

Raghuram Rajan is the next RBI Governor

New Delhi: Chief Economic Advisor [Raghuram Rajan](#) will be the next Reserve Bank of India (RBI) Governor after incumbent D Subbarao retires in September.

Mr Rajan, a former International Monetary Fund (IMF) Chief Economist has been appointed for a three-year period.

"It's the right choice that a thorough professional has been appointed...," Arvind Virmani, former Chief Economic Advisor told NDTV.

Mr Rajan's appointment will ensure good relations between the Reserve Bank and the finance ministry, Jay Shankar, independent economist told NDTV

"Given the current economic turmoil, we need a lot of global experience. A person who understands global economy and fund flows. It's a welcome move. Over the last one year, he has also gained experience as the chief economic advisor," Mr Shankar said.

Planning Commission member Saumitra Chaudhuri and Economic Affairs Secretary Arvind Mayaram's names had also been floating around in the media as contenders for the RBI chief's position.

The government had been on the lookout for the next RBI Governor, ever since incumbent D Subbarao expressed his desire to "move on". Dr Subbarao, due to retire in September, was initially appointed for three years in 2008.

The government would ideally have wanted Dr Subbarao to continue considering the state of the Indian economy. Growth has slumped to a decade low and the rupee is trading at record lows.

With elections less than a year away, the government might have been comfortable with Dr Subbarao, who's been there and seen all.

Mr Rajan now faces a tall order as he has to balance growth with supporting a tumbling rupee that hit an all-time low of 61.80 against the dollar on Tuesday.