

GS-III: Indian Economy and Issues relating to Planning, Mobilization of Resources, Growth, development and Employment.

1. What does economic capital framework mean by? Write about the key recommendations of the Bimal Jalan committee. There is a growing threat posed by the government to the central bank's autonomy. Critically Comment.

Why this Question:

- ✚ Reserve Bank of India (RBI) has approved the transfer of record Rs 1.76 lakh crore dividend and surplus reserves to the government.

Demand of the question:

- ✚ The question wants us to write about the basic definition of economic capital framework.
- ✚ The questions demand us to write about the key recommendations of Bimal Jalan committee.
- ✚ The question also wants us to write whether the recent actions of government is threatening the autonomy and independence of the RBI.

Directive word:

Critically Comment:

- ✚ The directive 'comment' is usually followed by a statement made by some famous personality, or taken out from a famous book.
- ✚ When you are asked to comment, you have to pick main points and give your 'opinion' on them based on evidences or arguments stemming from your wide reading. Your opinion may be for or against, but you must back your argument with evidences.
- ✚ Critically comment is also forming opinion on main points but in the end you must provide a fair judgement.

Structure of the Answer:

Introduction:

- ✚ Write about the Economic capital framework. Write why it has been in limelight recently.

Body:

- ✚ Write about the Bimal Jalan committee formed by the RBI and the need behind it.

- + Write the key recommendations of the committee.
- + Write about the recent issues between the government and the RBI.
- + Comment whether these actions (like transferring surplus, demonetisation) are likely to threaten the autonomy of the RBI.
- + Write whether those actions which interferes with other's autonomy are critically needed for the betterment of the economy or could be simply found with an alternative.

Conclusion:

- + Conclude with way ahead and give suggestions how a government should make use of the resources without interfering in the autonomous zone of other democratic institutions.

