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Q1

Consider the following statements: 1. The Governor of the Reserve bank of India (RBI) is appointed by the Central Government. 2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest. 3. The Governor of the RBI draws his power from the RBI Act. Which of the above statements are correct? (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3 Official key: C.

UPSC Civil Services Prelims 2021 · General Studies · 2 marks · Polity and Governance

Indian Constitution, polity, rights, governance - Prelims GS Paper I.

Explanation

(a)

1 and 2 only. The Constitution does not give the Centre a general power to direct the RBI. Power sits in the RBI Act.

(b)

2 and 3 only. Statement 2 is false; 1 and 3 hold.

(c) Official key

1 and 3 only. The Governor is appointed by the Central Government and draws powers from the RBI Act. There is no constitutional 'directions in public interest' clause of that kind.

(d)

All three. Statement 2 is the miss.

Summary

Official key is (c) 1 and 3 only. The RBI Governor is appointed by the Central Government and the office is a creature of the **RBI Act, 1934**. The Constitution does not vest a general public-interest power to issue directions to the RBI.

Related possible facts

These can be asked in a future Prelims paper.

RBI Act, 1934

ss. 8, 7 - Governor, Board, and government directions in the Act, not the Constitution.

Section 7

Central Government may give directions to RBI after consultation - statutory, not constitutional.

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