

Shaktikanta to be RBI gov for 3 more years

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MUMBAI: The Centre has reappointed Shaktikanta Das, 64, as the governor of the Reserve Bank of India for a period of three years from December 20 or until further orders. Completion of the term would make Das the longest-serving governor in almost seven decades and second-longest in RBI's history. The longer-than-expected tenure is seen by the markets as a message that the government wants to ensure continuity. The Appointments Committee of the Cabinet issued its order on reappointment late on Thursday.

"The reappointment of Das for a three-year term signals continuity of monetary policy and gives greater stability to government-RBI relations," said Rahul Bajoria, India economist at Barclays in a note. "We also view the governor's reappointment as a vote of confidence in the RBI policy

stance." He pointed out that RBI had done most of the heavy lifting during the Covid crisis.

Das had taken charge as governor on December 11, after his predecessor Urjit Patel resigned a year ahead of the completion of his term. Immediately before Das took charge, the relationship between the central bank and the government had plunged to a low after Patel and his deputy Viral Acharya's battle with the government over the independence of the apex bank.

Upon taking charge, the retired civil servant had to face criticism for not being an economist and was identified as a government person as he was at the forefront of government briefings during demonetisation. He has, however, adopted a collaborative approach and soothed the relationship between RBI and the Centre.

Das' reappointment comes following his deft handling of the economic crisis in the wake of the pandemic. The governor's immediate challenge in his second innings would be normalising the sea of liquidity in the money markets estimated to be at over Rs 10 lakh crore without hurting the nascent recovery. He also has to put in a framework for giving bank licences and for enabling privatisation.