rate cuts, there is expectation of a fresh lowering of rates when the Reserve Bank reviews the monetary policy next month. Asked about the government's expectations, Jaitley said his personal view is that India needs to lower its interest rates.

"I am quite certain, we will see more cuts (in policy rates) in future. But, as of today, if you ask me how much and when, it is in the domain of the RBI and I will leave it to them," he said.