

The biggest financial crisis cum recession first hit home in 2007. The mania of what the *New York Times* called “the smart flippers of securitized mortgages of sub-prime properties” sent the world into another recession. Robert Skidelsky, the well-known biographer of Keynes and a historian who has made himself ‘literate in economics’ has reminded us in his latest book *Keynes: Return of the Master* that we constantly face uncertainty which is beyond calculation and which cannot be insured against. Keynes may have been marginalized in the latest textbooks but his lessons were not totally forgotten by policy makers. This is why unlike in the case of Great Depression of the 1930s, governments moved in faster with rescue schemes or the ‘stimulus packages’. Central bankers too responded rather swiftly, slashed interest rates and injected more liquidity in to the financial system.

That the crisis did have devastating impacts on the Indian economy has mainly two popular explanations. The first states that Indian economy was already in a crisis by the time the recession arrived on the world scene. Origin of the domestic crisis has been traced to the political economy of monetary policy stance or what has been called ‘the excesses of the state’ According to the second explanation, once the US changes the weight of its Indian portfolio by 1% it might mean 300 billion dollars coming to India. The implied warning is that India is not up to managing well the globalization-induced huge capital inflows in to the economy. Thus arises the need to regulate such inflows (and also outflows) through measures like those resorted to by Brazil recently, the Tobin Tax, for instance. Do we need to be haunted by the fear of the unknown when it comes to monetary policy stance vis-à-vis demand driven inflation? Does our monetary policy constrain us from reaching, leave alone surpassing the growth rates being achieved by our large Asian neighbor and traditional competitor, persistently for a long period even when all the internationally accepted theories and empirical findings on entrepreneurship, politically conducive growth climate (democracy) and the vast institutional structure typically favor India? Indian economy has emerged out of the devastating impacts of the global crisis far ahead of the others. This book presents the proceedings of the Bharat Ram Memorial Seminar 2010 and attempts to answer these vital questions to enable the country to reach its capacity growth rate and enter in to the double digit phase in the foreseeable future.

Some of the prominent speakers in the Seminar were

- Lord Meghnad Desai, Prof Emeritus, Centre for the Study of Global Governance, London School of Economics
- Mr Montek Singh Ahluwalia, Deputy Chariman, Planning Commission
- Mr Roberto Zaghera, Country Director- India, World Bank
- Mr Surjit Bhalla, Chairman, Oxus Investments
- Mr Gurcharan Das, Chairman, Centre for Civil Society
- Dr Kaushik Basu, Chief Economic Advisor, Department of Economic Affairs, Ministry of Finance

- Mr Nitin Desai, Distinguished Fellow, The Energy and Resources Institute (TERI)
- Dr Sudipto Mundle, National Institute of Public Finance and Policy