

(Please do not write anything except the question number in this space)
कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.
Content of the Question is more important than length.
(Specimen Answer Booklet - For Practice Purpose Only)

उम्मीदवारों को इस हाशिए में नहीं लिखना चाहिए
Candidates must not write on this margin

① Q. Over tightening of the monetary policy has further weakened the move towards a higher growth trajectory. Do you agree with this view? Discuss.

↳ Recently monetary policy committee (MPC) has increased the policy repo rate under the liquidity adjustment facility (LAF) cumulatively by 225 basis points to take the repo rate to 6.25%.

↳ As regards the growth outlook, the MPC resolution projected that while the growth will be at 6.8% in 2022-23, the growth rate will be 7.1% in Q1:2023-24 but it will decelerate to 5.9% in Q2.

↳ Impact on Growth Trajectory.

↳ In Industry credit deployment of gross bank credit as an indicator of private sector reaction to Monetary Policy tightening.

↳ Pressure on the government to lower the allocation of capital expenditure in order to adhere to the medium term target prescribed in the FRBM Act, 2003. (Fiscal Responsibility and Budget Management Act) 2003

↳ Financing current Account Deficit in a non-disruptive manner implies a more greenfield Foreign Direct Investment flows of capital flows.

↳ Inflation & India

↳ India's growth was supported by domestic savings and domestic investment.

↳ In India context, both headline and core inflation remain a policy concern as these two have been surging at more than 6%.

↳ Way forward.

↳ The global economic situation could turn to a downward trajectory, the flow of investment funds look difficult.

↳ The overtightening of the monetary policy has further weakened the move towards a higher growth trajectory. We may still be the fastest growing economy.