



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Fourth Meeting October 14, 2021

**IMFC Statement by Nirmala Sitharaman
Minister of Finance and Corporate Affairs, India
Member, International Monetary and Financial Committee (IMFC)**

On behalf of
Bangladesh, Bhutan, India, and Sri Lanka

Statement by Ms. NIRMALA SITHARAMAN, Minister of Finance and Corporate Affairs, India, and Member, International Monetary and Financial Committee (IMFC), representing the Constituency consisting of Bangladesh, Bhutan, India, and Sri Lanka, to the 44th Meeting of the IMFC at the Annual Meetings 2021

October 2021

Impact of COVID 19 on Global Economy

1. There are very few parallels of a shock like COVID-19 in history which left policymakers with no prototype. Both health systems and human struggles were pushed into an uncharted territory. The pandemic is likely to leave a lasting impact on the way economies and societies operate. Even with high rates of vaccinations in the developed world as well in most of the major emerging market economies (EMEs), victory over the pandemic is still a distant dream. If I reiterate the often-repeated statement that an infection anywhere is a risk to everyone, I do so with the full recognition of the challenge before us. As the virus continues to mutate, and continues to resurface in places thought to have controlled it, there is no alternative but to ensure universal availability of vaccines. India has ramped up its vaccine production within a short span of a few months, as road-blocks due to supply chain disruptions got resolved. India remains committed to providing vaccines to vulnerable and low-income countries.
2. The second major challenge before the world economy relates to management of the post pandemic policy environment. The multi-speed and divergent recovery, we talked about during the spring meeting, is now a reality. A faster than expected policy normalization in advanced economies (AEs) and its implications for EMEs would need to be looked into more closely. It also calls for coordination among the membership and the Fund would need to play a key role in ensuring smooth transition of policy withdrawals.

Role of the IMF

3. The IMF has continued its support to its membership, particularly to low-income and vulnerable economies. The fresh Special Drawing Rights (SDR) allocations worth \$650 billion will add to global liquidity, hence, rechanneling of these resources from rich to low-income and vulnerable economies would be necessary to align the availability of additional liquidity with financing needs. Priority should be accorded to modalities for channelling of SDRs on principles that are just, clear, and responsible so that they have traction with the entire membership.
4. The IMF has been swift in adapting the lending toolkits to provide strong support to meet the urgent financial requirements of its members in response to the crisis. In facilitating a robust and even global economic recovery, the Fund should continue to provide necessary policy,

financial and capacity development support, particularly to the low-income countries. The proposed Resilience and Sustainability Trust (RST) opens many possibilities for sustainable development. Going forward, we expect wider consultations and deeper engagement with key stakeholders which is important for the success of the initiative. With the rising levels of domestic and external debt, debt vulnerabilities have increased enormously in many Low-Income Countries (LICs) and (EMEs). The Fund's work in sovereign debt restructuring, debt transparency and debt sustainability analysis are thus very relevant. The debt restructuring process should recognize the importance of participation of private creditors. This would be beneficial not only to the Fund's activities but will also be helpful to the authorities in sound management of public debt issues.

5. To ensure that post-pandemic policy normalization does not cause economic disruption (particularly in emerging market and developing economies), it is necessary that the IMF remain adequately resourced and be at the core of the global financial safety net. Therefore, we reiterate that dependence of the Fund on borrowed resources can at best be a temporary short-term arrangement. Permanent resources should be augmented with quota revision and the long pending issues of out-of-lineness and underrepresentation of EMEs should be addressed. We expect discussion on the 16th General Review of Quotas to progress swiftly and get completed within the agreed time frame.

Climate Change – An Existential Threat

6. Climate change impacts the health, productivity and overall well-being of humans as well as other species, so it is important to strategize what we can do to reduce our carbon footprint. The differentiated responsibilities call for differentiated commitment in our existential goal of limiting global warming to below 1.5 °C. The formidable challenge for India and the rest of the developing countries is the access to adequate and affordable finance and low-cost technology, which is the fulcrum for limiting carbon footprint. The developing countries will require new investments of up to \$500 billion annually by 2030 – to adequately limit their growing greenhouse gas emissions. These countries will also require an additional several hundred billion dollars to protect themselves from the worsening physical and economic impacts of greenhouse gases. Private capital may not be able to play a significant role in climate change mitigation and adaptation activities, given the public good nature of these investments. A recent Oxfam Report finds that the true value of support for climate action of \$100 billion annually committed by advanced countries under the Paris Agreement may be as little as \$19-22 billion per year.

7. India barely makes it to the list of top 100 countries in terms of per capita emissions and our per capita energy use is less than half the world average. Nevertheless, India is on track to meet its Paris Agreement targets – to reduce emissions by 33-35% of its Gross Domestic Product (GDP) by 2030 from the 2005 level; it is very likely that India will do better than this target. The

share of non-fossil fuels in electricity generation capacity is set to reach almost 60%, well above the 40% that India had pledged. India has embarked on the most ambitious renewable energy project in the world targeting 450 GW by 2030, which can become a game-changer in India's fight against climate change and will help to secure the world's climate transition.

DEVELOPMENTS IN THE CONSTITUENCY

A. BANGLADESH

8. Notwithstanding the worldwide outbreak of coronavirus disease, which began to strike in Bangladesh from early March 2020, Bangladesh economy displayed its inherent resiliency. Bangladesh's progression path of inclusive and environmentally benign economic growth and social development activities remained broadly on track. The economy of Bangladesh started to rebound from the COVID-19 fallout owing to the judicious implementation of various stimulus packages well supported by extraordinary fiscal and monetary policy measures. Strong remittance inflows, low-cost refinance lines, and higher government investment helped propel consumption expenditure to revitalize the growth momentum. Aided by prudent fiscal and monetary policy measures, the real GDP of Bangladesh grew by 5.47 percent in FY21 compared to 3.51 percent growth in the previous fiscal year. The growth outlook remains positive due to the reopening of businesses and easing of lockdown measures amid expected progress in the mass vaccination programs at home and abroad.

9. The monetary policy stances and financial programs outlined for FY20 and FY21 were mainly aimed at injecting sufficient liquidity in the system with a softer market interest rate regime, containing inflation while ensuring stability in local and foreign currency markets. These policy measures created the necessary space for the banks and other financial institutions to provide sufficient loanable funds to the local money market, ensuring low and stable interest rates in the interbank call money market. It also appropriately supported interest rate rationalization efforts on lending, which is currently helping the borrowers enjoy their loans reasonably at a lower single-digit rate.

10. Fiscal deficit (including grants) was 5.9 percent of GDP in FY21, which remained within its typically moderate lower single-digit trend level, though higher than the usual 5.0 percent of GDP in pre-pandemic level. For FY22, however, the deficit is projected to remain within 6.1 percent of GDP. Backed by increased economic activities and partial implementation of the new VAT law, total tax revenue collection grew by 19% in FY21.

11. Despite the unprecedented expansionary and accommodative monetary and fiscal policy stances along with supply chain disruptions due to COVID-19 related containment measures, the headline (y-o-y annual average) CPI inflation stood at around 5.56 percent in FY21, down from 5.65 percent in FY20. Subdued demand-side pressure, policy-driven bumper agricultural production, and effective coordination between the monetary and fiscal authorities, reflected in a timely reduction of tariff and slashing down of LC margins on importing essential food items, have significantly contributed to this achievement. Looking ahead, the upside risk to headline inflation in the near term may arise due to expansionary fiscal and monetary policy stances in conjunction with the rise in international prices, especially edible oil, sugar, and other food prices, and higher shipment costs.

12. The overall BoP in FY21 witnessed a healthy surplus, supported by a significant inflow in financial accounts along with a relatively thinner current account deficit due mainly to solid inward remittances growth and robust export earnings. Relying on this BoP surplus, BB's foreign exchange reserve has reached a historic high of USD 46.4 billion at the end of June 2021.

13. Though the capital market experienced a weak performance during the second half of FY20, robust performance was observed from the beginning of FY21. It continued further in Q1FY22, as evidenced by strong growth in price indices and buoyant turnover expansion in market capitalization and issued capital.

14. Although the rates of infections and deaths due to COVID-19 have decreased significantly in recent times, the fight against this virus is yet to be over. Making the required number of vaccines available and the well-timed implementation of nationwide inoculation programs for all population segments is the key to succeed in this fight. In addition, the planned progress on the graduation from LDC and timely accomplishments of SDGs demands vast resources. To fill up the financing gaps and achieve sustainable and environmentally friendly economic development, Bangladesh looks forward to the continuing role of the development partners and their subsidiaries in catalysing such external financing support.

B. BHUTAN

Macroeconomic Review

15. GDP recorded a growth of 5.5 percent in 2019, compared to 3.1 percent in 2018. The growth was largely contributed by the hydropower, and education and health sectors. The commissioning of the Mangdechhu hydro power project combined with favourable hydrological conditions supported by the revival of the hydropower sector from negative 14.9 percent in 2018

to 12.1 percent in 2019. However, the growth momentum is expected to dip into negative in 2020 as a result of severe economic disruption caused by the COVID-19 pandemic.

16. The contraction of economic activities has also caused large displacement in employment, bringing disruption in the labor market. The unemployment challenges have also intensified during the pandemic. The unemployment rate increased from 2.7 percent in the previous year to 5.0 percent in 2020 and continues to remain as one of the grave challenges over the medium and longer term. In order to ease the pressure, the timely interventions of His Majesty The King and the Government through interventions such as the Druk Gyalpo's Relief Kidu (DGRK), accelerated De-suung Training Programs, and Economic Contingency Plan, have helped to support the affected individuals and businesses and also mitigate the rising issues of unemployment.

17. The overall annual CPI inflation rose by 5.2 percent in July 2021 compared to 4.5 percent during the same month of the previous year. The non-food prices rose by 5.8 percent and the prices of food rose by 4.4 percent. The food and non-alcoholic beverages rose by 3.5 percent, contributed by increase in price of oils & fats by 20.2 percent and Cereals & bread by 6.8 percent. Similarly, transport rose by 7.6 percent, mainly due to increase in fuel prices (petrol and diesel) by about 33 percent. The ongoing renewed focus of the Government in strengthening agricultural productivity and promoting cottage and small-scale industries will play a critical role in moderating the general prices and creating more employment opportunities.

18. The revision in the total budget outlay to Nu.70,549.92 from Nu. 69,151.12 during FY 2020/21 on account of increased capital expenditure has resulted in the fiscal deficit of Nu.13,554.89 million, accounting for 7.26 percent of GDP

19. On the external front, the overall current account deficit improved to Nu. 10.96 billion in the third quarter of FY 2020/21 compared to Nu. 16.62 billion in the same quarter of FY 2019/20. This was mainly attributed to improvement in trade deficit and fall in net services payments followed by a slight increase in secondary income receipts. The merchandise export has slightly increased from Nu. 8.78 billion in third quarter of FY 2019/20 to Nu. 9.33 billion of same quarter of FY 2020/21. On the other hand, the import declined to Nu. 18.94 billion from Nu. 21.77 billion. As such, the trade deficit declined by 26.02 percent during the FY 2020/21 from the previous year.

20. As of May 2021, the overall international reserves stood at USD 1554.4 million, which is adequate to cover 19.9 months of merchandise imports and 15.9 months of imports of goods and services.

21. The broad money (M2) recorded a significant growth of 22.6 percent in May 2021, as compared to 19.4 percent in the previous year. This growth was mainly contributed by higher growth of 36.8 percent in time deposits during the period.

Responses to the Pandemic and Way Forward

22. In response to the pandemic, the RMA initiated and implemented several policy measures starting from immediate relief measures to long-term policy support. For ensuring adequate liquidity, the RMA immediately reduced the CRR from 10 percent to 7 percent. Loan deferment and several concessional loans were also granted for business units. Further, to tide over immediate impact of COVID-19 on households and business units, 50 percent loan interest payment support Kidu was granted as the DGRK and the remaining 50 percent was borne by the Financial Service Providers, thereby providing 100 percent interest relief to the borrowers in Phase I (April-June 2020). Under Phase II (July 2020 - March 2021), 100 percent Loan Interest Payment Support Kidu (LIPSK) was granted through the DGRK from July 2020 to September 2020, followed by 50 percent LIPSK support from October 2020-March 2021. Given the continued uncertainties posed by the COVID-19 pandemic, the DGRK and other monetary measures will be continued until June 2022 for all eligible borrowers.

23. The lessons learnt from the economic damages and disruptions caused by the pandemic must be redressed appropriately through medium to longer term interventions. While moving towards recovery and the new normal, the Government focuses on boosting productive investment, strengthening human capital, boosting overall efficiency of the factors of production, making appropriate choice and use of technology that support post pandemic growth. Realizing high productivity and efficiency gain in the use of capital and human resource through the use of modern technology will help in promoting capital formation and exports.

24. The RMA focuses towards promoting digitization in the financial sector and ensuring a resilient cyber security system that is essential for the RMA as a key enabler to support the 21st century economic development agenda of the Royal Government of Bhutan

C. INDIA

India's COVID response

25. Like almost every other economy in the world, the pandemic had an impact on India's economy. Unlike during the first wave, and though the delta variant caused a sharp surge in infections during the second wave, the economy adapted to the work environment under COVID-19 with enhanced use of digitalization. The containment measures were also more focused and localized during the second wave. To protect economic activity, the package of fiscal, monetary and financial measures provided support to businesses and households at an unprecedented scale. More importantly, India, unlike most economies, continued its agenda of structural reforms during the pandemic. Wide-ranging structural reforms, including agriculture and labour reforms, and

monetization of assets, are expected to contribute towards a structural acceleration of economic growth

26. Since, the pandemic impacts the vulnerable section of the society relatively more, India significantly expanded income support through food subsidy and cash transfers, especially for those at the bottom of the income pyramid. Further, the one nation-one ration -card policy ensured that the bottom two-thirds of the population eligible for food subsidy could access it from anywhere in India rather than be restricted to the state of their registration. This, in particular, has benefitted the migrant workers. Further, world's largest vaccination drive is underway in India. With steady rise in average daily vaccination doses from 42.0 lakh in July to 56.6 lakh in August, by September more than 73 per cent of adult population have received at least one dose, while more than 26 per cent have received both doses. With this the target to fully vaccinate all our adult population by the end-December 2021, seems achievable.

Macro Policy Perspective

27. An accommodative fiscal stance is being maintained in the near term to support the economy, we remain committed to bring the economy on the fiscal consolidation path in the near to medium term. The Union Government fiscal deficit is budgeted at 6.8 percent of GDP in the current year and it will be reduced to 4.5 percent of GDP by 2025-26. Next year's budget will contain medium-term macroeconomic projections and will include revised Fiscal Responsibility and Budget Management Act (FRBM). Revenue mobilization would be a key element of medium-term fiscal strategy. Streamlining with e-invoicing, GST audits, closer scrutiny of returns, and rate rationalization are all expected to augment GST revenues; rationalized corporate income tax rates are also expected to improve tax compliance and tax buoyancy. Disinvestment with a focus on privatization and monetization of sovereign assets would also support the consolidation process. The thrust on capital expenditure in infrastructure including projects on Health, Education and Skill Development will continue. Enhanced public investment in infrastructure is expected to crowd in private investment and raise potential output and medium-term growth.

28. India's banking system remains well capitalized. The stress tests undertaken by the Reserve Bank of India (RBI) revealed that scheduled commercial banks would have sufficient capital even under a severe stress scenario. Moreover, the government is ready to provide additional capital to Public Sector Banks (PSBs) as and when needed.

29. RBI has continued to maintain an accommodative stance with cuts in the repo rate, liquidity measures amounting to 8.7 per cent of GDP and has taken more than 100 measures since the onset of pandemic to support specific sectors, institutions and instruments and ensured congenial financial conditions for supporting the reinvigoration of growth. RBI has also indicated that they would continue their accommodative monetary policy stance as long as necessary to revive and sustain growth on a durable basis while ensuring that inflation remains within the target.

30. Aggregate demand is gaining firmer ground, while on the supply side, indicators mirror improvement in industrial activity and services sector indicators point towards sustained recovery. The IMF has projected India's GDP to grow at 9.5 percent in 2021-22 and at 8.5 percent in the next year. As the early indications emanating from high frequency indicators suggest, India is well on track to achieve these growth projections, and to emerge as the fastest-growing major economy in 2021-2022 and beyond. The trajectory of inflation is also shifting down more favourably than anticipated. As pandemic scars heal and supply conditions are restored with productivity gains, a sustained easing of core inflation can be expected, which will reinforce the growth-supportive stance of monetary policy.

D. SRI LANKA

31. The Sri Lankan economy continued to be buffeted by the pandemic in 2021 with the advent of new variants of COVID-19 into the country. The onset of the delta variant in the third wave of the pandemic at end April necessitated the imposition of new restrictions in the form of quarantining measures, travel restrictions and work from home arrangements. Mobility restrictions undertaken in 2021, however, were less stringent than the strict lockdown measures adopted in 2020. Consequently, businesses continued to function in the second quarter of 2021 although some disruptions occurred due to containment measures. The rapid rollout of the vaccine program during this period also created a favourable environment for the continuation of business activities. As at end September 2021, 56 per cent of the population was fully vaccinated, and most of the mobility restrictions were lifted by the beginning of October 2021. The government and the Central Bank continued to lend support through fiscal, monetary and financial sector measures to mitigate the adverse economic fallout from the pandemic. Nevertheless, the surge in COVID cases both locally and globally, created a multitude of challenges for the Sri Lankan economy.

Real Sector

32. The Sri Lankan economy grew by 12.3 per cent, year-on-year, in real terms during the second quarter of 2021. The high growth rate was achieved against the backdrop of a 16.4 per cent contraction in the second quarter of 2020. All sectors of the economy contributed to the growth momentum. The agriculture sector expanded by 8.1 per cent accounting for 7.6 per cent of GDP. The continuation of agricultural activities during the quarter despite lock down measures enabled substantial growth in key activities such as the growing of tea, fruits, oleaginous fruits, animal production and marine fishing. The industry sector, accounting for 25.2 per cent of GDP, recorded a high growth rate of 22 per cent with the manufacturing and construction subsectors contributing largely to this growth performance. The services sector, with a GDP share of approximately 60.1 per cent (constant price), expanded at a moderate pace of 7.5 per cent, aided largely by the growth in transportation, financial services, Telecommunications, IT, wholesale and

retail trade and other personal services. During the first half of 2021, the economy grew by 8 per cent, year-on-year, in real terms. The growth momentum, together with the successful rollout of the vaccination program, are expected to sustain growth going forward. Accordingly, the Sri Lankan economy is projected to grow by 5 per cent in real terms in 2021.

Inflation

33. Inflation, which remained moderate during the early part of 2021 supported by well anchored inflation expectations and subdued aggregate demand, witnessed an uptick during the latter months, driven by high food inflation as well as some acceleration in non-food inflation. Headline inflation (y-o-y), as measured by the Colombo Consumer Price Index (CCPI), decelerated to 5.7 per cent in September 2021 from 6.0 per cent in the previous month largely due to the statistical impact of a high base prevailed in September 2020. Core inflation (CCPI), which reflects underlying price pressures in the economy, accelerated to 5.0 per cent in September 2021 from 4.1 per cent in August 2021. Envisaged improvements to aggregate demand conditions among other developments, prompted the Central Bank to take preemptive policy action to maintain inflation at mid-single digit levels over the medium term, although in the near term, the continued escalation of international commodity prices is likely to challenge the Central Bank's target of maintaining inflation in mid-single digits.

Monetary Policy

34. The Central Bank, which maintained an accommodative monetary policy stance during most part of 2021 to support the economic recovery, tightened monetary policy in August 2021 to proactively address emerging inflationary pressures and imbalances in the external sector. The policy rates, which were reduced by 250 bps in the previous year, were maintained at 5.50 per cent for the Standing Lending Facility Rate (SLFR) and 4.50 per cent for the Standing Deposit Facility Rate (SDFR) during the first seven months of the year. The historic low interest rate environment achieved the expected outcome of enhancing credit to the private sector, thereby supporting the economic recovery through the provision of affordable credit. In August 2021, the Central Bank increased the SLFR and SDFR by 50 bps each to 6 per cent and 5 per cent respectively. The Statutory Reserve Requirement (SRR) applicable on Rupee deposit liabilities of commercial banks was also raised by 2 percentage points to 4 per cent with effect from September 2021. Meanwhile, measures were introduced to ensure the delivery of credit to productive sectors with a view to achieving a broad-based recovery. Accordingly, priority sector lending targets were set for banks in respect of lending to micro, small and medium scale (MSME) enterprises, which comprise the backbone of the economy. To help deal with challenges arising from the third wave of the COVID-19 outbreak, the Central Bank granted further relief to businesses and individuals affected by the pandemic, including entities in the badly hit tourism sector. The Central Bank is considering the introduction of a facility to support the Government's drive towards sustainable development goals in general and developing the green economy including organic agriculture in particular.

Fiscal Performance

35. Fiscal policy continued to support the economic recovery although the COVID-19 pandemic exerted pressure on budgetary operations. The government revenue increased in nominal terms owing to the improved tax revenue collection during the first seven months of 2021 vis-à-vis the corresponding period of the previous year. However, the increase in government revenue was outpaced by the increase in government expenditure in the seven months ending July 2021. On the expenditure front, recurrent expenditure increased during the first seven months of 2021 largely due to COVID related expenses, interest payments, salaries and pensions. Consequently, the budget deficit as a percentage of estimated GDP, for the period up to July 2021 was 6.2 per cent. However, fiscal sector performance is expected to improve gradually with the measures that are being taken by the Government to strengthen the tax administration, rationalize government expenditure, among others, alongside the expected normalization of economic activity supported by the unprecedented policy stimuli provided amidst the pandemic. The National Budget is expected to be presented in early November 2021.

External Sector

36. The pandemic continued to exert pressure on the external sector in 2021 presenting a multitude of challenges. While policy measures implemented to curtail outflows of foreign currency, including restrictions on non-essential imports and outward remittances in respect of capital transactions remained in place, the authorities took further measures during the year to improve the stability of the external sector. Despite the buoyant performance in merchandise exports in 2021, the deficit in the trade account up to August 2021 widened as the increase in import expenditure outstripped export income despite the import restrictions in place. In the services account, the third wave of the pandemic continued to disrupt earnings from tourism although other services, especially the IT/BPO sector, performed relatively well. Despite satisfactory inflows during the early part of the year, workers' remittances moderated in recent months due to lower departures and the increased utilization of unofficial channels to remit such funds. During the period January – August 2021, workers' remittances registered a marginal decline over the same period of last year. Meanwhile, in the financial account, foreign investments in the government securities market as well as the Colombo Stock Exchange reflected net outflows up to August 2021. Sri Lanka also repaid the International Sovereign Bond (ISB) of USD 1 billion that matured in July 2021 and all other debt service payments during the year, maintaining the unblemished debt servicing record over the years. These developments in tandem with limited conversion of foreign exchange by exporters, advanced payments for imports and speculative activity, exerted pressure on the foreign exchange market while depleting reserves. Gross official reserves at end September 2021 stood at USD 2.6 billion. However, country's gross official reserves are expected to increase in the near term supported by the measures that are being taken

by the Government and Central Bank of Sri Lanka. The Sri Lankan rupee depreciated by 8.2 per cent against the US dollar up to 08 October 2021.

37. The tight external sector conditions necessitated the authorities to introduce further policy measures aimed at supporting the Balance of Payments. The Central Bank introduced a repatriation and conversion requirement for merchandise export proceeds with a view to enhancing the liquidity in the foreign exchange market. To incentivize workers' remittances, a scheme was introduced whereby such receipts channeled through banks were accorded a preferential exchange rate at the point of conversion to Sri Lanka Rupees. In September 2021, the Central Bank imposed margin requirements on non-essential imports to mitigate the pressure on the exchange rate while maintaining foreign currency liquidity in the banking system. The margin requirement was removed with effect from 1st October 2021.

Road Map to Strengthen Macroeconomic and Financial System Stability

38. On October 1st 2021, the Central Bank announced a three-pronged framework to strengthen the economy and deliver macroeconomic stability. (1) The six-month Road Map from 01 October 2021 to 31 March 2022, with focused efforts on macroeconomic and financial system stability, near-term measures to ensure continued timely debt servicing, increase forex liquidity in the market, and create framework for all enterprises to recover from the Pandemic-effect. The Six-month Road Map proposes time-bound actions to be taken by key stakeholders of the economy, led by the Government and the Central Bank to address mainly three critical issues in the economy; debt and forex concerns; financial sector issues; and macroeconomic stability concerns; (2) One-year horizon from 01 January 2022 to 31 December 2022, (to be announced on 04 January 2022), aimed at improving the external debt profile while concentrating on non-debt inflows, delivering the fiscal and external targets, promoting a fast recovery in the real economy, and improving the Sovereign ratings and Ease of Doing Business; and (3) Medium- to long-term horizon, aimed at building 'cushions' in all macro-fundamentals to absorb shocks, strengthening the domestic production economy, striving for higher growth within a low inflation environment, and ensuring the achievement of fiscal and monetary targets.
