

# Rajan says 'one-eyed king' remark taken out of context

**GUVSPEAK** Everyone should read words in their context, not stripped of it, he says

**HT Correspondent**

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**MUMBAI:** Reserve Bank of India (RBI) governor Raghuram Rajan on Wednesday sought to explain his recent remark where he compared the Indian economy to a "one-eyed king in the land of the blind", saying that criticisms on his comments on not getting carried away by the current rate of growth were made out of context.

"In our news-hungry country, our domestic papers headlined the phrase I used. To be fair, they also offered the surrounding context, but few read beyond the headline. So the interview became moderately controversial, with the implication that I was denigrating our success rather than emphasising the need to do more," the governor said while addressing students at the convocation of the National Institute of Bank Management in Pune.

Rajan used the phrase 'one-eyed man is a king in the land of the blind' in the US last week to describe how India may be best placed with strong growth among struggling global economy despite its weaknesses. The remark,



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RAGHURAM RAJAN, governor, RBI

which some saw as dismissive of the progress made by India, drew strong criticism, even from finance minister Arun Jaitley, who said that in any other country, a growth rate of 7.5% would have been celebrated.

At an event last Monday, minister of state for finance Jayant Sinha also said he did not agree with the RBI governor. "We are the shining star," Sinha said. Commerce minister Nirmala Sitharaman, too, had countered saying "I may not be happy with his (Rajan's) choice of words."

Apologising to the visually impaired for any grievance caused, Rajan said: "More generally, every word or phrase a

public figure speaks is intensely wrung for meaning. When words are hung to dry out of context, as in a newspaper headline, it then becomes fair game for anyone who wants to fill in meaning, to create mischief. Worst of course, are words or proverbs that have common usage elsewhere, because those can be most easily and deliberately misinterpreted. If we are to have a reasonable public dialogue, everyone should read words in their context, not stripped of it. That may be a forlorn hope!"

"I used the phrase 'andhon me kana raja' (in the land of the blind, the one-eyed is the king)... My intent in saying this was to sig-

nal that our outperformance was accentuated because world growth was weak. I explained that we were still not at our potential, though we were at the cusp of a substantial pick-up in growth given the reforms that were underway."

"As a central banker who has to be pragmatic, I cannot get euphoric if India is the fastest-growing large economy. Our current growth certainly reflects the hard work of the government and the people of the country, but we have to repeat this performance for the next 20 years before we can give every Indian a decent livelihood," he added.

Without citing specific instances, Rajan also said previous governments had become too complacent by periods of high growth. "We cannot get carried away by our current superiority in growth, for as soon as we believe in our own superiority and start distributing future wealth as if we already have it, we stop doing all that is required to continue growing... This movie has played too many times in India's past for us to not know how it ends."

# Not all defaults are criminal in nature: Rai

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**MUMBAI:** Not all loan defaults are “wilful” and stressed assets problems should not be magnified as it may make lenders more risk-averse towards fresh lending, Banks Board Bureau chairman Vinod Rai said on Wednesday.

“The banking sector has seen considerable stress in recent years. However, we should not allow the cacophony of uninformed voices to debilitate the decision-making

capability of bank executives,” Rai said while addressing students of the National Institute of Bank Management, Pune. “After the Southeast Asian crisis, Indian banks underwent very challenging times, but emerged stronger. Quite often the problems are creations of the global economy. Nevertheless, these need not be magnified to create an alarmist situation leading to a backlash wherein banks become risk-averse whether in lending afresh or settling old cases.”

A former Comptroller and

Auditor General, Rai, said not all defaults are wilful and not all lending activities, even if it is to salvage some stressed accounts, can be branded as corrupt practices. “Defaults merely amount to a breach of contract and hence are not necessarily criminal in nature. It would attract criminal prosecution only if fraudulent or dishonest intention is established. Thus defaults occurring on account of a downturn in the economy or adverse external factors cannot be construed as cheating or bor-

rowing with a malafide intent.”

On the fear psychosis among bankers of being hounded by vigilance officials when executives take decisions to advance loans or conclude settlements of stressed loans, Rai said there is no intention of any agency to launch any kind of witch hunt. “In fact, the attempt will always be to defend transparent and well-considered decisions taken in good faith, which went awry for conditions beyond the control of the lender or the borrower.”

Hindustan Times, P. 13, 21.4.16