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RESERVE BANK OF INDIA

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**Professor Hélène Rey, London Business School delivered
the Sixteenth L.K. Jha Memorial Lecture
titled “National Monetary Authorities and the Global Financial Cycle”**

The Reserve Bank of India hosted the Sixteenth L.K. Jha Memorial Lecture on December 14, 2018 in Mumbai. [The lecture](#) was delivered by Professor Hélène Rey, London Business School, London, UK. Governor Shri Shaktikanta Das welcomed the guests and highlighted the significance of the Lecture series, instituted by the Reserve Bank to perpetuate the memory of Shri L.K. Jha, and to recognise his services to the Reserve Bank and the nation.

Professor Hélène Rey, a macroeconomist of international repute, is Professor of Economics at London Business School. Professor Rey is a Fellow of the British Academy of the Econometric Society and of the European Economic Association. She is also a Research Fellow at Centre for Policy Research (CEPR), and a Research Associate at National Bureau of Economic Research (NBER).

Professor Rey, drawing from her own seminal work on international capital flows, financial crises and international monetary system, focused her lecture today on the increasing evidence of the existence of a global cycle in cross-border capital flows, asset prices and leverage. Even though such a global financial cycle may evolve independently of a country’s specific macroeconomic conditions, it often leads to large asset-price bubbles and excess credit creation, necessitating domestic policy response to stabilising the economy. In essence, domestic macroeconomic policies are rendered subservient to the global financial developments.

The policy tool kit, she explained, may need to involve macroprudential measures aimed at limiting excessive domestic credit growth in times of easy global financial conditions. Such macroprudential policies should have legislative backing and public accountability, their effectiveness can be enhanced with stress tests involving both banking and non-banking financial intermediaries. She referred to regulations maintaining financial stability as performing a ‘thankless task’.

The full text of her lecture titled “National Monetary Authorities and the Global Financial Cycle” is placed at www.rbi.org.in