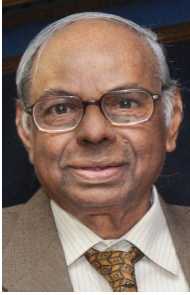


## Chakravarthi Rangarajan



Chakravarthi Rangarajan, Padma Vibhushan, is one of the leading economists of India. Born in 1932, Dr. Rangarajan has a illustrious career. After obtaining his Honours Degree from Madras, he went to the University of Pennsylvania wherefrom he received his Ph.D. Degree in Economics. He has taught at a number of Universities and Institutions both at home and abroad. He has taught at the Wharton School of Finance & Commerce; University of Pennsylvania; the Graduate School of Business Administration, New York University; Loyola College, Madras; University of Rajasthan, Jaipur; Indian Statistical Institute, New Delhi and for well over a decade and a half at the Indian Institute of Management, Ahmedabad. He was also for a time Fellow at the International Food Policy Research Institute, Washington.

Apart from his brilliant academic career, he has also assumed a number of important academic and administrative positions. He held the position of Deputy Governor, Reserve Bank of India (RBI), for almost a decade from 12 February 1982 to 20 August 1991. During this period, he was instrumental in bringing about a number of changes in the credit and financial system in terms of both induction of new instruments and development of new institutions.

He was a Member of the Planning Commission, Government of India from 21 August 1991 to 21 December 1992. During this period, he was involved very actively in the formulation of the Eighth Five Year Plan which had to acquire a new orientation in the context of the changes in economic policy. He was also, for a brief period, a Member of the Tenth Finance Commission.

Dr. Rangarajan was Governor, Reserve Bank of India from December 22 1992 to November 1997. Besides, making monetary policy a flexible instrument of economic policy in achieving growth and price stability, Governor Rangarajan gave a major thrust to financial sector reform. Among the financial sector reforms that received impetus, included simplification and deregulation of interest rate structure, reorientation of reserve requirements with a view to improving banks' lendable resources, strengthening

the soundness of banks through the institution of internationally accepted prudential norms and an improved supervision system, upgradation of information technologies and imparting a greater element of competition in the financial system. In the field of monetary policy his tenure saw the historic momentum signed between the RBI and the Government whereby a cap was put on the automatic finance by the RBI to the Government in the form of *ad hoc* treasury bills.

Dr. Rangarajan was Governor, Andhra Pradesh from 24<sup>th</sup> November 1997 to 3<sup>rd</sup> January 2003. During this period, he also assumed additional charges as Governor of Orissa from 1998 to 1999 and as Governor of Tamil Nadu from 2001 to 2002. Subsequently, he took charge as the Chairman of the Twelfth Finance Commission. As the Chairman of this Commission he emphasized the need for transfer of resources from the Center to the States in a rational way, i.e, in a manner so that not simply vertical imbalance gets corrected efficiently, but horizontal distribution is also determined on the basis of reasonable criteria. The task of formulating a sound transfer system, he maintained, had to establish a fine balance between equity and efficiency, a system where fiscal disadvantage would be taken care of and at the same time fiscal imprudence would be effectively discouraged.<sup>i</sup>

Dr. Rangarajan is a professional economist and has written extensively on a variety of issues relating to the Indian economy in professional journals and books. One of his special interest is finance and he is supposed to be an expert in this area.<sup>ii</sup>

The other areas in which he has made remarkable contributions, include short-term investment forecasting, macroeconomic problems, money and finance, agricultural growth and industrial performance, structural reforms in industry, banking and finance. He is the author or co-author of a large number of books.

Dr. Rangarajan was invited to deliver inaugural or keynote addresses at a number of national and international seminars organized by the famous Institutes and Organisations. For instance, he was invited to deliver the convocation address at the thirty-first Convocation of Indian Statistical Institute, Kolkata on 31 March, 1997. In his address Dr. Rangarajan dealt extensively on the changing context of monetary policy in India and the challenges that the current phase of economic reform had posed in terms

of maintaining price stability and achieving and sustaining faster economic growth in the economy. He remarked that the need of the hour was to bring a quantitative shift from the nature of monetary control prevailing in India in pre-reform period which was geared towards controlling the quantum, cost and direction of credit flow in the economy. He maintained that the experiences of some of the fast growing East-Asian economies as well as some developed economies had demonstrated that micro level returns targeted at removing specific structural rigidities, a macro-policy environment aiming at increased competition, technological upgradation, a proper incentive structure and a stable price environment played a crucial role in achieving and sustaining high rates of economic growth.

The colourful career of Dr. Rangarajan has continued. He was a member of the Economic Advisory Council for the Prime Minister in 1985 and 1991. He was the President of the Indian Economic Association in 1988 and President of the Indian Econometric Society in 1994. He was the Chairman of the National Statistical Commission which was set up to reform the Indian Statistical System.

Dr. Rangarajan received a number of awards from celebrated organizations. He was selected as the Business Man of the Year 1997 by the Madras Management Association and was made a Honorary Fellow by the Indian Institute of Management, Ahmedabad in the same year. He received the Award of Excellence in Finance from Bank of India in 1998 and was declared as the Finance Man of the Decade by the Bombay Management Association in 1998. He received the Financial Express award for Economics, 1998 at the Annual Conference of the Indian Economic Association. In January 2002, he was awarded Padma Vibhushan by the President of India.

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<sup>i</sup> Welcome address by Dr. Rangarajan, Chairman, Twelfth Finance Commission to inaugurate the Golden Jubilee function marking the completion of Fifty years of Finance Commissions in India at Vigyan Bhaban, New Delhi on 9<sup>th</sup> April, 2003.

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<sup>ii</sup> A couple of his recent articles on this topic are: “State Finances in India”, *Economic Bulletin of ADB*, India, Vol.1, No. 3, September, 2003; “Dynamics of Debt Accumulation in India- Impact of Primary Deficit, Growth and Interest Rates,” *Economic and Political Weekly*, November 15, 2003.

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