

Raghuram Rajan

Governor of the Reserve Bank of India

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Raghuram Govinda Rajan (born 3 February 1963) is the current and the 23rd Governor of the Reserve Bank of India, who charge of India's central banking institution on September 5, 2013. He is an American citizen. He also serves as Eric J. Gleacher Distinguished Service Professor of Finance at the Booth School of Business at the University of Chicago. Rajan is also a Visiting Fellow for the World Bank, Federal Reserve Board, and the Swedish Parliamentary Commission. He formerly served as the president of the American Finance Association and was the chief economist of the International Monetary Fund (IMF). Rajan's previous work with the Indian government includes his helmsmanship of a Planning Commission-appointed committee on financial reforms, and as honorary economic adviser to Prime Minister Manmohan Singh. He was appointed as the 23rd Governor of the Reserve Bank of India on 6th of Aug, 2013 for a term of three years. He took over from Dr. D Subbarao, on September 5, 2013.

Raghuram Rajan was born in 1963 in Bhopal to a Tamil Indian Foreign Service officer . He was abroad till his 7th year of school, having lived in Sri Lanka, Indonesia, and Belgium, and in 1974, he moved back to India from Belgium. Then he did the rest of his schooling from Delhi Public School RK Puram. In 1985, he graduated from the Indian Institute of Technology, Delhi with a bachelor's degree in electrical engineering, after which he aquired a Post Graduate Diploma in Business Administration from the Indian Institute of Management Ahmedabad in 1987. Rajan won the Director's Gold Medal for best all-round achievement at IIT Delhi and was also a gold medallist at IIM Ahmedabad. He received a PhD in Management from the MIT in 1991 for his thesis titled "Essays on Banking".

After graduation, Rajan joined the Booth School of Business at the University of Chicago. He was then appointed as the youngest-ever Economic Counselor and Director of Research (chief economist) at the International Monetary Fund (IMF) from October 2003 to December 2006. In 2003, he was also the inaugural recipient of the Fischer Black Prize awarded by the American Finance Association for contributions to the theory and practice of finance by an economist under age 40. The Center for Financial Studies (CFS) has awarded the 5th Deutsche Bank Prize in Financial Economics to Raghuram G. Rajan for his highly influential contributions in a remarkably broad range of areas in financial economics.

In 2005, at a celebration honoring Alan Greenspan, who was about to retire as chairman of the US Federal Reserve, Rajan delivered a controversial paper that was critical of the financial sector. In that paper, "Has Financial Development Made the World Riskier?", Rajan "argued that disaster might loom." Rajan argued that financial sector managers were encouraged to take risks that generate severe adverse consequences with small probability but, in return, offer generous compensation the rest of the time. These risks are known as tail risks. But perhaps the most important concern is whether banks will be able to provide liquidity to financial markets so that if the tail risk does materialize, financial positions can be unwound and losses allocated so that the consequences to the real economy are minimized.

The response to Rajan's paper at the time was negative. For example, former U.S. Treasury Secretary and former Harvard President Lawrence Summers called the warnings "misguided" and Rajan himself a "luddite". However, following the 2008 economic crisis, Rajan's views came to be seen as prescient; by January 2009, The Wall Street Journal proclaimed that now, "few are dismissing his ideas."In fact,

Rajan was extensively interviewed on the global crisis for the Academy Award winning documentary film Inside Job.

In November 2008, Indian Prime Minister Manmohan Singh appointed Rajan as an honorary economic adviser. That same year, a high-level committee on financial reforms, headed by Rajan, submitted its final report to the Planning Commission.

In April 2009, Rajan penned a guest column for The Economist, in which he proposed a regulatory system that might minimize boom–bust financial cycles. In 2010, he was featured on Foreign Policy magazine's FP Top 100 Global Thinkers, and again in 2012. In a 2011 poll in The Economist, Rajan was ranked by his peers as the economist with "the most important ideas for a post-crisis world".

Replacing Kaushik Basu, Rajan was appointed as Chief Economic Advisor to the Ministry of Finance, Government of India on 10 August 2012. He also prepared his very first Economic Survey for India for the year 2012-13, on the 27 February. On August 6, 2013 it was announced that Rajan would take over as the next RBI Governor. He is member in the Group of Thirty. He was appointed RBI Governor for a term of 3 years succeeding D Subbarao whose term ended on 4 September 2013.