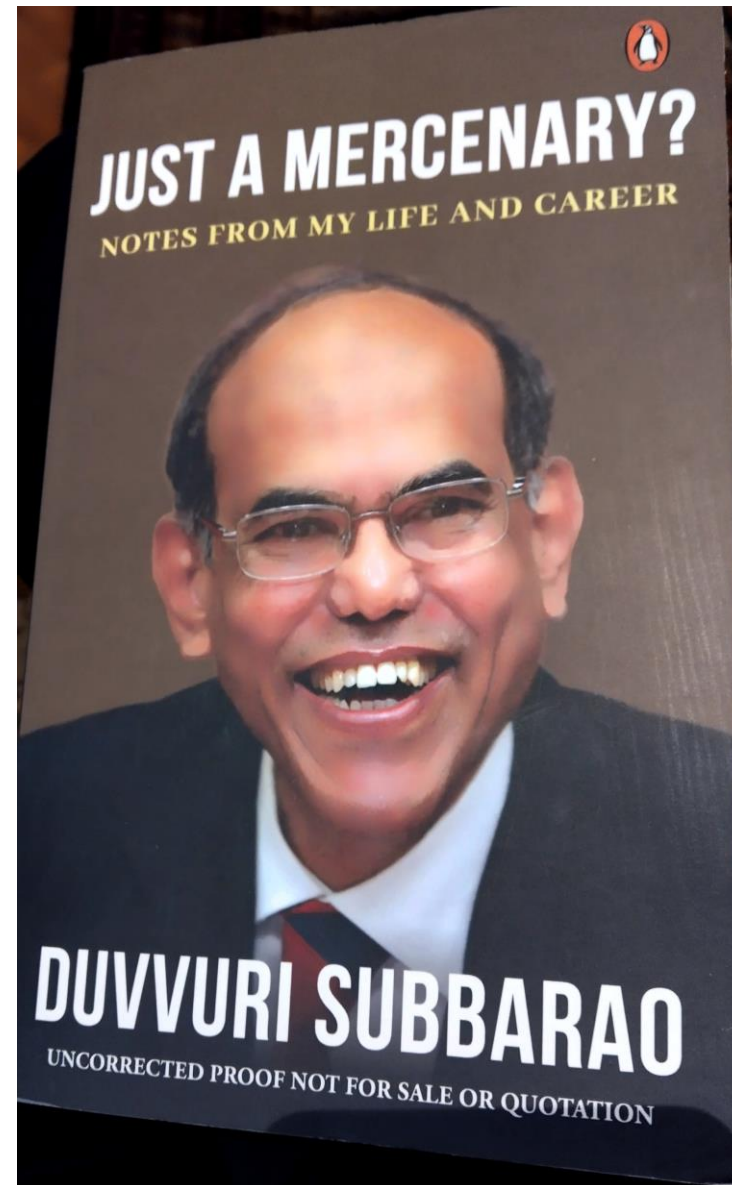


Just a Mercenary?

Notes from my life and career

D Subbarao



Duvvuri SubbaRao stood first in his IAS batch and became the RBI Governor. He also worked for the World bank. He did a number of roles in AP Government and for the Union Government in his illustrious career.

I prefer classifying this book a 'notes from my life and career' rather than memoirs

All through my working life, I had been quiet aspirational, but becoming the Governor of the Reserve bank had not been on my career calculus.

As civil servants we are trained to be anonymous. This appointment as RBI governor turned me from an unknown unknown into a known unknown.

One bit of media commentary that weighed on my mind was whether I would stand up for the independence of the bank

Real life events do not respect leadership transitions.

I've been asked many times who my best teacher was – it was Commander Almeida of my Sainik School.

Modern management tells us that the answer to a full schedule is to multitask. My own experience is that multi tasking is a NO GO.

As a young IAS officer, I tried to understand village life as much as possible. The sociology of a village where everyone knows everyone else is very different from the anonymity and aloofness of urban living.

The stereotypical view in a district is that ‘the IAS officer knows everything’ It was an ego booster all right, but it was also a big obstacle to learning.

No IAS officer gets trained to be honest

**Every IAS officer struggles with the challenge of being clean and being seen to be clean.
The only guide is your conscience.**

Walking the straight line in IAS field jobs is a more complex proposition because questions of pecuniary integrity get layered over by caste and political affiliations.

My staff were good at explaining how things were done, but were not good at explaining why things were done the way they were done.

**Caste and politics were part of village life.
Its unfortunate that caste continues to rule
politics in India.**

We thought with education and prosperity, caste will go away, however, exactly the opposite has happened. Caste continues to have a dominant influence on our economics, politics, and indeed our entire way of life.

One thing I learnt as a sub collector was to chase the monsoon. The intimate connection between rainfall and our well being as households, as communities and as a nation has stayed with me though my career no matter what my job was.

I went to study at Ohio by taking a break from IAS. One thing about American life is that its easy to adjust to. More important, no one cared what you did, it was a liberating feeling.

Being a district collector is a defining job of an IAS officer. Across the country, for the rural folk, the district collector is the only government authority and voice they recognize.

States competing with each other for investment is healthy federalism, but that competition must be based not on concessions and incentives but on providing a conducive environment for business activity.

In the past industries were sick but industrialists were healthy.

In 1982, computers were a novelty, we broke a coconut when we installed a computer and more important every senior officer wanted a computer because that meant his room would be air conditioned to house the computer.

The true test of leadership is to play the hand you have been dealt – to do whatever it is you have to do with passion.

The younger people of today will find it difficult to imagine the scarcity and lack of choice in pre reform India of 1991.

“The difficulty lies not in developing new ideas but escaping from old ones” John Maynard Keynes.

I was never indifferent to the postings I was given. Career trajectory mattered to me.

Government budgets are driven by short term compulsions and hence long term sustainability is seldom discussed. The overriding motivation is to maximize borrowing to maximize spending to satisfy maximum political constituencies.

Politicians everywhere have short term horizons. If they can get by today, they go for it, tomorrow they believe will take care of itself.

Chinese decentralization is most notable for its emphasis on results over rules.

Working in the World bank turned out to be a valuable experience in improving oral and written communication.

Mexican artist Frida Kahlo said “I don’t want you to think like me, I want you to think”

Group think is susceptible in every institution.

“There is nothing more permanent than a temporary government program” Milton Friedman

The Centre must recognize that starting with 1991, the fiscal center of gravity has slowly but steadily shifted in favor of the states.

Our ability to generate investment and growth will depend on the collective fiscal responsibility of the Centre and the states.

During the Vajpayee government, the government rightly decided not to accept bi-lateral aid as it was subjecting us to interlocution on our policies by the donors.

The art of listening one step down (i.e. subordinates of your subordinates) is something I practiced as a manager.

In these sessions you have to listen to what is being said and what is not said.

I wasn't a perfect leader, far from it. But I can say this for myself – I made a conscious effort to reach the best practice.

In making budgets, Finance ministers are confronted with an impossible trinity – raise expenditure, but don't raise taxes and don't increase borrowing. This is mathematically impossible.

Only three people in the government are privy to the full budget :

1. The Finance Minister

2. The Finance Secretary and

3. The Joint secretary in charge of the budget.

The 2009 mega farm loan waiver was started as a loan waiver to end all loan waivers. It turned out to be the exact opposite by setting off a series of loan waivers.

The NABARD study says that only 4 out of 21 parties have lost election after promising a loan waiver since 1987.

Emerging markets want capital , but they want capital of the long term type, not fickle capital that flees at the hint of trouble.

The government of India thought I was not pro growth. I always said that in Europe, the debate was *fiscal austerity vs growth* whereas in India it was *fiscal austerity for growth*.

The locus stand of the CAG to go into the 2 G issue is unquestionable. However, the CAG to go into the question of ' presumptive loss' to the government and its method of quantifying that loss are questionable on several grounds.

Many government policies have presumptive loss.

My experience with parliamentary committees is that the same people outside the room are warm and friendly in the tea lounge but become hostile as soon as the meeting begins.

Working with Chidambaram was an interesting experience. He is universally acknowledged as being brilliant and is almost universally accepted as having an abrasive streak.

High inflation acts as a regressive tax, it hurts poor people more than rich people.

One of the nice things about being a central bank governor is that the market hangs on to every word you say, treating each syllable, nuance and twitch of the face as a market cure.

It can be a big ego trip, its also an enormous burden

What the poor want is microfinance and micro insurance. Banks don't give it to them because they do not regard them as creditworthy.

Cost of credit matters but access to credit matters more.

Being continuously challenged and craving for success in everything I do has become a way of life.