

GS-III Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development and Employment.

- 1. The Great Slowdown stems from a balance sheet crisis. Discuss the various causes for the Balance Sheet crisis and way forward measures to address the same.**

Why this Question?

- Seemingly suddenly, India's economy has taken ill. Indicators of exports, imports, and real government revenues are in negative territory, or close to it. Clearly, this is not an ordinary slowdown. It is India's Great Slowdown.

Key Demands of Question:

- Explain the brief intro about the current great slowdown in the economy.
- Discuss the various causes for the balance sheet crisis that ultimately result in the great slowdown.
- Explain the way forward measures to address the slowdown crisis in the economy.

Directive word:

Discuss:

- This is another common directive which is an all-encompassing one – you have to debate on paper by going through the details of the issues concerned by examining each one of them. You have to give reasons for both for and against arguments. And once all the discussion is done, a suitable apt conclusion may be given at the end of the answer.

Structure of Answer:

Introduction:

- Give brief intro about the current economic slowdown in the country. Substantive by mentioning GDP growth rate, etc.

Body:

- Explain the link between the balance sheet crisis and the economic slowdown.
- Discuss the various causes for the balance sheet crisis. For example, credit boom by NBFCs, investment growth during boom period, etc.
- Mention the way forward measures to tackle the balance sheet problem.
- Highlight the government measures in this regard. Mention the capital infusion, consideration of the bad bank, Insolvency and Bankruptcy Code.

Conclusion:

- Conclude with the severity of the great slowdown and the government must act in swift Manner.