

“I Do What I Do”

A Book Review

**Abhipsa Mishra*

“I Do What I Do” (2017), the latest publication of Harper Collins, India, is one of the most outstanding contributions in the realm of economics and finance by Raghuram G.Rajan (the former Governor of RBI). The book offers a close introspection of Dr. Rajan's bold decisions and drastic reforms taken during his 3-year tenureship as the Governor of RBI. This book is a head turner for other economists of the country as it provides a different tint all together. The speeches, talks, commentaries, lectures by Dr. Raghuram Rajan, when he was at the helm of the Central Bank, are not monographic, but are presented as a clearly deciphered piece of writing.

Introduction:

“To the existing traditions of the RBI, which will be the bedrock of our work-two traditions that become important in these times: Transparency & Predictability... The RBI should be a beacon of stability as to its objectives. A Central Bank should never say Never! The public should have a clear

framework as to where we are going, and understand how our policy actions fit into that framework ...” This extracts serves as the epigraph to the book being reviewed here.

The key idea of ***“I Do What I Do”*** is to focus on –Plan for Change by reincarnating the Central banking system, introducing financial sector reforms, building ownership of these reforms within the RBI and amongst the external stakeholders. However, all these tectonic movements triggered the miasma of suspicion and criticism to pass the test of acceptance. Nevertheless, Raghuram Rajan, an epitome of boldness and farsightedness, defied conservatism and gave RBI a new, but a short-lived reform. This made him the most followed figure of social media. His luminous speeches in both private as well as public signatures extolled his financial expertise, confidence, agility and intellectual wisdom. He emerged as a rare individual, risk manager par excellence, who could dare to flag the building blocks of the Central Banking reforms-in order to wave for change and

***Abhipsa Mishra**, Asst. Professor (HR), ASTHA School of Management, email: abhipsa1203@gmail.com

macroeconomic stability. Though Raghuram Rajan has been the most controversial figure in the media as well as in the banking sector, but he has proved to be the *BAHUBALI* - who had the brimming power and the guts to rise above these hand woven criticisms and stand for the truth. His power packed speeches always showed stances of awakening the youth for Making in India, through financial and economic literacy, and “harnessing their collective energy in a sustainable and equitable way”.

Raghuram Rajan held the stewardship of RBI in the light of turbulent economic crisis where the rupee was in free fall, inflation was spiral, exchange reserves was falling and current account deficit was high. All these precursors of market volatility forced Indian economy to be labeled as one of the Fragile Five economies. This predicated a very challenging scenario for the Indian economy to restore stability and long-term growth. As a measure to this, Raghuram Rajan warranted for concrete actions, bold steps, and strategic reforms could only act as a *RAMBAAN* to blow off these dark clouds.

This book consists of 3 startling sections –ranging from Raghuram Rajan holding his desk in the RBI (down the memory lane) ,

dealing with issues of inflation management, resolving distressed loans to rhetoric moves for making Indian economy-competitive cum transparent : as the new mercantile law in the Great Game of instability and insecurity.

The first section sets the stage for Raghuram Rajan taking charge as the 23rd Governor of the RBI on Sept 4, 2013. Central bank is the lender of the last resort so as its custodial guardian, the Governor acts as a regulator as well as a savior. The challenge is to face macroeconomic risk and sustain a sense of confidence in the eyes of investors and speculators. This demands for unfreezing the dogmatic banking manuals, and foresees a planned change of a fundamentally sound economy and refreezes it through restructuring the Central banking reforms.

Raghuram Rajan at the very outset preaches two important mandates for RBI:

- Inclusive growth and development
- Financial stability

Moreover, he carves out the five pillars of RBI financial sector policies that include:

- Strengthening the monetary policy framework
- Strengthening the banking structure

- Broadening and deepening the financial markets and increasing their liquidity.
- Expanding access to finance to the remote areas of the country
- Aiming for the financial restructuring as an aid for debt recovery.

As he sees it, he finds it hard to downplay. Because, every change vindicates for resistance, and to ebb this resistance, purposeful, unbiased and effective action is warranted.

The second chapter deals with fighting for inflation: the greater cause and the focus of this book. He outlines that most people believe that there is a trade-off between inflation and growth. It is observed that if growth is to be restored, then interest rate has to be lowered and conversely, if inflation is to be curbed, then interest rate has to be raised. Inflation curtails productivity and growth and thereby leads to unemployment. In the opinion of Dr.Rajan, this is only a myopic view of some economists. In a country like India, where inflation *feeds on itself* , it is obvious that this inflationary spiral can itself act as a catalyst for growth .However the issues are somewhat technical and the reader

must have an economic bent of mind to gaze any ray of mistake or criticism. Further, the section dwells around Dr. Rajan's strategic intent for making banking sector competitive. There is a lot going on in the book.

The chapter, “Words Matter, So does the Intent” clearly outlines the implementation of strong actions to make India as the fastest growing economy. He strongly defies the statement given by Mahatma Gandhi-“*An eye for an eye will only make the whole world blind*”- stating as biased and discriminatory for those who are unable to see. Rather it should be better replaced by-“*Revenge reduces collective welfare,*” that sounds more convincing, inoffensive and pithy. He contends that in the land of diversity, these stereotyped statements and phrases will rouse more conflicts and chaos. Hence, effective communication is the key to dismount success and growth where everybody should need both respect and tolerance.

The second section deals with encountering the global financial crisis taking instances of the US financial crisis, and its impact on East Asian economies. It also reverberates how the inflation spiral in these economies

were exacerbated by the rise in oil prices and thus impeded growth. However, the countries like the USA and the UK responded to this financial slump by stringent deregulation policy. But the countries like Greece, Italy and Spain witnessed very unhealthy consequences. To this, the response of Raghuram Rajan was very pragmatic as he stressed on public borrowing, as the weapon to foster long-term sustainable growth.

The final section discusses Dr. Raghuram Rajan's occasional pieces of writing that is nicely articulated in a very cogent manner. It covers the themes like – Capitalism does not rhyme with colonialism with specific reference to Iraq and Japan; Aid and Growth –The policy challenge is one of the research forays of Dr. Rajan at the IMF; Debt relief and Growth is an article that lay out the circumstances under which the IMF embarked on debt relief in 2005.

Conclusion:

C. Rangarajan (Former RBI Governor) quotes:

“In a short span of three years as Governor, Raghuram Rajan left his strong imprint on the Reserve Bank. He laid the base for a new monetary framework with inflation control as its focus ... ” I do what I do is truly a

master piece for devout scholars, managers & aware citizen to read and appreciate “Dr. Rajan's sharp mind, his deep scholarship and his ability to address practical problems with agility and wisdom”. In a nutshell, A must read!

About the Author in brief:

Raghuram G. Rajan is a professor of finance at the University of Chicago. He was the Governor of the Reserve Bank of India between 2013 and 2016 and served as Vice-Chairman of the Board of the Bank for International Settlements. Dr Rajan was the Chief Economist and Director of Research at the International Monetary Fund from 2003 to 2006. Dr Rajan co-authored *Saving Capitalism from the Capitalists* with Luigi Zingales and wrote *Fault Lines: How Hidden Fractures Still Threaten the World Economy*, for which he was awarded the Financial Times-Goldman Sachs prize for best business book. In 2003, Dr Rajan received the inaugural Fischer Black Prize for the best finance researcher under the age of forty. Other awards he has received include the Deutsche Bank Prize for Financial Economics in 2013, Euromoney's Central Banker of the Year Award 2014 and The Banker's Global Central Banker of the Year award in 2016.