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## Monetary policy should focus on currency stability and inflation management: Ex-RBI deputy governor

Aparna Ramalingam, TNN | Sep 3, 2013, 08.01PM IST

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CHENNAI: Former RBI deputy governor [Subir Gokarn](#) has said that every crisis is a mix of challenge and opportunity, challenge to deal with and opportunity to grow. Gokarn was speaking at the fourth annual financial conference organized by the [Great Lakes Institute of Management](#) on Tuesday near Chennai.

Gokarn who is currently director, research at Brookings India said the main elements leading to the rupee depreciation were domestic as well as global factors. "The [monetary policy](#) before the crisis just focused on tackling inflation and the single instrument was interest rate. Now, we are moving towards greater integration," he said.

Gokarn urged usage of instruments beyond interest rates like other price and quantity instruments. "The monetary policy should focus on [inflation management](#) as well as [currency stability](#)," he said.

Gokarn said the major reason for the ballooning of CAD (current account deficit) was stoppage of iron ore exports in the last two years and starting of import of coal during the same period. "Oil and gold imports have been the other two pressure points which have developed in the last couple of years and these two direct forces (iron ore and coal, oil and gold) are acting on the CAD," Gokarn said.

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