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GENERAL STUDIES (TEST CODE : 1147)

Name of Candidate	Manisha Awale		
Medium Eng./Hindi	Eng	Registration Number	17265
Center	ORN	Date	

INDEX TABLE			INSTRUCTIONS
Q. No.	Maximum Marks	Marks Obtained	
1	10		<p>1. 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)।</p> <p>2. There are TWENTY questions printed in ENGLISH & HINDI इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।</p> <p>3. All questions are compulsory. सभी प्रश्न अनिवार्य हैं।</p> <p>4. The number of marks carried by a question/part is indicated against it. प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।</p> <p>5. 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 मिलेंगे।</p> <p>6. Word limit in questions, if specified, should be adhered to. प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।</p> <p>7. 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 उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।</p>
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Total Marks Obtained:			
Remarks:			

16-B, 2nd Floor, Above National Trust Building, Bada Bazar Marg, Old Rajinder Nagar, Delhi-110060

M-1/4, Plot No-A-12/13, 1st Floor, Ansal Building, Dr. Vidya Sagar Homeopathic Clinic, Mukherjee Nagar, Delhi-110009

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. Highlighting the issues faced in BOT and EPC models of infrastructure investment, explain how HAM can address these. (150 words) 10

अवसंरचना निवेश के BOT एवं EPC मॉडल के समझ आने वाली समस्याओं पर प्रकाश डालते हुए व्याख्या कीजिए कि HAM इनका किस प्रकार समाधान कर सकता है।

Infrastructure forms the backbone of the economy. With 'Make in India', Skill India and other missions targeting industrial growth, physical infrastructure is going to see the new need of the hour and more efficiently through PPP (Public-Private Partnership), such as BOT, EPC, HAM etc. for speedier development

Build, Operate, transfer - (BOT) under which the private players do the above three functions and after recovering the cost of the investment, transfer the asset back to government. The investment is done by private players and they collect toll service/annuity etc from the government. The risk factor depends on the terms of the contract, mostly lying with private players.

EPC - Engineering, Procurement and Concessionaire is another type in which government procures the finances for the project along with the land acquisition, while private player plays the role that of construction and material procurement

Suggestions of Felkar Committee suggest PPP mode of

IssuesBOT

- 1) Finances solely by the private players, risk and big investment along with credit availability for big projects may be an issue
- Land acquisition delays, other procedural governance delay to be born by private players eg. Environmental problems
- Compensation issues etc
- It is observed that they continue collecting toll eg in road project even after the cost has been recovered.

EPC

- Though land acquisition by government, still delays are observed.
- Stringent contracts bring rigidity, giving upper hand to governments
- Government finances may not be unlimited and suffice as per the project demand
- Government may also not have expertise

Hybrid Annuity model Is a mix of the two

- and tries to do away with the issues. Where finances are shared between the Government and private in 40:60 respectively. Land acquisition to be 80% completed for the project to take
- Spreads the risk amongst the two players
- Annuity payment solves the dilemma of over-collector
- Better social returns on the project, earning government-necessary goodwill
- Faster clearances for environmental concerns etc.

2. The investment rate in India has gradually declined after a historic high in the mid 2000s. Examine the reasons behind this trend. Discuss the steps required to revive investment for a sustained growth. (150 words) 10

भारत में निवेश दर, 21वीं सदी के प्रथम दशक के मध्य में एक ऐतिहासिक उच्चाल के उपरांत निरंतर घटती रही है। इस प्रवृत्ति के पीछे निहित कारणों का परीक्षण कीजिए। निरंतर वृद्धि हेतु निवेश को पुनर्जीवित करने के लिए आवश्यक कदमों पर चर्चा कीजिए।

After the 2008 recession, which hit the global economy, its repercussion hit India, though not drastically, but having a spill over effect

Following could be the reasons for the decline in investment rate

- Investment is the gross capital formation, which declined from 38% to 27% in 2008-16 decade. The decline was seen maximum in private sector
- 2008 & post financial crisis, making India vulnerable
- Twin balance sheet syndrome, where high lending before the boom period, did not give enough returns for private players to pay back
- The chakrabarty dilemma - Non-Exit policy leading to greater no. of litigation, delaying investment
- stringent labour laws, affecting the employability
- Lack of skill supply gap as the service sector demanded high quality jobs to

- The unfavourable climate for risk taking including the tax laws, environmental clearances, labour policy
- Better returns by the other countries like China, etc
- slow technological growth, less household saving and investment rates falling

STEPS

- Addressing the issue of NPA in public sector banks remains a huge challenge. though, government has taken many reforms
- Consolidation and simplification of labour laws, tax reforms, faster environmental clearances, land acquisition issues, faster delivery of justice and litigation reforms are needed
- Technological investment, skilling gap to be bridged, creating manufacturing jobs (steps like MUDRA, STARTUP, SKILL India) etc
- Insolvency and Bankruptcy Code is a huge positive step.
- PPP projects like HAM can delivery faster project completion

Investment needs to be addressed holistically and should be seen from the perspective of economic, social and political reforms

3. The measurement of the extent of formal sector and formal employment is yet an unsettled matter in our economy. Comment. Also, mention the steps which the government has taken to improve its extent.

(150 words) 10

औपचारिक क्षेत्रक और औपचारिक रोजगार के विस्तार का मापन हमारी अर्थव्यवस्था में अभी भी एक अनसुलझा मामला है। टिप्पणी कीजिए। साथ ही, इसके विस्तार में सुधार हेतु सरकार द्वारा उठाए गए कदमों का उल्लेख कीजिए।

India is claimed to have 90% of informal labour while just about 5% being formal according different studies in international as well national arena. But the question at time posed is what is informal sector

• Economic Survey defines it in two criteria

(a) In terms of social security perspective

(31% of the non-agricultural workforce)

(b) From the tax perspective

(Just 54% of the non-agricultural workforce)

• Employment Provident Fund Org (EPFO) states that nearly 80% of the workforce is unorganised (ie not registered with EPFO)

• There are only about 5% of the taxpayers in the country

• Also under GST, not all firms that pay GST are formal.

Thus formality as a criteria can be defined in terms of tax-paying nature, social security, application of labour laws, credit supply etc

There are, hence, many way of defining and recognising the formal employment, which at time creates a bit of ambiguity.

- Another big issue is that nature of collection of data as well as its timeliness.

To address the issue government has taken many steps

- ① Measures against the Black money in the economy. Schemes like Income Disclosure Schemes, various windows to declare untainted wealth, Black Money Act, Reforms taken up by the Income tax department under Operation Clean money.
- ② Demonetisation - as an exercise was mainly targeted at bringing formalisation and increasing tax base of the country
- ③ GST is a major reform, that addresses indirect tax evasion, making transaction transparent.
- ④ Various reforms bills like Labour Code, Committees like Pasawal Committee, Arvind Moudi etc, Missions like Skill India, PM Kaushal Vikas Yojna, Ministry of Skill Development, MUDRA funds, etc.
- ⑤ To reap the rich ^{demographic} dividend, India needs to formalise its economy to redistribute development amongst its citizens.

4. In the context of major challenges that have restricted industrial growth, there is need for a new industrial policy to enable the industry to fulfill its role as the engine of growth and shoulder the responsibility of adding more value and jobs. Comment. (150 words) 10

औद्योगिक संवृद्धि को बाधित करने वाली प्रमुख चुनौतियों के संदर्भ में, उद्योग को संवृद्धि के वाहक के रूप में अपनी भूमिका के निर्वहन एवं अधिक मूल्यवर्धन और रोजगार में वृद्धि का उत्तरदायित्व संभालने में सक्षम बनाने हेतु एक नई औद्योगिक नीति की आवश्यकता है। टिप्पणी कीजिए।

India, till today, holds majority of its population (around 60%) in agricultural sector. The post Economic Reforms of 1992, we have seen jobless growth majorly because of lack of creation of quality jobs in industrial-manufacturing sector. To reap the demographic dividend India firstly needs to identify challenges and then address it holistically as follows,

Challenges

- Massive investment in infrastructure is needed from seamless roads, railways, ports and airways.
- Bridging the necessary skill gaps between the low skill to quality occupations.
- Logistics needs an improvement.
- Complicated legal litigation structure and complex labour, taxation & IPR laws
- Governance issues in the form of red-tapism, clearances, corruption, regressive tax structure etc.
- Slow technology adoption leading to low productivity

- Contractual labour laws need reform, land acquisition failures, issues with Bank lending and rising NPAs (twin balance sheet)
- Favourable policies toward large industries rather than focus on MSMEs (is needed).
- Inadequate R&D, innovation and linking such institutional research to practical field is lacking.

* The DIPP has come up with Industrial Policy 2017 - Following are the features

- ① Focussing on the labour intensive sector such as textile, leather, footwear.
- ② Creating a brand outside India, attracting FDI of nearly \$100 billion/year
- ③ Enhancing industrial competitiveness by creating physical infrastructure & social assets
- ④ Digital innovation, and infrastructure
- ⑤ Sunrise sector such as - energy, food processing - electronics to be targetted.
- ⑥ Simplification of tax, labour laws, inverted duty infrastructure

Industrial growth needs to be seen in the context of addressing unemployment & poverty at the same time taking India on the trajectory of inclusive development & 2017 policy seems quite positive

5. Providing social security, especially to those working in unorganised sector, is an important requirement to achieve the goal of inclusive growth. Discuss. (150 words) 10

सामाजिक सुरक्षा प्रदान करना, विशेषकर उन लोगों को जो असंगठित क्षेत्र में कार्यरत हैं, समावेशी विकास के लक्ष्य को प्राप्त करने के लिए एक महत्वपूर्ण आवश्यकता है। चर्चा कीजिए।

According to NSO data, nearly 85% of the workforce in India is unorganised, while EPFO data says that nearly 80% are unregistered. Such figures are critical from the perspective of future growth and inclusive development that India envisages.

Unorganised sector - all those to whom social security in the form pension, gratuity, insurance is not available, ~~their~~ job is not secured & they can be thrown any time. At the same time, such sector is not recognised under the formal laws and registered, sectors like marginal farmers, landless labourers, rural artisans, fishermen, construction workers, house maids & helpers etc. Women especially form the major part of it (95% of the total 25% women labourforce) along with other marginalised communities.

→ Thus to address the issues of inequality and harness inclusive growth as per constitutional mandate reform & targeting of unorganised sector is must

The face-long working hours, unfavourable low wages, poor working conditions too, women have no maternity benefits are largely anaemic and poor health affecting productivity

Government has come up with various policies from Ayushman Bharat, Janani Shiksha Yojna, Atal Pension Yojna, Jeevan Jyoti Bina Yojana, Swasthya Yojna etc however their outcome seems to be limited largely because

- Faulty targetting & exclusion errors
- Failure of proper implementation
- Lack of coordination ~~str~~ between state & centre
- Insensitivity of the officials & poor governance

To secure effective implementation, e-governance and technology can be helpful, along with social audit, effective say of the local community in grievance redressal.

Inclusive growth is comprehensive term, needing political, economic and social addressal of issues. Reassessment, analysis and planning may make a change, but going one step further India needs deep rooted reforms.

6. Assigning infrastructure status to the logistics industry is a good first move, but there are several other problems related to this sector that need to be addressed. Discuss. (150 words) 10

लॉजिस्टिक्स (संभार-तंत्र) उद्योग को अवसंरचना का दर्जा देना एक अच्छी आरंभिक पहल है, लेकिन इस क्षेत्रक से जुड़ी अन्य कई समस्याएं हैं जिन्हें निपटने की आवश्यकता है। चर्चा कीजिए।

Government recently granted infrastructure status to the logistics sector. It can be defined as the management of the flow of the goods between point of origin to the last mile of consumption, involving production, packaging, transportation, warehousing, material handling, security etc.

The announcement will help

- Facilitation of formal credit (long term & low interest rate)
- Bring down the cost of logistics
- Simplify the process of approval of creation of infrastructure (eg. parks, logistics etc).
- It can be regulated by the government
- This will be a major boost to manufacturing sector in India

But certain issues remains to be addressed and it is merely a first move.

- Poor infrastructure facilities from physical roads, ports to warehouses, and more so in the rural areas.

- (2) Inadequate skilling of the sector will pose a major challenge
- (3) Adoption of advanced technology and digitisation is still lacking, Also is the issue of large scale digital illiteracy.
- (4) Creation of awareness, more so in rural market, where logistics is still take footsteps
- (5) Non-regulatory authority and lack of institutionalisation ~~if~~ needs to ~~promoted~~ handled carefully
- (6) Grievance redressal, customer friendliness is lacking.
- (7) Start ups, reluctance, Banks impeding credit and the haphazard growth may as well land them in a fix
- (8) Besides logistics costs are high.

Government has taken initiatives like Bharatmala, Sagarmala, GST reforms, e-way Bill, Deep ports, Freight corridors, tax concessions etc. But with RCEP and different FTA (with ASEAN, JAPAN etc), TFA (WTO) movement of goods will take a soon. Thus faster addressal of the issues is needed to reap the benefits of the move

7. In view of the direct link between tenure security and food security, there is need for a conducive legal framework for land rights in India. Discuss.

(150 words) 10

पट्टे की सुरक्षा और खाद्य सुरक्षा के बीच प्रत्यक्ष संबंध को ध्यान में रखते हुए, भारत में भूमि अधिकारों के लिए एक हितकर कानूनी ढांचे की आवश्यकता है। चर्चा कीजिए।

The major land reforms post independence did assure to eliminate zamindari, expedite tenancy reforms, but the ambiguous reforms have created fear of losing land amongst those who may wish to lease it fallow natural land or lease, which has severely curtailed productivity.

Tenancy security pertains to secure transfer rights and accrue benefits from land use, while food security is about having accessibility of all people to safe, healthy, & affordable food all the times, thus guaranteeing health and overall development.

Inter-linkage

- Agricultural productivity in India directly related to amount of land being cultivated, with lesser land with weak tenancy will put agricultural productivity in jeopardy.
- It will lead to either disguised unemployment if rights are not secured, culminating into poverty.
- Safe tenancy will lead to leasing, thus greater use of land and effectively, engaging landless

labours, assuming them steady income A therefore safe, healthy nutritious food.

- It will give them access to formal credit, government policies, insurance etc

NITI Aayog has come up with model Land leasing law, which ~~make~~ takes into consideration the above factors.

- ① It guarantees transparent contractual rights both to the landowner and the tenant in case of agricultural land. As well as defines the obligation and liabilities.
- ② Adjudication of disputes mechanism to be created.
- ③ Digitisation of land records and registration system.
- ④ Facilitating formal credit, insurance etc.

Thus we see that the two are the sides of the same coin, complementing each other, solving rural poverty, increasing formalisation, bringing more land securely under agriculture. But it remains to be seen that how states response to this and centre-state coordination, cooperative federalism is needed.

8. Minimum Support Price (MSP) of crops is a short term solution for agricultural distress which creates long term problems. Examine. Suggest measures to overcome the limitations of the MSP regime.

(150 words) 10

फसलों के लिए न्यूनतम समर्थन मूल्य (MSP) कृषि संकट का एक अल्पकालिक समाधान है जो दीर्घकालीन समस्याएं पैदा करता है। परीक्षण कीजिए। MSP व्यवस्था की कमियों से निजात पाने हेतु उपाय सुझाइए।

MSP as an incentive began with the idea of assuring enough returns to the farmer in a market based economy. But with time, it has taken a populist shape rather a ^{economic} reform measure, tending to distort cropping pattern, issues and regional disparities.

Government recently announced a higher MSP (1.5 times the A2+FL cost). Hence what is MSP? It is a measure in which government announces before the sowing period, the minimum price at which it will procure grains from farmers. Announced for 24 crops, it ensure that price for grains doesn't reach below MSP price. to protect farmers from fluctuations.

Problems with MSP

- Lack of awareness amongst majority of farmers
- Distorted cropping pattern especially favourable MSP for rice & wheat in Punjab & Haryana.

- Regional disparities in cropping patterns is observed too
- mostly benefits big farmers, as landless labourers and marginal farmers either not aware or if aware fall to fraudulent brokers plans
- MSP at times have found to be inadequate in giving enough return to farmers, their announcement is also not standardized. Most of the marginal farmers are caught in debt-trap also because market prices fall below MSP quite often.
- There's no regulatory measure to see the adherence to MSP.

Thus MSP seems to be a long term problem though it addresses i

Insecurities of farmers by assuring them

Guaranteed procurement solving food & PDS issues

Helps in incentivising a particular crop.

MEASURES

- (1) Overcoming regional disparities
- (2) Swaminathan committee recommendation to be adopted. To address the issue holistically
- (3) State-centre coordination in computing the MSP price
- (4) Ensuring market price doesn't fall below MSP. Swift payment to farmer
- (5) Announcing it well in advance.

9. With women playing an increasingly significant role in the Indian agriculture sector, gender specific interventions can be the key to improving agricultural productivity. Discuss. (150 words) 10

भारतीय कृषि क्षेत्रक में महिलाओं की बढ़ती भूमिका को ध्यान में रखते हुए, कृषि उत्पादकता में सुधार लाने के लिए लिंग विशिष्ट हस्तक्षेप महत्वपूर्ण हो सकते हैं। चर्चा कीजिए।

While male-specific migration to the urban areas have seen a consistently high process, it has resulted into rural-agricultural areas with women specific hightousehold, also leading to 'feminisation' of the agriculture.

Another reason why women have come to play major role in agricultural is also because M&RREGS. We really have 42% of women workforce in agriculture.

Thus under such circumstances women specific interventions can be the key to improving agricultural productivity.

- (b) Traditionally fuel collection and water-fetching have been women's job. With climate change and increasing scarcity of water, these two challenges needs to be tackled urgently
eg. Pradhan Mantri Ujjwala Yojana (welcome step)

- Women are primarily seen as homemakers, bearing the burden of domestic work, discouraged from taking education, and primarily seen to be avoiding public spaces; this

inhibits their social mobility, thus their choice of occupation. Even in agriculture, rural areas being far from urban centres can be a threat to awareness, advancement, innovation in agriculture.

- Land being a private property was/is seen as a patriarchal asset, disowning them of crucial rights.
- Women's health is often neglected, non-institutional deliveries, anaemia, malnutrition goes unaddressed, leading to poor health & less productivity
to solve above few of the mentioned problems
- Encouraging awareness respect to land rights dismantling taboos.
- SHG workers, small sector/community groups can help women venture out and take advanced decision in agriculture.
- skilling from large machinaries, driving tractors, application of fertilizers needs to be taught
- Local Panchayat elections to be seen as not misused in the name of women reserves Empowering them to be the decision makers.
SEWA, Lizfat Papad, Gramin Loop Bank like Bardham are step in a right direction

10. Enumerating the factors that determine a nation's energy-mix, comment on the need for having a diversified fuel basket for meeting India's future energy demands. (150 words) 10

किसी राष्ट्र के ऊर्जा-समिश्र (एनर्जी-मिक्स) को निर्धारित करने वाले कारकों को सूचीबद्ध करते हुए, भारत की भावी ऊर्जा मांगों को पूरा करने हेतु एक विविधकृत फ्यूल बास्केट के होने की आवश्यकता पर टिप्पणी कीजिए।

Factorily determining nation's energy mix, when energy is the fundamental input, needed by contemporary society whether rural-urban, poor or rich, are as follows :

- (1) Demand and supply - depending on the region, availability of conventional or non-conventional resources, usage etc.
- (2) Transportation, storage distribution - goes long way in determining the sustainability, reliability. oil imports, coal-based thermal, nuclear, power etc. are not only costly but have heavy transportation cost, but solar, ~~wind~~ biogas-based can be quite cheap.
- (3) Technology harmonization - determines the efficiency of energy-mix
- (4) climate change is a huge determining factor for future to come as fossil based energy's are quite polluting
- (5) Regional/geographical advantage : eg USA - shale gas, Germany - wind energy, UAE/Arab - fossil oils etc.

(c) Government policies also determine the energy mix in a country.

→ For India is heavily coal ~~deps~~ and oil (60%) dependent, in rising demand and threatening climate change, it seriously have to rethink strategies for energy mix,

→ The Solar Mission - which aim for ambitious 100GW from non-fossil based resources underlines the urgency - from sources like solar, wind, small-hydro, Bioenergy etc.

→ We also cannot afford the huge expenditure on oil imports (nearly 90%) in increasing fiscal deficit

→ Diversification is also needed for self-reliance; in future trade wars.

Future of energy is renewable sources, then a visionary approach and faster implementation of adopted policies will take us in an energy-secure future indigenously.

11. Highlight the importance of MSME sector in India's economy. Also, identifying the challenges, suggest some policy recommendations to ensure their sustenance and competitive growth. (250 words) 15

भारत की अर्थव्यवस्था में MSME क्षेत्रक के महत्व पर प्रकाश डालिए। साथ ही, चुनौतियों की पहचान करते हुए उन्हें संपोषित करने और उनके प्रतिस्पर्धात्मक वृद्धि को सुनिश्चित करने के लिए कुछ नीतिगत अनुशंसाओं का सुझाव दीजिए।

MSMEs are those, according to the MSME Development Act, 2006, which have annual sales turnover of upto ₹ 5 cr (micro), ₹ 75 cr (small) & ₹ 250 crore (medium). With India trying to increase its base in manufacturing and industry, and reap the demographic dividend, MSMEs are the ideal solution.

Importance

- Intensive labour sector, employing nearly 11 crore workers as per NSSO data. Thus creating employment opportunities at much lower capital cost.
- They form the backbone of manufacturing, 70% of industrial units and 40% of value addition is done by them.
- They are mostly based in textile, leathering etc, contributing 50% to exports, largely coming from rural areas, employing backward, tribal people.

- They are environmentally sustainable, flexible and innovative too

Challenges

- Credit is a huge challenge, especially formal
- Lack of proper infrastructural facilities, power shortages.
- Competition in an era of Free Trade Agreements RCEP, where due to relatively backward technology, they are losing out
- Declining customer base to large scale machine-made goods
- Youth not finding it attractive due to paucity of funds, exit nature, stringent labour laws, lack of skilled manpower etc. plus the support of government was not upto the mark

Recommendations

- Institutional credit is the first step,
- Improving rural infrastructure, power shortages,
- Helping in skilling and upgradation of technology for them to be competitive especially when China is backing out.
- But Vietnam & Bangladesh biggest competitors
- Helping them in marketing & procurement
- Reforming rigid labour laws

MSMEs are mostly employing marginalised communities, and thereby contributing to rural upliftment. They are cost-effective, efficient, and potential competitor in global market. India should bunge on the opportunity to making MSMEs scientifically, technologically & economically advanced.

12. A near stagnant tax to GDP ratio for the country since decades reflects not only non-fruitation of efforts to increase it but also underlying structural issues with tax regime. Comment. (250 words) 15

राष्ट्र के लिए कई दशकों से कर-GDP अनुपात का लगभग स्थिर रहना, न केवल इसको बढ़ाने हेतु किए जाने के प्रयासों के फलीभूत न होने, अपितु कर व्यवस्था में अंतर्निहित संरचनागत समस्याओं को भी प्रतिबिंबित करता है। टिप्पणी कीजिए।

As per the Report of Income Tax Department India's current tax-to GDP ratio is around 5% while that of centre-state combined is around 17%. considerably and breathtakingly low in a country of 1.2 billion people. Sad thing being it been stagnant for nearly decades despite of the Post 1990s economic reforms.

Reasons for low ratio

- Agriculture which employs nearly 60% of the workers, is not included in the tax structure. Over the years the dependency of labour on agriculture has not reduced much.
- Informal sector accounts for nearly 83% as per the NSO data, are excluded from tax base.
- Parallel economy, evasion of taxes, Slack money & are the major legal loopholes.
- India stands and burden with 30% of poverty (Rangarajan) & 21% (Tendulkar)

- which is quite high in a populous country.
- can be some taxation laws, various exemptions are the direct causes of low tax-base.
 - Shell Companies, Base erosion and profit shifting by MNCs in an era of globalisation are contributing factors.
 - Over the years, litigation has hardly proved to be deterrent, where frauds go unnoticed & fraudster unpunished, acquiring impunity. Taxation disputes takes years & decades to resolve.
 - structural changes in occupation from agriculture to industry have ~~already~~ hardly taken place.
 - Labour laws are rigid, increasing job profile constituting mostly of contractual labour.
 - Government over a period of time have tried taking effective steps, but they have hardly yield results.
 - ~~Tax~~ ^{Income} disclosure treaties in tax haven countries.
 - Financial Action Task Force, India is party to it and complies and follows

money laundering, black money issues

- Demonetisation was huge exercise, but it too yield lesser than expectations
- Black money Act, disclosure scheme, Operation clean money, GST are few of the other reforms.

So what should be done?

- Simplify tax laws, rigid labour laws
 - Digitisation of the economy. Technology can be a game changer in dealing with financial crimes/detection etc if dealt effectively
 - As per ^{Arjun Mudi} Narpat Committee, agri-income above 50 lakh may be taxed.
 - GAAR rules, Tax-Evasion & profit shifting treaties to be made more effective
 - Intense and urgent reforms in legal structures, faster resolution and stringent punishment
- More than anything tax is should be held by the citizens as a duty holding the democratic government accountable rather than as a burden to be evaded. Attitudinal change is needed.

13. Adhering to fiscal discipline is considered as a hallmark of sound financial management by government. Elaborate. To what extent does the Budget 2018 incorporate fiscal discipline vis-a-vis competing targets of the government? (250 words) 15

राजकोषीय अनुशासन के पालन को सरकार द्वारा स्वस्थ वित्तीय प्रबंधन की एक कसौटी माना जाता है। सविस्तार वर्णन कीजिए। 2018 का बजट किस सीमा तक सरकार के प्रतिस्पर्धी लक्ष्यों एवं राजकोषीय अनुशासन को समाविष्ट करता है?

Fiscal policy is a reflection of the government engagement with public, social reforms through its expenditure and income. While fiscal discipline is a virtue that marks the hallmark of smooth governance and financial health.

Fiscal Responsibility and Budget Management Act, 2003 have over a period of time lead government to keep track of expenses and adhere to prudent practices.

so why does prudent management becomes important?

- Firstly, with scarce resources and high unemployment and poverty ratio, ~~to~~ targeting them effectively is a challenge. And if such policies are not generating capital or investment rather consumption, it might gives zero return.
- High budget deficit / fiscal deficit, will add to burden of the government.

- Crowding out effect in the economy, as with less money & high expenditure, government going for disinvestment.
- Credit rating with high fiscal deficit will lower in the global market, dampening the investment trust as a result, outflow of FDI.
- A government without much financial credibility loses the trust of the people and has direct fallout on governance & democracy.
- Deficit financing increases the dependency of the country on the financing one or global institutions, too. It may also lead to currency depreciation and inflation, as happened during the financial crisis. They also impose conditionality.

The Budget 2018 sought to address following.

Focus 3 major areas

- (a) Agricultural sector - MSP (1.5 times the production cost)
- (b) Rural sector :-

(b) Health and Education / Aayushman Bharat Scheme

Others include

- (1) Vulnerable sections — outlays for SC, STs, Free gas connection etc.
- (2) ~~Boosting~~ Boosting jobs.

Though broadly, they tried following fiscal discipline, as per the N.K Singh Committee ratio of tax-GDP at 40%.

Concerns regarding Budget

- Revenue deficit = 2.6% of GDP against the target of below 2%, reflect deteriorating quality of fiscal resource burden.
- Short fall of GST revenue, also non-tax revenue
- The cost of Aayushman Bharat Scheme is huge requiring nearly ₹20,000 cr.
- Rising oil prices, when India is heavily dependent on oil imports for its energy needs
- Another concern of fiscal deficit has been set at 3.3% of GDP rather than 3%.

By large, the Budget has maintained fiscal prudence, amongst populism and increasing demand for expenditure.

14. The role of international trade in achieving a quicker pace of economic development is well recognized. What are the benefits of international trade for a developing country like India? Highlight the challenges that India faces in improving its share in world trade. (250 words) 15

आर्थिक विकास की द्रुत गति को हासिल करने में अंतरराष्ट्रीय व्यापार की भूमिका को बखूबी मान्यता प्राप्त है। भारत जैसे विकासशील राष्ट्र के लिए अंतरराष्ट्रीय व्यापार के क्या लाभ हैं? विश्व व्यापार में अपनी भागीदारी बढ़ाने में भारत द्वारा सामना की जाने वाली चुनौतियों पर प्रकाश डालिए।

Post New Economic Policy era, when India chose to be an open economy, it has successively maintained CAD (current Account Deficit) within admissible range and manage its international trade effectively. India's Foreign Trade Policy set target of \$ 900 billion exports of goods & services by 2019-20. Today India's exports account for 20% of GDP.

Benefits of International Trade

- A developing country like India needs access to better technology, high end products innovation etc since it might not be possible to invest in expensive R&D at such point of time, also because of time it takes for innovation
- Regional treaties, bilateral-multilateral trade have reflected enhanced cooperation, integration and reliance on each other

India's competitiveness has increased

- The business opportunities for the local companies are opening new windows, new sectors are coming into their domain.
- Vast diversification of exports through new market & materials
- International trade makes investment possible, opening up job opportunities, boosting local economies.
- No economy is self-sufficient and no economy can grow unilaterally in a world like ours thus international trade invokes avail of such avenues

But inherent challenges, due to late entry into open market, market economy has created its own limitations, as follows

- ① ~~For~~ Infrastructure lags both physical & social
- ② skilling is a huge problem, due to informalisation, low quality man power in a demand for high quality jobs
- ③ low/less advanced technology creates barriers

- for adoption of digital economy, processing etc.
- complex and rigid laws on taxation, labour, FPR, red tapis provides bottlenecks for ease of doing business. Though India has made tremendous progress in recent times.
 - Ability of the local industry to compete with global market, especially MSMEs is doubtful.
 - Bilateral/multilateral Free Trade Agreements, WTO, treaties have thereby put India in a predicament, where benefits have shifted to other parties.
 - Export subsidy, trade wars, not opening of free service trade create an unfavourable environment.
 - Recently we have seen China, USA, Turkey etc indulging in trade wars, threatening the very idea of international cooperation.

In such scenario, India is a beacon of light for many, with push for multilateralism, rationalization, competitiveness. In such environment can peace last in this planet and sustainable trade & ~~development~~ development take place.

15. In the light of increasing NPAs and frauds, the twin balance sheet problem has grown immensely. Comment on the issue and analyse the potential of the Insolvency and Bankruptcy Code to be a game changer for Indian economy's health and long-term growth. (250 words) 15

NPAs एवं धोखाधड़ी की बढ़ती घटनाओं के चलते, दोहरे तुलन पत्र (ट्विन बैलेंस शीट) की समस्या में अत्यधिक वृद्धि हुई है। इस मुद्दे पर टिप्पणी कीजिए तथा भारतीय अर्थव्यवस्था की दशा और दीर्घकालिक संवृद्धि के लिए दिवाला एवं दिवालियापन संहिता में एक गेम चेंजर होने की क्षमता का विश्लेषण कीजिए।

Nearly \$ 1-billion fraud struck Punjab National Bank, the rising NPAs have reached to 12% of the total banking system. Thus twin balance sheet problem is long and strong despite the efforts to resolve it.

It is when banking sector & private sector distressed financially, unable to cope up with rising situation.

With private sector/companies: Borrowing loans which have accumulate high interest and are becoming a liability, in an atmosphere where profits have fallen and returns gone down.

while NPAs - there is non-retirement or servicing of debt; putting banks under strain, reluctance to further lending, dampening investment, higher interest rate, not able to pass monetary policy rates to customers,

In such a economic low phase, what has struck struck like lightning is economic frauds from vijay mallay to Nirav Modi

Where billions of ^(₹ 12,000 cr) rupees have lead to further corrosion of bank capital, to the point of losing credibility

It is in such situation, the importance of Insolvency and Bankruptcy code 2016 (IBC) needs to be highlighted

Significance

- IBC aims to give exit access to those companies whose revival is not possible thus solving the Indian chakravyuha problem.
- It creates institutional mechanism for speedier, time bound system, insolvency professionals who can handle cases in the order of existing liability.
- Level playing field for domestic and foreign creditors.
- With recent amendment it made fraudulent borrowers, discarded directors etc to not file for insolvency.
- It also provides for cross border insolvency.

- With the enactment of IBC, RBI has taken back the various schemes like S4A, dealing with NPAs.
- However the success of any law depends on the effective implementation. Thus it will be able to channelize it worth only if adjudication, fair justice and transparency in true sound manner is observed.

Recently, to deal with high scale financial frauds and to manage fugitives, government has come up with ~~Great Responsibility~~ Financial Resolution and Deposit Insurance Bill, 2017, Fugitive Economic Offenders Bill to deal with financial frauds. If all of these are effectively implemented they will be game changer in resolving NPAs issue in India.

16. Enhancing private infrastructure spending and revival of stalled projects is critical to the success of Bharatmala Pariyojanā. Discuss. Also enumerate measures taken by the government to revive stalled projects on National Highways. (250 words) 15

निजी अवसंरचना व्यय में वृद्धि एवं अवरुद्ध परियोजनाओं का पुनरुद्धार भारतमाला परियोजना की सफलता हेतु महत्वपूर्ण है। चर्चा कीजिए। साथ ही, राष्ट्रीय राजमार्गों से संबद्ध अवरुद्ध परियोजनाओं के पुनरुद्धार के लिए सरकार द्वारा उठाए गए कदमों को सूचीबद्ध कीजिए।

Infrastructure is backbone of country's inclusive development and driver of aspirations of demographic dividend in India. It is with such intention Bharatmala pariyojana is framed.

Bharatmala Pariyojana: It is an umbrella program for the highways sector that focus on optimizing the efficiency of freight and passenger movement across the country. It bridges critical infrastructure gaps. It developing highways, Economic corridors etc.

And government has devised huge role for private sector in this

17. Going forward, the allied sectors will play a critical role in increasing the resilience and improving economic returns in agriculture. Discuss.

(250 words) 15

आगामी समय में, संबद्ध क्षेत्रक कृषि में लचीलापन बढ़ाने एवं आर्थिक प्रतिफल में सुधार लाने में एक महत्वपूर्ण भूमिका निभाएंगे। चर्चा कीजिए।

In the recent past, agriculture has seen unrest like no other sector, with higher population dependency on the sector, lower productivity along with structural problems have made government divert its attention to this sector urgently.

Major problems facing agriculture

- High input cost, reduce outputs
- Lack of irrigation infrastructure, degrading soils
- dependency on the monsoon, recent floods in Kerala have destroyed the agriculture for this year and productivity for later years to come.

Youth do not see agriculture has a viable ~~job~~ occupation. It is in such scenario, allied sectors in agriculture can boost the ~~rest~~ economic return and ~~make~~ agriculture resilient to various man-made & natural tragedies.

Allied sector

- Livestock - Agriculture, horticulture, agroforestry, fisheries, sericulture, bee-keeping, food-processing (small scale) ^{mostly} etc. are the few of the options open to farmers.
- Fisheries: In India is 2nd largest exporter in the world & contributes about 1.5% to GDP & 5% to agriculture GDP. It is small scale, cheap, reliable, creating self-employment opportunities as well as high demand for high protein food makes it viable.
- Livestock - can play major role in adding additional income to farmer's kitty, in the form of increased; ~~trade~~ milk production, meat, manure, etc especially in rainfed areas.
largely women lead activity contributing to their economic empowerment.
- Horticulture: The demand for fruits, vegetables, aromatic foods, medicinal herbs, flowers etc have growing demand. Best suited for small & marginal farmers fragment holding in India.

Agro forestry : Is sustainable, improves soil quality, low maintenance, land-use efficiency & round the year crop production. Thus satisfying many of the basic needs of the farmers creating a viable alternative.

- Food processing - small scale food processing & cooperatives like that of Lijjat, Amul will boost economy of agriculture and create competition even in the global market.
- Sericulture : It is environment friendly cost-effective, and has large ~~high~~ high-end consumer base, thus creating opportunities for the small scale farmers to venture into it.

Thus we see that several of avenues are available, but farmers need better access, education, awareness, initial credit and institutional support or follow up & it marketing or procurement. With the aim of doubling farmer's income, the government needs to tighten its belt and address structural issues in agriculture holistically.

18. Enumerate the factors that determine cropping pattern in an agricultural region. Discuss the need for diversification in context of problems being faced by monoculture regions in India. (250 words) 15

किसी कृषि क्षेत्र में फसल पद्धति को निर्धारित करने वाले कारकों को सूचीबद्ध कीजिए। भारत में एकल फसली क्षेत्रों द्वारा सामना की जा रही समस्याओं के संदर्भ में फसल विविधीकरण की आवश्यकता की चर्चा कीजिए।

Agriculture in India has been the most dominant sector since times immemorial. But in post-independent era, where it witnessed green-revolution, modernization, it has changed the way it functioned before especially in some regions.

Factors that determine cropping pattern in an agriculture region are as follows

- (1) Availability of land, whether fragmented or consolidated, where crops like paddy, wheat etc or horticulture can be taken
- (2) Availability of irrigation - major factor
- (3) cheap labour
- (4) Government policies like MSP, support to irrigation, subsidy etc
- (5) when major area is rainfall dependent, rainfall, soil type eg. cotton suitable in black soil,

- (6) Demand-supply creation in market, the ~~de~~ marketing systems can also affect cropping pattern.
- (7) At^a time when farming was subsistence based, today has become commercial, thus it also depends on the choices the farmers make on the basis of availability of input cost etc with help/him.

The above factors and increasing trend towards commercialization have lead to distinct crops being grown i.e. Monoculture in a particular region. Eg. Paddy in Punjab, Sugarcane in Maharashtra, Odisha again paddy, etc. With such intensive crops have affected the regional natural resources. especially water availability, lead to soil degradation & salinity, declining productivity, crop regional imbalances, higher wage disparities & income disparities.

Thus to save the situation, region specific crop diversification is the solution, which can be done by

Following region-suitable, climate-based crops like in arid areas of Maharashtra, semi arid areas - millet, pulses, oilseeds should be taken

- This crops will improve resilience of the soil
- Need less resources, fertilizers & are less prone to pest attacks
- They also need less irrigation and give better yield
- Are ~~are~~ rich in minerals & nutrients, fulfilling the modern dietary habits
- Thus improving the economic capacities of farmers. But government needs to give a policy push 'with 2018 being declared as 'Millet's Year, other things like

- including millets in PDS ~~and~~
- Spreading awareness in market
- Export promotion policy could be undertaken

crop diversification is the need of the hour, in a ~~at~~ climate change world that threatens the livelihoods

19. It is argued that fertilizer subsidies have a negative impact on promoting Organic farming in India. Comment. Also, critically analyse the advantages of replacing direct benefit transfer in fertilizers with direct income support for farmers. (250 words) 15

यह तर्क दिया जाता है कि भारत में जैविक खेती को बढ़ावा देने में उर्वरक सब्सिडी का एक नकारात्मक प्रभाव रहा है। टिप्पणी कीजिए। साथ ही, उर्वरकों के लिए प्रत्यक्ष लाभ अंतरण के बदले किसानों को प्रत्यक्ष आय सहायता प्रदान करने के फायदों का आलोचनात्मक विश्लेषण कीजिए।

Agriculture needs fertilizers, especially the modern commercial crops, considering the importance and cost, government has strict control on production, import and has subsidized it. However fertilizers being chemicals, its application and promotion has hindered in certain way growth of organic farming in India, How?

- ① chemical fertilizers especially urea are cheaper in comparison to others
- ② High productivity, (pest attacks)^{less} quicker growth promote farmers to believe in its effectiveness
- ③ Commercial interests thrive on fertilizers subsidy.
- ④ organic farming is generally less conducive, technologically not advanced.

India spends around ₹70,000 cr on fertilizer subsidy annually. It has high rate of diversion and leakage, reaching farmers only a meagre % of it. While steps like neem coated urea have been taken and have been useful, but the option is not much viable.

In such scenario government has come with a pilot scheme of providing direct benefit transfer to farmers/consumer at the point of sale machines. Here the subsidy is released only after the actual sales are made by retailers to ~~the~~ beneficiaries. The identification of beneficiaries is done through Aadhar.

However it has its own flaws

- like identification mechanisms, misuse and fraudulent practices etc.

Thus the idea of direct income sector is being supported.

- Because it is more transparent, equitable & crop-neutral.

- It trust the farmer's choices and gives her the liberty to use the money accordingly
- optimal utilization of the money, increasing the purchasing power of the farmers
- It will not create distortions in market thus allowing the demand-supply law to function
- Put an end to huge corruption, leakages, diversion.

Disadvantage

- misuse of the money
- difficulties in identification of the beneficiaries
- coordination across state-local governments
- Aadhar records, land records needs to be updated.
- may lead to inflation to non-agri purposes, dependency etc.

Thus before implementing any such idea, a comprehensive cost-benefit analysis needs to be done, to assure a sustainable outcome.

20. What do you understand by Seed Replacement Rate? Explaining the concept of breeder, foundation and certified seeds, highlight the major policy initiatives taken in order to address the challenge of quality seed availability to farmers. (250 words) 15

बीज प्रतिस्थापन दर (सीड रिप्लेसमेंट रेट) से आप क्या समझते हैं? ब्रीडर, फाउंडेशन और प्रमाणित बीजों की अवधारणा की व्याख्या करते हुए, किसानों के लिए गुणवत्तापरक बीजों की उपलब्धता की चुनौती का समाधान करने हेतु की गई प्रमुख नीतिगत पहलों पर प्रकाश डालिए।

Seed Replacement Ratio (SRR) is a measure of total cropped area sown with certified seeds in comparison to farm saved

Since SRR are high quality leading to good productivity of good quality crops in comparison to farm seeds

Policy initiative

- National seed Programme
- National mission on oilseeds & oil palm.
- National seed Policy (2002)
- Seed Bank Scheme.
- National seed Corporation

Asok Dalwai committee constituted
to suggest ways to double farmer's
income suggested - increasing use of
SRK, promoting hybrid technology etc.

