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PRESS RELEASE

THE FOURTH C. D. DESHMUKH MEMORIAL LECTURE 2016

Financial Sector Reforms in India: The Past and the Future

by

Dr Raghuram Rajan

Governor, Reserve Bank of India

Friday, January 29, 2016, 7:00 pm

Nehru Memorial Library Auditorium, Teen Murti, New Delhi

New Delhi (January 29, 2016): Dr Raghuram Rajan, Governor of the Reserve Bank of India delivered NCAER's 4th **C. D. Deshmukh Memorial Lecture** on January 29, 2016 to an audience of distinguished economists, civil servants, industry analysts, and economics students. Dr Rajan's speech is attached in its entirety. **Dr Bimal Jalan**, Chairman of India's Expenditure Management Commission and former President of NCAER's Governing Body and former Governor of the Reserve Bank of India was the Guest of Honour at the Lecture.

NCAER instituted this Lecture series in 2013 in memory of one of India's most eminent economists and a founding father of NCAER. Established in 1956, **NCAER** is India's oldest and largest independent, non-profit, economic policy research institute. NCAER's work cuts across many sectors, including growth, macro, and trade, infrastructure, labour, and urban, agriculture and rural development, human development, and consumers. The focus of NCAER's work is on generating and analysing empirical evidence to support and inform policy choices. It is also one of a handful of think tanks globally that combine rigorous analysis and policy outreach with deep data collection capabilities, especially for household surveys. NCAER is celebrating its 60th anniversary in 2016. More information on NCAER is available on www.ncaer.org.

Said **Dr Shekhar Shah, Director-General of NCAER**, "This is a very special evening for a number of reasons. First, not only are we honouring the first Indian Governor of the Reserve Bank of India and one of NCAER's founding fathers, but we are privileged to have both Dr Raghuram Rajan and Dr Bimal Jalan with us."

He went to say, "Second, 2016 marks the 60th Anniversary of NCAER. The founding fathers of NCAER, including Sir C D Deshmukh, made a promise in 1956 to the nation of serving both government and industry with economic and social data of the highest scientific quality, with empirical research of the highest order, and with solid evidence to drive policymaking in India. Today we launch our 60th year celebrations with a renewal of this promise."

Dr Shah concluded, “It is totally appropriate that the Lecture will take place in the Nehru Memorial Library, a stone’s throw from the very house in which Pandit Jawahar Lal Nehru spent his life as the first Prime Minister of India. It was on Nehru’s request that Dr Deshmukh and others came together in 1956 to conceive, and then implement, the idea of an institution of national importance for applied economic research. And it was Nehru who laid the foundation stone of NCAER’s office building not too far from here.”

In a wide-ranging address, Dr Rajan emphasized the supreme importance of maintaining macroeconomic stability. He said, “Macroeconomic stability will be the platform on which we will build the growth that will sustain our country for many years to come, no matter what the world does... Let me ... reiterate that we have absolutely no intent of departing from the inflation framework that has been agreed with the Government. We look forward to the Government amending the RBI Act to usher in the monetary policy committee, further strengthening the framework.”

Talking about how best to clean up bank balance sheets, he said “we believe enough capital is available. While the profitability of some banks may be impaired in the short run, the system, once cleaned, will be able to support economic growth in a sustainable and profitable way. To be less proactive, as our past and the history of banking across the world suggests, will only see the problem get bigger and less manageable.”

Dr Rajan’s address also dealt with fostering completion, financial inclusion, consumer protection and literacy

Dr Raghuram Rajan became the 23rd Governor of the Reserve Bank of India in September 2013. He was earlier the Chief Economic Advisor to the Government of India and the Eric J. Gleacher Distinguished Service Professor of Finance at the University of Chicago’s Booth School of Business and Non-resident Senior Fellow at NCAER. He has been the Economic Counsellor and Director of Research at the International Monetary Fund (2003–2006). Dr Rajan chaired the Indian Government’s Committee on Financial Sector Reforms (2007–2008). He was the President of the American Finance Association in 2011 and is a member of the American Academy of Arts and Sciences. Dr Rajan was the recipient in 2003 of the first Fischer Black Prize awarded by the American Finance Association for the best finance researcher under the age of 40. He received the Global Indian of the Year award from NASSCOM in 2011, the Infosys Prize for the Economics Sciences in 2012, the Center for Financial Studies-Deutsche Bank Prize for Financial Economics in 2013, *Euromoney’s* Central Banker of the Year Award 2014, and *Central Banking’s* Central Banker of the Year Award 2015. Rajan’s work spans a range of areas in Financial Economics. Dr Rajan has a BTech in Electrical Engineering from IIT Delhi, an MBA from IIM Ahmedabad, and a PhD from MIT.

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The 2016 C. D. Deshmukh Lecture is part of NCAER’s celebration of its 60th year.