Importance of Communications Policy

Why in news?

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The RBI Governor announced that members of the Monetary Policy Committee (MPC) had refused an invitation from the Ministry of Finance for a private briefing.

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What is the issue?

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- What did the ministry want to share with the MPC which was not already available in the public domain? The answer probably is the official analysis of the data.
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- The fact of the matter is that there is **no longer a robust communications policy.**
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- Also, there is **inadequate economic research** emanating from official and institutional sources.
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- While the RBI's detailed reports have become a pale version of what they used to be, the Finance Ministry's Economic Survey has become an overly theoretical tract.
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What is happening in recent times?

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- In recent years, with the world passing through a very uncertain economic period, communications policies and official publications have undergone a significant change.
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- Traditionally, the Survey has been a rich source of information for economic analysts and officials. However, in the past few years, the Survey has been lacking in direction.
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- The last Survey, released in January 2017, was more like a research-based conference volume with tentative propositions and hypotheses, but **very little by way of a review of the Indian economy.**
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- Also, the Annual Report of the RBI has been shrinking and silent on many pertinent issues of the economy such as non-performing assets.
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- The other statutory document, **Report on Trends and Progress of Banking** (RTPB) has became invisible, having been submerged into the Financial Stability Report (FSR).
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- Last year, the RTPB was finally separated from the FSR, but was a shadow of its traditional size and quality.
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- A similar story holds true for other research-based publications from the research wing of the RBI.
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- **Centre for Advanced Financial Research and Learning** (CAFRAL), was set up in 2011 to serve as a knowledge hub of the country.
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- However, research output from CAFRAL has not gained prominence and respectability in both quality and quantity despite hosting a large number of foreign-based economists.
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Why communications policy is important?

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- The communication policy is expected to **cover four broad categories of issues** viz., interpretation of economic conditions including recent developments, content of policy decisions, strategy and outlook for the future.
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- Globally, in recent years, the communications policy of governments has assumed significance, as **it promotes confidence in the policy regime.**
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- The Indian economy is passing through a great transition.
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- Ever since the new government took over, there has been a paradigm shift in economic policy.
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- In such a transition, **communications policy through publications** seems worsening, when it should have been more transparent.
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- The uncertain and tense economic environment is not conducive to growth.
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Source: Business Line

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