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GENERAL STUDIES (TEST CODE : 1432)

Name of Candidate	Nihal Randhawa		
Medium Eng./Hindi	English	Registration Number	58233
Center	N/A	Date	29-July-2017

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	10	
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4	10	
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11	15	
12	15	
13	15	
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15	15	
16	15	
17	15	
18	15	
19	15	
20	15	

Total Marks Obtained:

Remarks:

INSTRUCTIONS

- Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
- There are **TWENTY** questions printed in **ENGLISH & HINDI** इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
- All questions are compulsory.**
सभी प्रश्न अनिवार्य हैं।
- The number of marks carried by a question/part is indicated against it.
प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
- Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other than the authorized one.
प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेगा।
- Word limit in questions, if specified, should be adhered to.
प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
- Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसका अंश को स्पष्ट रूप से काटा जाना चाहिए।

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EVALUATION INDICATORS

1. Contextual Competence
2. Content Competence
3. Language Competence
4. Introduction Competence
5. Structure - Presentation Competence
6. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

1. Explaining the reasons behind India's lower female labour force participation rates (LFPR), list the steps that have been taken to augment it. What more needs to be done? (150 Words) 10

भारत की निम्न महिला श्रमबल भागीदारी दर (LFPR) के पीछे उत्तरदायी कारणों को स्पष्ट करते हुए, इसे बढ़ाने हेतु उठाए गए कदमों को सूचीबद्ध कीजिए। साथ ही, बताइए कि इस दिशा में और क्या किए जाने की आवश्यकता है?

According to the National Sample Survey Organisation data India's Female Labour Force Participation ~~rate~~ has fallen to an all time low of approximately 23%. ~~This~~

Reasons for low LFPR

- 1) The economic survey estimates that one cause of low LFPR is higher enrolment in higher educational standards for women. This delays their admissions in ~~the~~ labour market.
- 2) The survey further points out that ~~growing~~ rising wages have made single income families viable thereby negating the need for women to work.
- 3) The rural workplace displays higher LFPR for ~~same~~ females as compared to urban (nearly 48% to 20%). The Feminisation of Agriculture is more of a necessity than a choice.

- 4) Patriarchal norms prevent even educated and skilled women from entering workplace.
- 5) More jobs are being created in skilled sectors like Services where women are less educated or skilled to be employed.
- 6) Gender related Workplace problems like Sexual Harassment; Class Ceiling; Pay gap etc.

Steps Taken

- 1) Workplace related laws like Sexual Harassment Act; Equal Pays Act; Maternity Benefits Act etc.
- 2) Skilling initiatives aimed at women.
- 3) Govt. schemes like MGNREGA with women quotas.
- 4) Facilitating Women Entrepreneurships through provisions in Stand Up India, Start up India etc., Mudra loans, Priority Sector lending norms etc.

Way Forward

- 1) Gender sensitisation at family; society and workplace level through awareness campaigns, education institutions etc.
- 2) Proper implementation of legal safeguards above.
- 3) Promotion of SHG's as entrepreneurship enablers.
- 4) Promotion of equality in marriages through laws like Paternal leave during pregnancy.

2. By rebalancing project risks between the public and private sectors, the HAM model has encouraged investments in the road infrastructure sector. Discuss. (150 words) 10

सार्वजनिक और निजी क्षेत्रों के मध्य परियोजना जोखिमों को पुनर्संतुलित कर, HAM मॉडल ने सड़क अवसंरचना क्षेत्र में निवेश को प्रोत्साहित किया है। चर्चा कीजिए।

The recent decades has seen the rise of PPP (Public-Private Partnership) models to create infrastructure in roadways. One prominent model used is the Hybrid Annuity Model (HAM). This model is a mixture of EPC (Engineering, Procurement and Construction) and BOT (Build, Operate Transfer) model.

To see the benefits of HAM we need to focus on the issues with BOT and EPC.

In EPC, NHAI pays private builders to build roads. The private player has no role in toll collection, doesn't own the road or maintains it. In BOT the private players build, operate, collect tolls, maintain road for a specified time before the government claims the asset.

HAM combines both so in it 40% of the project cost is released by NHAI to the developer in 5 tranches. The rest of the 60%

is raised by the developer and ^{not} recovered
through tolls but payment by NHAI

Model	Financing Risk Borne By	Revenue Risk Borne By	Operation and Management
EPC	NHAI	NHAI	NHAI
BOT	Private	Private	Private
HAM	NHAI and Private	NHAI	Either

Thus, the advantage of HAM is that it ~~reduces~~ ^{reduces}
liquidity demand on private investor since
risk of financing is shared. It also takes away
the risk of payment through tolls (subject
to traffic) from the private party.

This has enabled ~~as~~ a sudden increase in
PPP through HAM with this model
accounting for nearly half of all
such contracts awarded in the last
fiscal year.

3. Examine the need for a comprehensive policy on e-commerce in view of its domestic expansion as well as safeguarding India's interests globally.

(150 words) 10

ई-कॉमर्स पर एक व्यापक नीति की आवश्यकता का इसके घरेलू विस्तार के साथ-साथ वैश्विक स्तर पर भारत के हितों की सुरक्षा को देखते हुए परीक्षण कीजिए।

With a growing economy and spread in internet connectivity as well as digital payment methods, e-Commerce is in tune to become a 200 billion dollars economy in India within the next decade.

Need for E-Commerce Policy

- 1) Presently the laws regulating it come under many statutes like IT Act, FDI norms, RBI's digital banking norms etc. Thus, there is confusion, red tapism and lack of enforcement.
- 2) There is a need to protect the interest of 'brick and mortar' shops.
- 3) India's e-commerce industry could be dominated by MNC's like Amazon, Walmart etc.
- 4) Unlike China's Alibaba India has had few domestic firms come big in this domain.
- 5) Suspensions abound regarding data privacy norms.

6) Creation of monopolies (For eg. Certain mobile phone companies like OnePlus only selling on Amazon) and Predatory Discounts are ^{to be} discouraged.

Thus, we can see that in the absence of well structured regulations foreign capital and MNC's are capturing this emerging sector of the Indian economy. The need is to provide a level playing field without the deep capital of well established companies strangling emerging start ups.

In this regard, the recent e-com^{merce} FDI policy where online ~~retailers~~ marketplaces will have to hold only a limited inventory is a positive step.

4. In view of the growing significance of FinTech innovations, discuss the potential and challenges of mainstreaming FinTech in Indian economy.

(150 words) 10

फिनटेक (FinTech) नवाचारों के बढ़ते महत्व को देखते हुए, भारतीय अर्थव्यवस्था में फिनटेक को मुख्यधारा में लाने की संभावनाओं और चुनौतियों पर चर्चा कीजिए।

FinTech is a portmanteau of Finance and Technology. It refers to using technological innovations in order to improve, innovate, insert, automate and otherwise better the delivery of financial services. For eg. Using Peer 2 Peer lending in order to get credit.

Potential of Fin Tech in India

- 1) India has a high penetration of data service as well as a large working population due to the demographics. This provides a vast economy for FinTech users.
- 2) ~~Under~~ The vast number of individuals as well as businesses are underserved by traditional banking methods. This is highlighted by
 - a) Nearly 80% of transactions are in cash.
 - b) Few small businesses use PoS machines or online payment.
 - c) Difficulty of credit for MSME's.

3) Innovative start ups in FinTech sector as it is not very capital intensive (No factories, land acquisitions etc.)

Challenges in Mainstreaming FinTech

- 1) Unreliable infrastructure in terms of internet connectivity, speed, electricity etc.
- 2) Reluctance to trust these innovations over Cash.
- 3) Presence of fraudsters who can dupe the technologically illiterate.
- 4) Regulatory uncertainty provides a risky environment for FinTech companies. For eg RBI recently banned Cryptocurrencies hurting Indian based 'Wallet Companies'.
- 5) Concerns about cyber security.

④ The RBI has promoted certain technologies like UPI or BHIM showcasing support for FinTech innovation. The need is for innovations in this sector by start ups as well as established companies and for the government to provide clear regulations that limits fraud while enabling growth.

5. With India striving to achieve its development objectives, examine how blue economy can help in pursuing the objectives of economic development and ecological sustainability. (150 words) 10

भारत द्वारा अपने विकास उद्देश्यों को प्राप्त करने के प्रयास में, परीक्षण कीजिए कि किस प्रकार नीली अर्थव्यवस्था आर्थिक विकास और पारिस्थितिकीय संधारणीयता के उद्देश्यों को प्राप्त करने में सहायता कर सकती है।

The Blue Economy refers to economic activities related to ~~fisheries~~ oceanic sector. It includes fisheries, marine tourism, ocean energy, marine mining etc.

Potential of Blue Economy in helping achieve India's Development Objectives

- 1) India accounts for the world's second largest production of fisheries and has abundant potential for sustainably increasing this with an abundant coastline.
- 2) India has a vast Exclusive Economic Zone (EEZ) due to coastline and thousands of islands. This potentially provides access to potential seabed mining of Polymetallic Nodules.
- 3) India's ports carry 95% of ~~be~~ exported or imported goods.
- 4) India has untapped seabed based resources of hydrocarbons.

5) Energy generation through wind farms in the sea or through tidal energy.

However, a significant concern is sustainable and ecologically sound growth. For Blue

Economy to reach its potential, sustainability is a must. Steps taken are:

- 1) Sagar Mala Project to modernise ports; connect ports to hinterland; create a better logistics platform in order to reap trade related benefits.
- 2) Make in India based thrust on shipbuilding; indigenous manufacturing of Naval crafts including submarines and even an aircraft carrier.
- 3) Environmental protection related steps like CRZ notifications or regulation of ship destruction activities.

If India is to achieve its target of ~~\$5~~ \$ 5 trillion economy by 2024 then

Blue Economy will have to play a leading role.

6. Reliance on borrowings for capital expenditure in railways reflects a weakening financial position. Comment on the statement and discuss ways in which better resource generation and utilisation can be achieved therein.

(150 words) 10

रेलवे में पूंजीगत व्यय के लिए उधारी पर निर्भरता कमजोर होती वित्तीय स्थिति को प्रतिबिंबित करती है। इस कथन पर टिप्पणी कीजिए तथा उन उपायों पर चर्चा कीजिए जिनमें इसमें बेहतर संसाधन सृजन और उपयोगिता प्राप्त की जा सकती है।

The Railways Budget shows that it has a high Operational Cost (money spent as revenue expenditure as compared to money earned), greater than 90%. This indicates that any money needed to finance Capital Expenditure needs to come from borrowings which are in the form of grants, loans etc.

Reasons for Reliance on Borrowings

1) High revenue expenditure:

- Railways is the largest employer in the world. India. Salaries, pensions, allowances etc. take up a huge portion of the budget.
- Railways has to manage incidental concerns too like Housing complexes, Railway Police Force, Schools, Hospitals etc.

2) Reduction in revenue due to:

groundwater resources.

- 4) It will facilitate greater cropping in dryland areas; hitherto unirrigated areas thereby increasing agricultural income.
- 5) Reduces soil degradation because top soil doesn't get eroded.
- 6) Can provide fertilizers and insecticides directly to crop root by dissolving them in water.
This is cheaper, more effective and better for environment

However, there are certain impediments like High Capital Cost; Technological viability is missing; Awareness lacking; uneconomical size of landholdings etc.

Steps Taken by Government

- 1) Implementation of 'Per Drop More Crop' where micro irrigation is promoted. Financial Assistance is provided under Pradhan Mantri Krishi Sinchayee Yojana.
- 2) Collaboration with Israel to get their expertise in this technology and low water usage farming.
- 3) Funding from Micro Irrigation Fund under NABARD to farmers willing to implement this.

7. With water increasingly becoming a scarce resource, large scale adoption of micro irrigation techniques could prove to be a game changer in India. Analyse. Also enumerate various steps taken by the government to promote micro irrigation in India.

(150 words) 10

जल के उत्तरोत्तर दुर्लभ संसाधन बनते जाने के कारण, भारत में सूक्ष्म सिंचाई तकनीकों का व्यापक पैमाने पर अंगीकरण निर्णायक सिद्ध हो सकता है। विश्लेषण कीजिए। साथ ही, भारत में सूक्ष्म सिंचाई को बढ़ावा देने हेतु सरकार द्वारा उठाए गए विभिन्न कदमों को भी सूचीबद्ध कीजिए।

India has to support 17% of the world's population but has merely 4% of the world's fresh water resources. These two

are coming under increasing strain as evidenced by the near drought like conditions in Chennai recently as the monsoon got delayed. The largest consumers of water in India is the agricultural sector with nearly 70% of the water consumption. Therefore micro irrigation could prove to be a game changer when it comes to water conservation:

- 1) They will replace the present day inefficient method of flooding with targeted drip or spinkles technology which saves water.
- 2) It will reduce soil salinity especially in areas of intense cropping like Punjab.
- 3) It will help reduce over exploitation of

groundwater resources.

- 4) It will facilitate greater cropping in dryland areas; hitherto unirrigated areas thereby increasing agricultural income.
- 5) Reduces soil degradation because top soil doesn't get eroded.
- 6) Can provide fertilisers and insecticides directly to crop root by dissolving them in water. This is cheaper, more effective and better for environment.

However, there are certain impediments like High Capital Cost; Technological viability is missing; Awareness lacking; Uneconomical size of landholdings etc.

Steps Taken by Government

- 1) Implementation of 'Per Drop More Crop' where micro irrigation is promoted. Financial Assistance is provided under Rashtriya Krishi Sinchayee Yojana.
- 2) Collaboration with Israel to get their expertise in this technology and low water usage farming.
- 3) Funding from Micro Irrigation Fund under NABARD to farmers willing to implement this.

8. Livestock farming not only contributes to climate change but is also affected by it. Elaborate the statement and discuss some measures that can be taken to make livestock farming more sustainable as well as resilient.

(150 Words) 10

पशुधन खेती (लाइवस्टॉक फार्मिंग) न केवल जलवायु परिवर्तन में योगदान देता है, बल्कि इसमें प्रभावित भी होता है। इस कथन का सविस्तार वर्णन कीजिए और पशुधन खेती को अधिक संघारणीय के साथ-साथ लचीला (रिज़िलियंट) बनाने हेतु उठाए जा सकने वाले कुछ कदमों की विवेचना कीजिए।

Livestock farming refers to ~~growing~~ rearing animals such as cattle, hens, goats, camels etc. for either directly eating them or for animal products like eggs, milk etc.

Livestock Farming's Contributions to Climate Change

- 1) Vast tracts of farming land are used to produce beef ~~to~~ for beef, pork, chicken production. This land is often deforested land and this causes climate change.
- 2) Cows are among the largest producers of methane. ~~Their excre~~ Excrement of livestock also releases nitrogen oxide to the surroundings.
- 3) Some pastoral animals like sheep when they overgraze on an area lead to ~~deforestation~~ destruction of the ecology of the area.

Thus, we can see that livestock are a significant source of contribution to Climate Change.

Climate Change's Effect on Livestock

- 1) Changing climate has led to increase in diseases as newer conditions breed different, hitherto unknown pathogens. For eg. The increased incidences of Bird Flu in recent decade.
- 2) Growing heat stress has reduced yield from certain species.
- 3) Uncertain weather has made presence of grazing fields at expected times uncertain for sheep or horses ~~at~~ especially at high altitudes like in the Himalayas.

Measures Taken to Address This

- 1) Various government initiatives to combat climate changes over the years like International Treaties, Environmental Protection Acts, promotion of Electric Vehicles etc.
- 2) Promotion of reduction in meat eating globally as this will address the methane gas issue
- 3) Promote breeding of more resilient and heat resistant breeds,
- 4) There should be awareness generation among livestock farmers about this problem and the need to diversify their sources of income.

9. The cropping pattern of a region is influenced by geo-climatic, socio-cultural, economic, historical and political factors. Substantiate with relevant examples. (150 words) 10

किसी क्षेत्र का शस्य प्रतिरूप भू-जलवायविक, सामाजिक-सांस्कृतिक, आर्थिक, ऐतिहासिक और राजनीतिक कारकों से प्रभावित होता है। प्रासंगिक उदाहरणों के साथ पुष्टि कीजिए।

Cropping pattern refers to various things:

- 1) Type of crop grown. For ex leguminous or not
- 2) Durations of sowing is it once, twice or over
thrice.
- 3) Area of land left fallow and area under crop.

Factor Influencing Cropping Pattern

- 1) Geo-climatic → Some crops are suited to one type of climate and soil while others to a different one. It depends on temperature, humidity, amount of rainfall, sunlight, soil type, moisture etc. For e.g. Coffee and Tea cultivation in foothills of Assam, rice cultivation in Bengal etc.
- 2) Socio Cultural → The society and culture which comprises of religion, tradition, customs, local consumption patterns etc influence cropping pattern. For e.g. Tradition of Rice Cultivation in Bengal of ~~tea~~ ^{relatively} tea cultivation in India is present because of ~~cultural~~ ^{relatively} culture of drinking tea came during the previous century only.

3) Economic → Viability, Profitability, Sellability of a crop. ~~On~~ Market forces such as high price for Basmati compared to other varieties are ~~the~~ responsible and so is government input in the form of MSP for some crops at different prices, subsidies on inputs (seeds, power, water). So rice is cultivated in Punjab due to free water, assured MSP ~~and~~ despite it being a low rainfall state.

4) Historical → Farmers learn from their parents and thus follow old traditions. For eg. The continuing prevalence of Thoom Cultivation.

5) Political Factors → It encapsulates the 'Political Economy' factors mentioned above such as MSP, ~~subsidy~~ subsidy etc. It also includes national projects such as Green Revolution which led to intensive farming. In recent times National Millet Project ^{that} seeks to change cropping patterns to include millets, is an example.

Thus, we can see that cropping patterns are influenced by a complex variety of factors. There are even some other factors such as infrastructure, laws (cannet grow opium in India) etc.

10. A developed Inland Waterway Transport (IWT) will not only augment the overall transport capacity of the country, but also help correct the multi-modal transport mix. Discuss. (150 words) 10

एक विकसित अंतर्देशीय जलमार्ग परिवहन (IWT) न केवल देश की समग्र परिवहन क्षमता को बढ़ाएगा, अपितु इससे मल्टी-मॉडल परिवहन मिश्रण को सुधारने में भी सहायता मिलेगी। चर्चा कीजिए।

India has many major rivers, lakes, inlets, canals etc with great potential for logistics but the use of them has been lacking.

A well developed Inland Waterway Transport (IWT) will help the transport capacity as:

- 1) Waterways are by far cheaper, ecologically better and able to handle greater quantity as compared to the alternatives - Railways, Air transport & Roadways.
- 2) They will ~~enhance~~ ^{create} new connectivity routes away from the old roads and railways networks.
- 3) Historically, a bulk of India's cities are situated near rivers. Therefore rivers are suited for transport as these cities are already connected.
- 4) Removing the load from roads, railways and air transport will help increase their speed, reduce their costs and provide alternatives competition which helps boost the economy.

India's multi-modal transport mix is skewed. Traditionally, railways and roadways have been the most frequented ~~ways~~ ^{ways} ~~and~~ which is counter-intuitively ~~as~~ as railways are ~~the~~ significantly cheaper than roadways. But issues with railways like cross-subsidisation; focus on passengers; ~~and~~ less investment, overburdening of prominent freight traffic routes etc. has led to roadways being preferred.

Induction of waterways will reduce ~~the~~ reliance on roadways and railways making the overall logistics sector cheaper, faster and environmentally more sound.

The recent government initiatives of creating National Waterways by cleaning rivers, providing boats/ships, infrastructure of ports etc. is a step in the right direction.

It is also being coupled with the Sagarmala Project and helping in transporting both exports as well as internal trade.

11. Can the consolidation of banks help in stemming the existing problems in the banking sector? Discuss. (250 words) 15

क्या बैंकों का समेकन बैंकिंग क्षेत्रक में वर्तमान समस्याओं से निपटने में सहायता कर सकता है? चर्चा कीजिए।

Bank Consolidation has been gathering pace in recent times with merges of Mahila Bank with SBI, various banks like State Bank of Hyderabad with SBI and proposed merges of other PSB's like Bank of Baroda in the offing. The hope is that these huge banks will help stem the problems in the banking sector.

Problems in the Sector

- 1) Non Performing Assets and Rise in Bad Loans.
- 2) Various bank frauds like PNB fraud.
- 3) The NBFC crisis.
- 4) Liquidity crunch and inability of bank to lower interest rates despite basis points reduction in Repo Rate by RBI.
- 5) Inability to meet Capital norms to meet the Basel-III norms.

Why Bank Consolidation will help

- 1) The highly exposed to NPA banks will be able to ~~see~~ get them absorbed when they

- merge with SBI which has greater assets and capital
- 2) Reduction in multiple branches, rationalisation of staff, closure of unnecessary branches, benefit of economies of scale should help in reducing revenue expenditure as well as generation of greater revenue.
 - 3) Stronger and stable banks will find it cheaper to access greater finances as its Share prices should increase and more ~~and~~ would be willing to lend to it.
 - 4) Greater depositor confidence ~~and more~~
 - 5) Best practices when it comes to lending, due diligence, fraud detection, & compliance with RBI norms etc can be more easily practised with few big banks.
 - 6) Greater capital and liquidity will help meet Basel-II norms.
 - 7) RBI can use tools like Moral Suasion to convince banks to lower interest rates and pass on Repo Rate cuts to end users.

~~However~~ However, repo rate cuts do pose certain challenges.

Why Bank Consolidation might Fail

- 1) If the 'big bank' goes bust then it poses a serious threat to the economy.
- 2) The underlying reasons behind NPA crisis and Bank Fraud - Inefficiency, Corruption, Political Interference etc - are still not adequately addressed.
- 3) It is unreasonable to expect 2 or more banking personnel with different cultures, work habits to gel perfectly.
- 4) We risk concentration of NPA's.
- 5) This could prove a setback to Financial Inclusion.
- 6) The niche banks like those for women or those with a strong regional focus would lose their individuality leading to their customers losing out.

Thus, we can see that Bank Consolidation is a good step if ~~the~~ adequate safeguards are taken. It should also go hand in hand with other reforms like reducing scope for corruption in the sector, Bad Bank Creation; more effective RBI regulation and scrutiny; insulation from political - industrial nexus etc.

12. Why has the contribution of manufacturing sector, as a percentage of the GDP, remained stagnant in the recent years? In this context, analyse the achievements of National Manufacturing Policy, 2011 with regards to its intended objectives. (250 words) 15

विगत वर्षों में GDP के प्रतिशत के रूप में विनिर्माण क्षेत्र का योगदान स्थिर क्यों रहा है? इस संदर्भ में, अपने लक्षित उद्देश्यों के संबंध में राष्ट्रीय विनिर्माण नीति, 2011 की उपलब्धियों का विश्लेषण कीजिए।

Despite a determined push since the days of the 1st Planning Commission Indian Manufacturing has been unable to reach its potential. The high point of contribution to GDP of this sector was around 28% in the mid eighties and even post LPG reforms it has hovered between 20-25% of GDP contribution.

Reasons for Stagnation

- 1) No true reform has taken place in manufacturing. The onerous labour laws still exist with both state and centre ~~also~~ involved. Similarly ~~land~~ buying land, contract enforcement, ease of paying taxes, ease of starting a business, in short the 'Ease of Doing Business' reforms are still to truly happen.
- 2) Regulatory uncertainty with doubts about rewriting contracts, judicial delays, changes in FDI, changes in e-commerce norms etc reduce investor confidence.

- 3) Infrastructural support is lacking. Electricity supply is expensive and erratic, similarly for other factors of production like water supply, coal supply etc.
- 4) The industry is not competitive enough to increase our export of finished goods and the liberalisation policy has increased ~~our~~ competition with the import of the internationally competitive goods. This double whammy has contributed to stagnation.
- 5) Post 2008 crisis, there has been a global slowdown in demand. In India there's been tightening of credit supply due to rising NPA's as well.
- 6) Skilling problem with supply of skilled labour missing

Major Objectives of NMP, 2011

- 1) Increase share of Manufacturing in GDP to 25% by 2022.
- 2) Create a 100 million additional jobs by 2022.
- 3) Enhance Global Competitiveness, promote exports and create sustainable growth.

Achievements of NMP, 2011

- 1) The share of Manufacturing in GDP, as of 2019, is a mere 17%. Without great growth, it seems hard to reach 25% in the next 3 years.
- 2) The rate of ~~the~~ overall job creation is low, with bulk of job growth happening in services instead of manufacturing. The Economic Survey has highlighted the phenomenon of 'Jobless Growth' as well as 'Capital rather than Labour Intensive Manufacturing'.

Thus, we can see that - to come close to ~~so~~ fulfilling the potential of this sector some drastic changes are needed. In this context some recent programmes and initiatives are promising :-

Start up India; Skill India; PM Kaushal Yojana; Make in India; Improvement in Ease of Doing Business; Reform in Labor

Codes by creating 4 codes etc.

Proper implementation of these is needed to fulfill the NMP objectives

13. One of the goals that a developing economy aspires for is to bring down the Incremental Capital-Output Ratio (ICOR). In this context, what are the constraints that underlie the efficient conversion of savings rate to investments in the Indian economy? Also suggest some measures to improve this efficiency. (250 words) 15

एक विकासशील अर्थव्यवस्था जिन लक्ष्यों की आकांक्षा रखती है उनमें से एक वृद्धिशील पूंजी-उत्पाद अनुपात (इंक्रिमेंटल कैपिटल-आउटपुट रेश्यो: ICOR) में कमी लाना है। इस संदर्भ में, भारतीय अर्थव्यवस्था में बचत दर के निवेश में कुशल रूपांतरण के समक्ष आने वाली बाधाएँ क्या हैं? साथ ही, इसकी कुशलता में सुधार हेतु कुछ उपायों का भी सुझाव दीजिए।

The Incremental Capital-Output ratio (ICOR) indicates the increase in output if additional capital is provided. If this ratio is low then the country's economy is better off because it can increase its output without significant capital investment.

The investment can come from domestic savings of the citizens who will route it through various banking channels (buying bonds, deposits given later as loans by the bank, buying shares etc.) However

India's relatively high savings rate doesn't translate into a high investment and capital formation because of some constraints:

- 1) Rise in NPAs has led to banks becoming stingy with loans. Even post demonitisation when banks were having high liquidity they didn't decrease the interest rates.
- 2) The banks also face constraints of previous NPAs, Basel-III's high Capital Adequacy Ratio and having to adhere to RBI's CRR and SLR requirements. All these lessen the appetite for giving loans.
- 3) A global slowdown and decrease in GDP growth rate has meant lesser demand for loans from beleaguered sectors of the economy.
- 4) The rising fiscal deficit of the government causes households to save more and in safer options because they fear a rise in taxes a few years down the line.
- 5) The government mandates higher savings rate to be given (for eg. high saving rate to old age ~~and~~ depositors) and to remain profitable the banks keep their loan interest rate high.
- 6) Grounding out of market due to excessive borrowing by government.

7) Penchant in India to buy physical assets such as Gold or Real Estate which reduces the amount of money available to buy debts or equity.

Measures that can be Taken

- 1) Recapitalisation of banks to free up lending as under the Indradhanush Scheme.
- 2) Incentivising savings through tax rebates, financial inclusion, financial literacy, etc.
- 3) Better regulation of banks and NBFC's so that the depositors confidence in them remain high.
- 4) Innovative schemes like Gold linked bonds or Real Estate Investments (REIT's) to entice those people who trust gold and real estate as investment.
- 5) Revive private sector demand by improving Ease of doing business and providing a better infrastructure to do business.

The virtuous cycle of high savings, high private sector investment and high export as highlighted by the Economic Survey should be the way to become a \$5 trillion economy by 2022.

14. Highlight the factors responsible for rise in the number of start-ups in India in recent years. Analyzing the challenges in the existing start-up ecosystem, suggest some measures to resolve them. (250 words) 15

विगत वर्षों में भारत में स्टार्ट-अप की संख्या में वृद्धि के लिए उत्तरदायी कारकों पर प्रकाश डालिए। वर्तमान स्टार्ट-अप पारिंत्र की चुनौतियों का विश्लेषण करते हुए, उनका समाधान करने हेतु कुछ उपायों का सुझाव दीजिए।

With Increasing focus on start ups
India is soon becoming one of the countries
with the largest number of start ups.

Factors Responsible for Rise in Number

- 1) A highly skilled and motivated population with access to the required infrastructure to create a start up.
- 2) Governmental support with schemes like Start up India, Stand up India, Tax Rebates, Angel Tax, various hackathons etc.
- 3) Start up Incubators have been set up in conjunction with Industry-Academia-Government support. For eg T-Hub in Hyderabad with support from IIIT and ISB Hyderabad.
- 4) Low cost of creating start ups in certain sectors like technology, web based companies, design etc.

- 5) Inspiration from Indian start ups which became successful like Ola, Rebbzo, Fliport etc.
- 6) Inspiration from global environment where some start ups like Uber, Google have become ^{among} the largest corporations.
- 7) Maturing start up scene in certain cities in India like Mumbai, Hyderabad, Bangalore with Angel Investors, VC Funding, mentorship & available.

Challenges in Start Up Ecosystem

- 1) Most start ups fail (>90% are expected to) and this then disincentivises founders as well as investors.
- 2) Governmental interference in the newly emerging sectors is harmful. Often regulations are unclear or arbitrary. For eg. The confusion around Crypto Currency regulation in India forced the closure of many 'Wallet Companies' in India.
- 3) Greater liberalisation causes many well established foreign MNC's to compete with Indian start ups where they can

use their vast money reserves to create virtual monopolies.

- 4) Expansive interest rates (highest real interest rates in the world); irregular and costly access to electricity; Plethora of contradictory laws relating to labour, wages, disputes etc make 'Ease of doing Business' in India very tough.

- 5) Lack of highly skilled manpower with proliferation of start ups and competition from established MNC's also driving up the scarcity of finding good employees.

- 6) Current liquidity crunch has reduced availability of financing.

Way Forward

- 1) The government as well as industry should have greater interactions to create synergy between industry demands and government regulations.
- 2) Encourage investment by tax rebates or other means.
- 3) Try and reduce over regulation or frequent changes to taxes and regulations.

Only then can India create its own Google or even Alibaba.

15. There is a high cost of compliance as well as complexities associated with existing labour laws at centre and state levels. Discuss. What steps have recently been taken by the central government to address these challenges? (250 words) 15

केंद्र और राज्य स्तरों पर वर्तमान श्रम कानूनों के साथ अनुपालन की उच्च लागत के साथ-साथ जटिलताएँ भी जुड़ी हुई हैं। चर्चा कीजिए। इन चुनौतियों से निपटने के लिए केंद्र सरकार द्वारा हाल में क्या कदम उठाए गए हैं?

Due to its high population and younger demographic India had a naturally large supply of labour. It was feared that Industry would exploit the Supply-Demand situation so both State and Central governments have created a very extensive and progressive labour protection laws. However, these are turning out to be counter productive as the high cost of compliance forces the labour to be employed as Contract workers or Informal Employees thereby foregoing decent employment.

Reasons for Compliance Cost

- 1) Both State and Central govt have a plethora of laws regulating labour. These can be contradictory and often ~~stuck~~ outdated yet have to be complied with.
- 2) They provide scope for harassment by

government officers and lead to a culture of bribery.

- 3) They ~~encourage~~ prevent lean and efficient companies as they have to take permission from states before firing people. For eg. Some industries where more than 100 people are employed, a person can be laid off only with the approval of the state.
- 4) As cost of compliance increases ^{manifold} if no. of employees goes beyond a certain number, most of India's manufacturing industry remains small.
- 5) As there are more than a 100 central laws alone dealing with labour, it becomes very hard to comply with all of them.

Steps taken by Central Government

- 1) The biggest step is the effort going on to consolidate all Central laws into 4 codes:
- Industrial - Workers Disputes
 - Welfare of Labour
 - Code of Wages
 - Code on Safety and Health

- 2) Making it easier for companies to file EPFO contributions for employees.
- 3) For workers ~~was~~ earning under 21,000 rupees the government has also committed to paying a portion of EPFO contribution thereby reducing burden on companies.
- 4) The central govt has removed nearly 1200 archaic laws from the statute book some of these to do with labour regulation.
- 5) Making compliance easier through e-Filing and LIN (Labour Identification Number).
- 6) Promoting Contractual Employment to reduce informal employment.

If labour reforms truly take place then India should be able to reap the benefits of its vast labour workforce and huge domestic as well as export market to become a manufacturing powerhouse in the way China has become. However, there has to be a balance between ease of doing business and protection of labour's interests therefore equal emphasis should be placed on both.

16. The contribution of coal based power generation is not expected to substantially go down in the next few decades, despite growing importance of renewables. Comment on the statement in light of increasing demand for power in India. (250 words) 15

नवीकरणीय संसाधनों के बढ़ते महत्व के बावजूद, कोयला आधारित विद्युत उत्पादन के योगदान में अगले कुछ दशकों में मूलतः कमी आने की उम्मीद नहीं है। भारत में विद्युत की बढ़ती मांग के आलोक में इस कथन पर टिप्पणी कीजिए।

India has invested heavily in renewable energy and is on track to achieve the target of generation of 175 GW by 2022.

Yet, the coal based power plants still account for greater than 50% of the supply and renewables hover around 15%.

Reasons for Coal being the Primary Source

- 1) Existing ~~was~~ large scale investment in Coal Power Plants means that they have to function else large loss to the exchequer.
- 2) India has massive coal stocks and is the world's 3rd largest coal producer.
- 3) Renewable energy costs of setting up are often prohibitively expensive and the large scale innovation means that there is scope for further improvement (in terms of prices generation capacity, storage etc.) therefore ~~people~~ countries adopt a wait and

watch attract,

- 4) Increasing demand for electricity means all possible source have to be used.
- 5) Coal power can be cheaper than alternative sources to produce.

60

There are also certain drawbacks associated with renewable energy which makes coal an attractive proposition:

- 1) The common alternatives are sun and wind which suffers from being erratic in supply, unable to scale up or down as per demand, vulnerable to weather fluctuations etc. Therefore coal or other such sources (nuclear) is needed as backup.
- 2) Battery and storage technologies are still not up to scale.
- 3) India lags behind in crucial equipment manufacturing and materials needed to fully commit to renewables. A large portion of our Solar Cells are sourced from China and so are rare earth metals.

The government is on track to both:

a) Support renewables and do its bit
under the INDCs of the Paris Agreement
to combat climate change.

b) Support India's development and
growing power needs of its people by
supporting coal based power generation too.

The roadmap for the future should
be reducing reliance on non renewables
and supporting renewable sources
of energy.

17. Elaborate the strategic and operational elements of the Agriculture Export Policy, 2018 and discuss the role it can play to achieve the target of doubling farmers' income by 2022. (250 words) 15

कृषि निर्यात नीति, 2018 के रणनीतिक एवं परिचालन-संबंधी तत्वों का सविस्तर वर्णन कीजिए और 2022 तक किसानों की आय को दोगुना करने के लक्ष्य को प्राप्त करने में इसके द्वारा निभायी जा सकने वाली भूमिका की विवेचना कीजिए।

To fulfill the aim of doubling farmers income by 2022 the promotion of Agricultural exports is necessary. The Agriculture Export Policy, 2018 lays out the roadmap to achieve this.

Strategic Element

- 1) Aims to double Agriculture Exports from present day 30 billion dollars to 60 billion dollars by 2022 and then sustainably increase them beyond that.
- 2) Push for a stable Global Trade Policy.
- 3) Reforms in APMC functioning.
- 4) Creation of eNAM (Electronic National Agriculture Market)
- 5) Addressing concerns about Phyto Sanitary Tariffs by using Krishi Vigyan Kendras.

- 6) Infrastructure and Logistics support involving cold storage warehouses, mega food parks, etc.
- 7) Involvement of State Government to holistically boost exports.

Operational Element

- 1) Focus on Food Producing Organisations (FPO) to strengthen their ability to export.
- 2) Promoting value added exports by innovations like Organic Farming.
- 3) Agricultural reforms to attract private investment like Contract Farming.
- 4) Supporting entrepreneurs in this field by creation of Agri Start up Fund.
- 5) Strong quality control regime.

The export potential of agriculture in India is vast but there are challenges which inhibit it. Some of these challenges have been addressed by the Agriculture Export Policy, 2018, like Non Tariff trade

barriers; lack of infrastructure and logistics;
lack of awareness; value addition in Food Processing industries etc.

~~However~~

However this policy alone ~~may~~ not achieve the desired objective because of challenges like:

- 1) Reliance on monsoon makes supply erratic which deters prospective buyers.
- 2) Stringent government control over export and imports to address consumer demands. For eg. The Additional Safeguard Mechanism under WTO wherein imports are banned also impacts the exporters in India.
- 3) Subsistence farming and lack of reforms in APMC means the market is local at best.
- 4) Without significant food processing a bulk of India's Agricultural exports would be high in volume but low in value.
- 5) Potential drop in productivity due to climate change.

Hence, we can see that this policy is certainly a huge step in the right direction but a holistic and continuous reform is needed in the Agricultural sector to achieve the target of doubling farmers' income.

18. Write a brief note on 'Dry Ports' and their significance in mitigating logistic challenges in India. Also, discuss the challenges in their development and measures needed to address them. (250 words) 15

भारत में लॉजिस्टिक्स की चुनौतियों को कम करने में 'शुष्क पत्तनों' एवं उनके महत्व पर एक संक्षिप्त टिप्पणी लिखिए। साथ ही, उनके विकास में आने वाली चुनौतियों और उनके समाधान हेतु आवश्यक उपायों पर चर्चा कीजिए।

Dry Ports are hinterland ports which usually are at strategically important locations where there is confluence of factors like Multiple Modes of Transport; Presence of Industry; Skilled labour to handles logistics; Ability to do value addition and other such features which resemble the functioning of port cities.

[Significance of Dry Ports]

- 1) They act as a GDP multiplier due to linking industry with industry as well as industry with market.
- 2) They are crucial for providing economically viable access to raw material, intermediate goods, capital goods, and transporting finished goods.
- 3) They reduce the burden on crowded

- dry ports.
- 4) They can prove to be the genesis of SEZ's or an industrial hub linked to these dry land port.
 - 5) They can help reducing logistics cost of manufacturing in India (On an average 13-14%.)
 - 6) They help in reaching the objectives of Sagarmala Project - Port led development.

Challenges Faced by Dry Ports

- 1) Overutilisation of popular freight train routes of railways leads to time delays, accidents and reliance on costlier roadways transport.
- 2) Underdeveloped Inland Waterways in India which are generally cheaper than other modes of bulk transport.
- 3) It is financially tough for government to finance development of a new dry port and there is credit crunch and rising Twin Balance Sheet problem which makes PPP model unviable as well.

- 4) Complexities in Customs laws and GST makes smooth movement of imports and exports through dry land port tough.
- 5) Environmental hurdles like Environmental Impact Assessment; Afforestation etc make Greenfield development hard.
- 6) Land Acquisition issues persist.

Measures Needed

- 1) Proper viability assessment which takes profitability into account via presence of manufacturing and industrial hubs nearby.
- 2) Developing connectivity via rail and road.
- 3) Utilisation of Inland Waterways if feasible.
- 4) Improving ease of obtaining regulatory and environmental clearances as well as access to finance.
- 5) Promoting privatisation in port management.
- 6) Simplification of GST and Customs laws with automation; single window clearance reducing bribery etc.
steps for

19. Development of food processing industry will help in achieving the twin goals of inclusive growth and food security. Discuss. Also, account for the competitive advantages enjoyed by India in the food processing sector.

(250 words) 15

खाद्य प्रसंस्करण उद्योग के विकास से समावेशी विकास और खाद्य सुरक्षा के दोहरे लक्ष्यों को प्राप्त करने में सहायता मिलेगी। चर्चा कीजिए। साथ ही, खाद्य प्रसंस्करण क्षेत्रक में भारत को प्राप्त प्रतिस्पर्धात्मक लाभ का भी विवरण दीजिए।

Food processing refers to value addition done to agricultural products that improve it in one or more of the following aspects Nutritional Content; Taste; Addition to other items like Juice, Sauce, Jams, Pickles ~~et al~~; Longevity; Aesthetic appeal; Sanitation and Health etc

This sector is underused in India despite potential. The benefits of this are

Inclusive Growth

- 1) Can augment income of unskilled or semi skilled rural workers by providing employment.
- 2) Underemployment can be assuaged by food processing thereby increasing income.
- 3) Value addition raises ~~est~~ value of product.

- 4) It requires intensive labours thereby providing employment.
- 5) Waste material, ~~not~~ spoiling food, fodder etc. can be used as inputs in food processing thereby increasing income.
- 6) Government can set up these industries in poorer parts of the country providing growth to them.
- 7) MSME industries can be set up here.
- 8) SHGs often help rural women entrepreneurs in ~~the~~ start ups in this sector.

Food Security

- 1) Items like pickle, canned fruits, juices etc are preserved for longer time than more fresh fruits and vegetables.
- 2) The value addition can provide much needed essential macro and micro nutrients like Iron, Sodium which are otherwise lacking causing Food Insecurity.
- 3) Rising incomes of rural workers from FPI causes better nutrition to be ~~more~~ accessible to them.
- 4) Changing dietary needs can be accommodated. For eg. Rising consumption of dairy products can

- be accommodated by Butter, Dried Milk Powder, etc.
- 5) Reuse of waste, rotting food or damaged goods (like ugly vegetable which wouldn't sell in the market) increases food/nutrition availability.

India's Competitive Advantages

- 1) Presence of huge semi skilled or unskilled labour conversant with agricultural economy.
- 2) Presence of raw materials in the form of vegetables, fruits, milk, eggs, cereals etc.
- 3) A vast market domestically with rising standards of living creating a demand for processed food.
- 4) Vast agricultural resources like land, soil, farmers, subsidies etc.

The government has come up with various schemes like Mega Food Parks, Agriculture Export Policy, 2018, Agri Start Up Fund, Mudra Loans to start ups which aim to promote this sector. The need is to also provide logistical and infrastructural support in order to realize its full potential.

20. Identify the problems faced by Indian agriculture as a consequence of changing land holding pattern as witnessed in the findings of Agriculture census, 2015-16. In light of these problems, suggest suitable ways to resolve such structural issues in agriculture. (250 words) 15

जैसा कि कृषि संगणना, 2015-16 के जाँच परिणामों में देखा गया है, परिवर्तनशील भू-धारण प्रतिरूप के परिणामस्वरूप भारतीय कृषि के समक्ष आने वाली समस्याओं की पहचान कीजिए। इन समस्याओं के प्रकाश में, कृषि में ऐसे संरचनात्मक मुद्दों का समाधान करने के लिए उपयुक्त उपायों का सुझाव दीजिए।

The Agricultural census of 2015-16 has highlighted certain key changes in land holding patterns :-

- 1) Reduction in overall area under cultivation.
- 2) Reduction in operational land holdings size.
- 3) Increasingly large numbers of land holdings are female operated.
- 4) Increasing fragmentation of holdings.

A large number of problems plaguing agriculture can be traced to these changing patterns:

- 1) Reduced growth in farmer income.
The small land holdings ~~make~~ ~~low revenue~~ ~~less~~ are uneconomical and force subsistence farming (for the smallest holdings) or just an indebted existence (for the slightly bigger ones).

Ways to resolve such Issues

- 1) Consolidation of Land Holdings where possible.
- 2) Promotion of Cooperatives where land is pooled, cost of inputs ~~are~~ is shared (therefore high quality seed, apt fertilisers etc are affordable) and thus higher profit accrues.
- 3) Greater growth in labour intensive manufacturing sector to reduce the pressure on agricultural land.
- 4) Promotion of high value crops like Organic Farming which is labour intensive therefore generates greater profit in small landholdings.
- 5) Alternate income sources from non farm activities like handicrafts or Animal Husbandry.
- 6) Special government schemes to provide credit and assistance of other types to sharecroppers, land tenants and female led households.
- 7) Value addition through Food Processing.
- 8) Infrastructural support like Irrigation, access to Mandis, Warehouses, Cold Storage etc.
- 9) Passing of reforms in Agriculture like the Model APMC act or Model Contract Farming law.

Thus, a great deal of thought needs to be put into interpreting the true state of the sector, its problems and then the solutions.

- 2) Growing indebtedness leading to farmer suicides →
Small landholdings (no collateral)
 force informal means of credit. Less revenue
 is generated leading to a vicious cycle of
 debt trap.
- 3) Low Productivity → Small landholdings
~~are~~ means capital intensive methods like
mechanisation ; Requisite fertilisers and pesticides ; machinery ;
High yield variety seeds etc. are unviable.
- 4) Feminisation of Agriculture → Distress
migrations ~~has~~ ~~be~~ of males to urban areas
 has forced women to take up operational
control but they lack formal land title
 so cannot access formal credit or even
 certain government schemes.
- 5) Soil degradation and ~~and~~ fertility decline →
Intensive ~~and~~ farming done unscientifically
 to derive greatest revenue from small
 holdings.

Thus, many of the problems have
 their genesis in the nature of farming
 and landholdings in India.