

Rajan's reply to critics: Don't look for insults... let's not stifle debate

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CRITICISED AMONG others by Commerce and Industry Minister Nirmala Sitharaman for describing the Indian economy as '*andhon mein kana raja*', Reserve Bank of India (RBI) Governor Raghuram Rajan, while apologising to "a section of the population that I did hurt, the blind", said "listeners should not look for insults everywhere, and should place words in context so as to understand intent".

Addressing the 12th annual convocation of the National

Institute of Bank Management (NIBM) in Pune Wednesday, Rajan said: "For effective communication and debate, rather than the angry exchanges that we see on some TV shows, we need both respect and tolerance. The greatest danger of all is that we do not communicate or debate, for then we will allow distorted stereotypes to flourish unchallenged, and divisiveness to increase. In a country like ours, conceived and flourishing in diversity, that will truly be a disaster."

On Monday, Sitharaman, while referring to Rajan's choice of words, said: "I may not be

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happy with his choice of words... If better words were used to say whatever he wanted to say, it would have gone down better." Rajan told the NIBM gathering that he was asked by a foreign journalist what it felt like to be the bright spot in the world economy. "I used the phrase 'andhon mein kana raja' or 'In the land of the blind, the one-eyed man is king'. The proverb has a long multinational history. The Dutch philosopher, Erasmus, used it in Latin when he wrote 'In regione caecorum rex est luscus', but he probably was inspired by earlier work.

"My intent was to signal that our out-performance was accentuated because world growth was weak, but we in India were still hungry for more growth. I then explained that we were not yet at our potential, though we were at a cusp of a substantial pick-up in growth given all the reforms that were underway."

"In our news-hungry country, however, 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."

"More generally, every word or phrase a public figure speaks is intensely wrung for meaning... I do, however, want to apologize

to a section of the population that I did hurt, the blind. After all, the proverb suggests that a one-eyed man is better than a blind one. A moment's thought suggests this is not true. For the blind can develop capabilities that more than make up for their disability." "Indeed, the sheer willpower and hunger to succeed of the disabled can help them become over-achievers in a seeing man's world. Moreover, because their other faculties such as touch, smell, and hearing, are more finely honed, the blind may add new perspectives and new variety to our world, making it richer and more vibrant. So I am indeed sorry for implying the blind were otherwise than capable."

Rajan said India's "international reputation is of a country with great promise which has under-delivered in the past" but "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".

"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. This is not to disparage what has, and is, been done."

"The central and state governments have been creating a platform for strong and sustainable growth, and I am confident the payoffs are on their way, but until we have stayed on this path for some time, I remain cautious... We need to change perceptions by delivering steadily on our promise for a long time — by implementing, implementing, and implementing... This movie has played too many times in India's past for us to not know how it ends."

He said India remains the fastest growing large country in the world, "though with manufacturing capacity utilisation low at 70 per cent and agricultural growth slow following two bad monsoons, our potential is undoubtedly higher". But growth, he said, is just one measure of performance. "The level of per capita GDP is also important. We are still one of the poorest countries in the world on a per capita basis, and have a long way to go before we reasonably address the concerns of each citizen." "We are often compared with China. But the Chinese economy, which was smaller than ours in the 1960s, is now five times our size at market exchange rates. The average Chinese citizen is over four times richer than the average Indian. The sobering thought is we have a long way to go before we can claim we have arrived," he said.

