

Functions of rbi analysis essay



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Major Functions Of RBI Introduction The RBI was established by passing “ transfer of public ownership Act” in Sep-1948 under which the ownership of the bank was passed into the hands of the Government of India with effect from 1st january 1949.

Fuctions: The fuctions are classified into three heads, viz. , A) Traditional functions B) Promotional functions and C) Supervisory functions. lets see the detailed accont in these heads. , A) Traditional functions 1. Monopoly of currency notes issue 2. Banker to the Government(both the central and state) 3.

Agent and advisor to the Government 4. Banker to the bankers 5. Acts as the clearing house of the country 6. Lender of the last resort 7. Custodian of the foreign exchange reserves 8. Maintaining the external value of domestic currency 9.

Controller of forex and credit 10. Ensures the internal value of the currency 11. Publishes the Economic statistical data 12. Fight against economic crisis and ensures stability of Indian economy.

B) Promotional functions 1. Promotion of banking habit and expansion of banking systems. 2. Provides refinance for export promotion 3.

Expansion of the facilities for the provision of the agricultural credit through NABARD 4.

Extension of the facilities for the small scale industries 5. Helping the Co-operative sectors. 6. Prescribe the minimum statutory requirement. 7.

Innovating the new banking business transactions. C) Supervisory functions

1. Granting licence to Banks. 2. Inspects and makes enquiry or determine position in respect of matters under various sections of RBI and Banking regulations 3. Implements Deposit insurance scheme 4.

Periodical review of the work of the commercial banks 5.

Giving directives to commercial banks 6. Control the non-banking finance corporation 7. Ensuring the health of financial system through on-site and off-site verification. Meaning and Significance Per capita Income means how much an individual earns, of the yearly income that is generated in the country through productive activities. It means the share of each individual when the income from the productive activities is divided equally among the citizens.


Per capita income is reported in units of currency. Per capita income reflects the gross national product of a country.

Per capita income is also a measure of the wealth of a population of a nation when compared with other countries. It is expressed in terms of commonly used international currency such as Euro, Dollars because these currencies are widely known. Per Capita Income of India: Current Scenario The per capita income of India has gone up as much as 14. 2% in 2006-07.

According to May 2007 data, the per capita income of India was Rs 29, 382 a year or Rs 2, 448. 5 a month. This high rise in the per capita income of people has enabled them to spend more products like mobile, health etc.

This high rise in the per capita income has also increased the savings of the people. Increase in house hold's income levels and the growth of 9.6% in the GDP have resulted in this increase of the per capita income of the people.

Per Capita Income of Various Indian States The two backward states of the Indian republic Jharkhand and Orrissa are growing at a rapid rate in terms of the per capita income because of rise of industrial activities in these two states. Karnataka is at the top of the chart with the fastest growing per capita income (nearly 9.8%) followed by Gujarat with 8.92%. The per capita income in 17 states is below the national average of 8.

4%. Per capita income shows the purchasing power of the states and so it is very important for the states to increase the per capita income of each person. National Income  | According to the famous economist J. M.

Keynes national income is the money value of all the goods and services produced in a country during a year. The National income of any country shows the economic position of the country.

It is the national income which helps to compare the progress of the country over a period of time. The study of National income is important because of the following reasons:

- To see the economic development of the country.
- To assess the developmental objectives.

- To know the contribution of the various sectors to National income. There are various methods for calculating the national income such as production

method, income method, expenditure method etc. Calculation of National Income of India: A Brief History

The first attempt to calculate National Income of India was made by Dadabhai Naroji in 1867 -68. This was followed by several other methods. The first scientific method was made by Prof.

V. K. R Rao in 1931-32. But this was not very satisfactory. The first official attempt was made by Prof.

P. C. Mahalanobis in 1948-49, who submitted his report in 1954. Difficulties in Calculation of National Income In India people who are calculating the national incomes have shown the various difficulties in calculating the national income.

The most severe one is the finding of reliable data.

Most of the time, it is based on assumptions. Soon after independence the National Income Committee was formed to collect data and estimate national income. The two major problems which remain in the calculation of National Income are: • Most of the data is not from the current year. • Even if current data are available then values are underreported. Obstacles in High Growth of National Income of India It is also estimated that in the next 10 years India's national income is going to suffer because of diseases.

Various diseases such as stroke, diabetes are going to cost India a loss of nearly \$200billion.