

Banker versus economists in race for RBI Governor

The government is yet to give a serious thought to who should replace Raghuram Rajan as the RBI governor when his term ends in September but it is turning into a contest between economists and a banker.

Sources said that PM Narendra Modi, who will decide on the key appointment, is currently dealing with the crisis in Jammu & Kashmir and was earlier preoccupied with the Cabinet reshuffle and the Africa trip. In any case, the vacancy arises in September and various candidates will be looked at before a final decision is taken.

During the last 25 years, economists and bureaucrats have been at the helm at the RBI and even this time it is the former which has a stronger representation in the list of potential candidates. The sole exception is New Development Bank (NDB) chief and former ICICI Bank chairman K V Kamath, who is seen as a banker with international recognition. In case he moves to Mumbai's Mint Road, where the RBI is headquartered, SBI chair man Arundhati Bhattacharya could be a possible replacement at NDB.

While Bhattacharya's name was earlier doing the rounds, SBI has a large pile of bad debt, something that is a top focus for the RBI currently.

Among the economists, there are at least three RBI deputy governors -two past and one current - who are seen as possible central bank governors. While Rakesh Mohan, the senior most among them, is a contender, age is not on his side. But a major plus is his familiarity with the entity as well as dealing with complexities of the RBI's relation with the government, where he has been the chief economic adviser, economic affairs secretary as well as economic adviser in the industry ministry.

Also in the fray is Subir Gokarn, a former deputy governor and the current executive director at IMF, and current deputy governor Urjit Patel.

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