



VISION IAS

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GENERAL STUDIES (TEST CODE : 1826)

Name of Candidate	Riya Saini	Registration Number	1120816
Medium Eng./Hindi	English	Date	25/9/20
Center	Online		

INDEX TABLE		
Q. No.	Maximum Marks	Marks Obtained
1	10	
2	10	
3	10	
4	10	
5	10	
6	10	
7	10	
8	10	
9	10	
10	10	
11	15	
12	15	
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16	15	
17	15	
18	15	
19	15	
20	15	
Total Marks Obtained:		
Remarks:		

INSTRUCTIONS	
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)।
2.	There are TWENTY questions printed in ENGLISH & HINDI इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3.	All questions are compulsory. सभी प्रश्न अनिवार्य हैं।
4.	The number of marks carried by a question/part is indicated against it. प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
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।
6.	Word limit in questions, if specified, should be adhered to. प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
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 का उसके 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.

VisionIAS

1. Given the limitations of trickle-down economics, discuss the relevance of capability approach to development for a country like India. (150 words) 10
- ट्रिकल-डाउन इकोनॉमिक्स की सीमाओं को ध्यान में रखते हुए, भारत जैसे एक देश के विकास के लिए क्षमता उपागम की प्रासंगिकता पर चर्चा कीजिए।

Onjam Report titled, "Inequality kills" points to the apparent failure of the trickle down approach of economic development (50% of bottom holds only 6% of global wealth)

Trickle Down Approach

- (i) Bottom-most → passive recipients
- (ii) High growth of GDP → misallocation of benefits

Capability Approach

- (ii) Active contributors
- (iii) Capacity Building
 - participatory
 - employment guarantee
 - equality of opportunity

Limitations of Trickle Down

- (1) Assumptions:-
 - Higher growth from focus-sectors (eg. heavy industries)
 - (2) Effective tax collection (tax buoyancy)
 - (3) Utilisation of tax for redistribution
 - (4) efficient utilisation (↓ leakages)
- Taxes, difficult to achieve all four assumptions → failure!

Importance of capability Approach for India

- (i) Demographic Dividend :- high skilling and employability. (YTD+)
- (ii) Welfare State → Gandhian "trusteeship"
↳ Keynesian principles
↳ Article 38 :- prevention of concentration of wealth
- (iii) Basic Necessities → housing, clothes, health, education [ILO].
- (iv) Absolute Poverty eradication :- to build capabilities [SDG - 1] (Amartya Sen)
- (v) Reduce inequalities: Oxfam Report → fall in 85% households' income.
- (vi) Reach Potential GDP :- aim become \$ 5 trillion economy.

Capability Approach is a true 'Rights based Approach' in consonance with PM's "Subke Vikas, Sabka Vishwas, Sabka Prayas".

2. Recently, India marked the fourth anniversary of introduction of the Goods and Services Tax (GST). Given its envisaged objectives, evaluate whether it has been a successful reform. (150 words) 10

हाल ही में, भारत ने वस्तु और सेवा कर (GST) के शुरूआत की चौथी वर्षगांठ मनाई। इसके परिकल्पित उद्देश्यों के आलोक में, मूल्यांकन कीजिए कि क्या यह एक सफल सुधार रहा है।

Goods and Services Tax was introduced by the 101st constitutional Amendment, 2016 which made an overhaul into the taxation system.

GST subsumed a number of Centre and States' indirect taxes to create a "Common National Market".

Successful Reform:

(1) Cascading effect :- has been eradicated
cost-effectiveness.
↓
cheaper consumer goods.

(2) Removal of Tariff Barriers :- inter-state
↳ intra-state
↓
"1 Nation 1 Tax 1 Market"

(3) Standardisation of Taxes :- No state
arbitrage in different geographic locations

(4) Low evasion :- reporting for Input
Tax credit → enhanced surveillance.

- (5) Ancillarisation and outsourcing increased
- (6) Enhanced exports - due to remission / ETC on exports ("o suited exports")
- (7) Record high collection - crossing ₹1.5 lakh crore. → increasing $\frac{\text{tax}}{\text{GDP}}$.
- (8) eway bills → reduce red tapism and harassment.

Challenges

- (1) Fiscal Federalism - delayed compensation
↳ fiscal deficit mounting states
(↳ enhancement potential)
- (2) Multiple slabs : (5 → 12 → 18 → 28%)
Australia - 10% (only 1 slab)
- (3) Complex compliance - monthly/quarterly filing → compliance cost
- (4) Ambiguous AAR judgements and frequent changes in slabs → policy uncertainty.
- (5) ATF, petrol, diesel not included

GST council needs to be utilized for further strengthening transition. Paper invoices must be curbed to enhance tax collection.

3. Investment in infrastructure is pivotal for accelerated and inclusive socio-economic development of a country. In this context, discuss the significance of the National Monetisation Pipeline. (150 words) 10

किसी देश के त्वरित और समावेशी सामाजिक-आर्थिक विकास के लिए बुनियादी ढांचे में निवेश महत्वपूर्ण है। इस संदर्भ में, राष्ट्रीय मुद्रीकरण पाइपलाइन के महत्व की विवेचना कीजिए।

National Monetisation Pipeline is a Governmental Scheme for sale/lease of underutilized/unutilized governmental assets like roads, railway tracks, stadiums, ports, vacant buildings

Models → InvITS
↳ TOT
↳ OMDA

Infrastructure for development

(1) Multiplier effect :- enhancing infrastructure has automatic effect on ancillary industries.
↳ agriculture
↳ textile
↳ pharmaceutical
↳ trade
↳ tourism etc.

(2) Potential GDP :- India's growth in manufacturing sector slowed by high logistics cost (~40%)

(3) Local employment generation :- reduce unemployment rate, enhance standard of living of workers and businesses

Importance of National Monetisation Pipeline

- (1) financing NIP :- Rs 2.5 lakh crore from NMP \rightarrow 5% of revenue for NIP.
- (2) freeing up capital :- enhanced fiscal space for government \rightarrow social sector expenditure
- (3) Recycling capital :- underutilised assets' capital to be invested for further GFCF.
- (4) Lowering Fiscal Deficit :- especially during recession in economy (COVID, Ukraine-Russia war)
- (5) counter-cyclical Policy :- (Economic Survey).
- (6) Private investment channelized into National Development.

With enhanced PPP and greater transparency in NMP, it can create investment inflow into the Indian economy and also increase GFCF.

4. Skill development through e-learning has gained increased importance and acceptance in view of the challenges posed by the COVID-19 pandemic. Discuss. (150 words) 10

कोविड-19 महामारी से उत्पन्न चुनौतियों के मद्देनजर ई-लर्निंग के माध्यम से कौशल विकास को अधिक महत्व और स्वीकृति प्राप्त हुई है। विवेचना कीजिए।

Challenges of lockdown brought about by COVID-19 disrupted the traditional skilling structure. Digital technology was adopted to enhance skill development using new tech so as to increase employability of youth eg → IGBT 4NIPS platform.

e-learning ⁱⁿ Skill development gaining ^{and} importance

(1) Geographical reach :- enhanced due to greater internet connectivity.

(2) New age technology :- AI, Blockchain, MRM communication, IoT utilisation and taught → Industrial Revolution 4.0.

(3) continued development of knowledge and soft skills to raise employability beyond 46% Skills India Refact

(4) Reduction in Skilling cost :-
- cost-effective
- less rent for official spaces.

(5) greater innovation and entrepreneurship culture.

Challenges

- (1) Digital Divide :-
 - (a) Rural-urban
 - (b) Gender based
 - (c) vulnerable sections
- (2) Practical hands-on experience lacking.
- (3) No boundary between work and leisure. (work from home)
- (4) E-learning generates less motivation, team building as compared to traditional model.

Skilling is of utmost importance for India to achieve ^{rapid} Demographic Dividend by 2041

For E-skilling can be used complementarily and not as a substitute. i-GOT platform as well as NSEEM are good examples

5. It has been argued that the Industrial Policy of 1991 did not achieve the desired results due to multiple reasons. Discuss in context of India's manufacturing sector. Also, highlight the need for a new industrial policy in this regard. (150 words) 10

यह तर्क दिया गया है कि 1991 की औद्योगिक नीति कई कारणों से वांछित परिणाम प्राप्त नहीं कर पाई। भारत के विनिर्माण क्षेत्र के संदर्भ में विवेचना कीजिए। साथ ही, इस संबंध में एक नई औद्योगिक नीति की आवश्यकता पर प्रकाश डालिए।

Industrial Policy of 1991 encompasses the liberalisation, privatisation and Globalisation reforms mandated by IMF after the Balance of Payment crisis.

It resulted in integration of Indian economy to global economy and greater participation of private sector.

Agriculture → Services
↳ Manufacturing

Reasons for slow growth of Manufacturing Sector

(1) Infrastructural Bottlenecks → roads, railways, ports, post-
infrastructure poor
↳ Logistics Cost (↑)

(2) Low employability :- only 40% of graduates are employable (Skills India Report)

(3) Rigid labour laws → Industrial Disputes Act
↳ Pankaj Act
Low Cost of Doing Business

- (4) Human Resource expenditure :- low \rightarrow 1.5% health
4 3% education
- (5) Policy uncertainty.
- (6) compliance cost \rightarrow MSME dwarfism + contract-ualisation
- (7) low expenditure on R&D (\sim 0.65% of GDP)

Need for new Industrial Policy

- (1) New age technology + AI, Blockchain, robotics, IoT for Industrial Revolution 4.0
- (2) Skilling :- industry-academic linkage
 \hookrightarrow apprenticeship.
- (3) Export share \rightarrow extend beyond
abysmal 1.7% of global trade
- (4) Jobless growth :- low labour participation
(\sim 40%)
- (5) Innovation, startup culture enhancement
- (6) Increasing Ease of Doing Business,
liberalising labour laws.

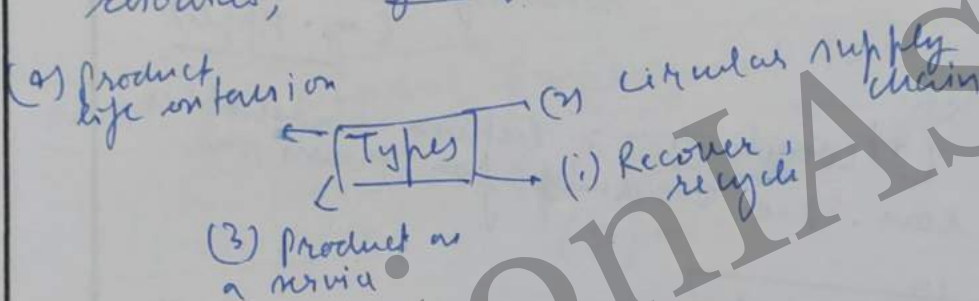
New industrial policy should
be in consonance with National
Manufacturing Policy \rightarrow Aim \rightarrow 25% of GDP
 \hookrightarrow 100 million jobs.

6. State the need for circular economy in India and the challenges associated with it. Also, discuss the measures that are required to build a circular economy in India. (150 words) 10

भारत में चक्रीय अर्थव्यवस्था की आवश्यकता और इससे जुड़ी चुनौतियों का उल्लेख कीजिए। साथ ही, भारत में एक चक्रीय अर्थव्यवस्था के निर्माण के लिए आवश्यक उपायों पर चर्चा कीजिए।

Circular Economy is an alternative to the traditional linear model (manufacture, use, dispose).

It aims at extension of end-of-life, optimum utilization of resources, recycling products.



Need for Circular Economy

- (1) Resource efficiency :- to reduce environmental degradation. (Sustainable development)
- (2) Employment :- 1.4 Crore jobs potential (with Augment)
- (3) Extraction of value :- e-waste → \$1 bn of gold
↳ 2 billion tonne of steel
- (4) waste management :- 10,000 acres of urban land → dumpsites
→ India → 3rd largest GHG emitter

Challenges

- (1) Resource crunch with
ULBs:- low capacity for
recycling.
- ↳ (2) Consumer
Awareness → rising consumerism
- ↳ (3) Efforts by
private
sector :- → low technological
advancement for
alternatives
↳ profiting by
reducing end-of-life
(eg. Apple)
- ↳ (4) Coordination :- between stakeholders
low. No roadmap for transition.

Way Forward

- (1) Funding for ULBs :- Municipal Bonds,
green Bonds, greater devolution
- (2) Awareness + along lines of "Right
to repair" movement
- (3) New technology, R&D for life
extension, value extraction.
- (4) collaboration with private sector
using AI for supply chain management
- China's LiFE movement is in life with
Japan's usage of e-waste for Olympic
Medals is a good example to follow.

7. Discuss the need for a National Employment Policy in India. What should be taken into account while formulating such a policy? (150 words) 10

भारत में एक राष्ट्रीय रोजगार नीति की आवश्यकता की विवेचना कीजिए। ऐसी नीति के निर्माण में किन विषयों का ध्यान रखा जाना चाहिए?

Although unemployment rates in India have lowered (4.8 → 4.2% (PLFS-5)), COVID-19 and subsequent recession in economy has chances to reverse gain. India's story has been depicted as that of 'Jobless Growth' by the critics.

Need for National Employment Policy

- (1) Low Labour Participation → 49% (PLFS-5) (Japan ~ 70%)
- (2) Demographic Dividend → greater employability and opportunities to reap dividend by 2041 (M71 Strategy)
- (3) enhance employ ability → industry - academia linkage to reduce skill gap.
- (4) Reduce informality → 90% of work un-org. mixed
↳ platformisation, contractualisation new norms
- (5) Capital intensive growth → in a labour intensive economy
↳ Low inclusion.

(6) Social security, gender wage gap are issues.

Factors in developing new policy

- (1) Database for all workers → along lines of National Database for Unorganised workers (e-shram)
- (2) Emerging realities → gig economy, platform workers, freelancers.
- (3) Enhance female participation → PLPR from 25% to 50% (AMF → 1 to 2 by 27%) (PLPSF)
- (4) incentive labour intensive industries like fertility, leather. (MITI Aayog) through PLI.
- (5) Skilling → industry-academia linkage.

(Article 39) provides for the State to ensure adequate opportunities for employment and is also a mandate of Welfare State

8. An effective approach to green budgeting is underpinned by strong strategic framework, tools for evidence generation and an enabling budgetary governance framework. Discuss. (150 words) 10

हरित बजट के लिए एक प्रभावी दृष्टिकोण को सुदृढ़ रणनीतिक ढांचे, साक्ष्य निर्माण हेतु उपकरण और एक सक्षम बजटीय शासन ढांचे द्वारा सुदृढ़ता प्रदान की जाती है। विवेचना कीजिए।

Green Budgeting refers to usage of Budgetary policy formulation to achieve climate goals and to prevent erosion of environmental resources.

It takes into account the services offered by ecosystem which are necessary for human development.

Effective Approach to gender Budgeting

- (1) Strategic framework → underline priorities
- ↳ set mission and vision
 - ↳ action plan to achieve goals.
 - ↳ integrate gender green Budgeting into national development

- (2) Tools for evidence → for data driven policy making

↳ to streamline efforts to more vulnerable areas.

↳ measure effect of Budgeting over a period of time.

- g → Green GDP
→ SEEA (UN)
→ GEP (of Uttarakhand)

- (iii) Enabling Budgetary Governance Framework → to integrate into development planning
- ↳ greater co-ordination between stakeholders → Union Govt.
 - ↳ Local Govts.
 - ↳ private sector
 - ↳ civil society

- (iv) Private sector Partnership → Research and development for green technology adoption

(v) Reporting of global Best practices.

(vi) Integration with other sections
↳ Gender Budgeting

- (a) Resilience (↓ climate risk)
- ↳ (i) Pan chom Nita Goals (COP15)
 - ↳ (ii) co-ordination between private, public sector
- (b) Ecosystem service value

This will be essential to achieve Sustainable Development Goals and Nationally Determined Contributions

9. The key to sustaining private investments in infrastructure requires a concerted effort to resolve long-standing issues. Discuss in context of India's PPP framework. (150 words) 10

बुनियादी ढांचे में निजी निवेश को बनाए रखने के लिए लंबे समय से चले आ रहे मुद्दों के समाधान हेतु एक ठोस प्रयास की आवश्यकता है। भारत के पी.पी.पी. ढांचे के संदर्भ में विवेचना कीजिए।

Public Private Partnerships (PPP) are long term contract between public and private sectors for :-

- (1) infrastructural development
- (2) provision of goods and services
- (3) efficient resource utilisation.

Models → greenfield → BOT, DBFO (Campania)
Brownfield → BLT (NHAI highway)

Long-standing Issues

(1) Absence of Regulatory Framework
(eg. Ministry of civil Aviation)

(2) Ambiguous Contract :- increased litigation
↳ reduced private sector confidence

(3) Risks :-

- (1) land acquisition delays
- (2) environmental activism
- (3) cost overruns
- (4) Natural disasters

(4) Financing Issue → IL & PS own, stressed assets (NPA) → difficult to raise capital

(5) unclear allocation of roles, rewards and responsibilities.

Way forward

(1) Kelkar Committee → (a) Umbrella guidelines for stressed projects

(b) case-based risk allocation

(c) Independent Regulator

(d) Amendment to PCA
(difference between corruption and error of judgement)

(e) Viability gap funding for unviable projects

(2) NTTI Act → (a) unambiguous contract terms and allocation of roles and responsibilities

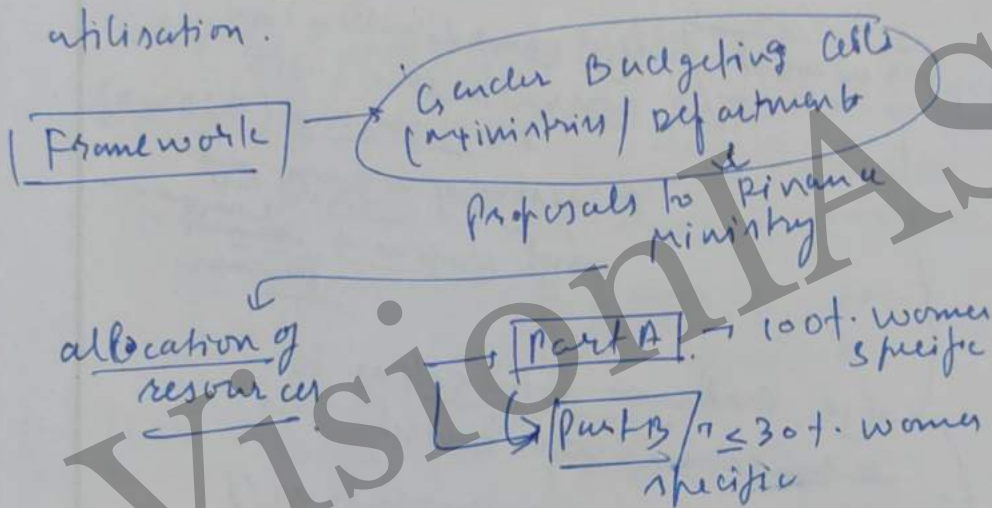
(b) Pre-litigation settlement of disputes

PPP Framework can be greatly utilised to enhance investment, GRCF, employment opportunities and greater managerial expertise alongside innovations

10. There is a need for revisiting India's approach to gender responsive budgeting. Discuss in the context of limitations faced in implementing gender budgeting in India. (150 words) 10

जेंडर रिस्पॉन्सिव बजटिंग के प्रति भारत के दृष्टिकोण पर पुनर्विचार की आवश्यकता है। भारत में जेंडर बजटिंग के कार्यान्वयन में आने वाली रुकावटों के संदर्भ में चर्चा कीजिए।

Gender Budgeting refers to gender sensitivity and gender-specificity in formulating legislations, allocating Governmental expenditure and resource utilisation.



Limitations

- (1) few big schemes are allocated lion's share (eg. SCDS → 25% of total funding)
- (2) Misutilization:- improper utilization resulting in poor outcomes.
(eg. Beti Bachao Beti Padhao Bot. + advertisements)
- (3) Under-utilisation:- unused non-lapsable funds grossly unutilised

→ Nirbhaya Fund ~ soft utilisation)

- (4) Ministry of women and children development receives only about 5% allocation.
- (5) Lack of skilled workforce
- (6) Schemes which are not 100% women specific included in part-A.

(Way Forward) → (i) Co-ordination and consultation with civil society (AIDWA) Ministry of women and children development and National Council of Women

(ii) Autonomous Budgeting to enhance accountability

(iii) equitable distribution of funding

(iv) Rationalise schemes of Ministry Sakshi

↳ (v) Skill enhancement and capacity building

↳ (vi) women in leadership roles (better policy formulation)

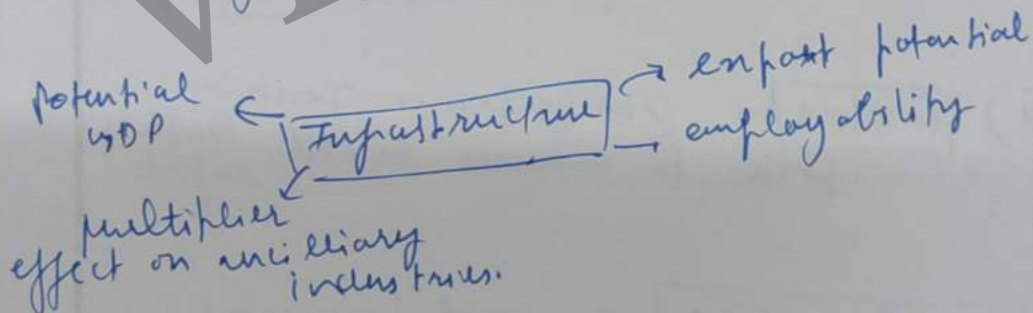
Gender Budgeting is a pivotal tool to improve India's ranking on global Gender Gap Index (135/146)

11. The Indian Budget 2021-22 has identified the development of physical & financial capital and infrastructure as one of its key pillars for sustained growth. Highlight the measures taken by the government in this regard. (250 words) 15

2021-22 के भारतीय बजट में स्थिर वृद्धि के लिए भौतिक एवं वित्तीय पूंजी और बुनियादी ढांचे के विकास को इसके प्रमुख स्तंभों में से एक के रूप में चिह्नित किया गया है। इस संबंध में सरकार द्वारा किए गए उपायों पर प्रकाश डालिए।

Increasing investment in infrastructure development and subsequent increase in Gross Fixed Capital Formation for the country is a key pillar to help achieve \$ 5 trillion of GDP [Economic survey]

India's increased allocation to physical and financial capital is in line with counter-cyclical policy when there is fear of recession (COVID, Ukraine-Russia war)



Measures taken by Government

- (1) National Infrastructure Pipeline - investment of massive \$111 lakh crore into building roads, railways, irrigation, urban infrastructure and energy.

(2) National Monetisation Pipeline → Recycling of resources for freeing up capital (investment into NIP).
Target: - Rs 2.35 lakh crore

(3) Production Linked Incentive.
↳ to make India a preferred manufacturing base + integration into global supply chain (- Speciality steel.
- textiles
- white goods.
- Auto etc.)

(4) Financing → (i) Development Financial Institutions
↳ (ii) NAREE → bond bank (to reduce stressed assets)

(5) Textiles → PM Mitra → Textile parks to enhance textile, leather exports

(6) Food Processing → Food processing units, storage, post-harvest infrastructure (PMISY)

(7) Railways → National Railway Plan, 2030
↳ electrification (coo) + increase share in freight transport

- (7) Roads :- Bharatmala Yojana.
- (8) Metro :- Neo Metro } tier 2 cities
↳ Metro like }
- (9) Ports → Sagarmala for port
modernisation, enhance ease of
doing business

Apart from expanding infrastructure creation despite Fiscal deficit, Union Government has also decided to lend Rs 50,000 loans to states, interest free to allow them expansion in (capex expenditure).

12. To capitalize on its demographic dividend, India must create well-paying, high productivity jobs. In view of this, discuss the challenges in creation of such jobs in India. What policy measures can help in addressing these challenges? (250 words) 15

अपने जनसांख्यिकीय लाभांश का दोहन करने के लिए, भारत को अनिवार्यतः बेहतर भुगतान करने वाली व उच्च उत्पादकता वाली नौकरियों का सृजन करना चाहिए। इसे दृष्टिगत रखते हुए, भारत में ऐसी नौकरियों के सृजन में आने वाली चुनौतियों पर चर्चा कीजिए। इन चुनौतियों से निपटने में कौन-से नीतिगत उपाय सहायक हो सकते हैं?

Demographic Dividend refers to a state in the economy when the working age population exceeds the dependent population.

More than 65% of Indians are below 35 years of age.

When?

→ NITI Aayog - India set to witness Demographic Dividend in 2011 (54% working age population)

Need for high-paying, productive jobs

(1) Potential GDP:- for India to continue along lines of fastest growing large economy.

(2) India is labour-intensive. Thus, it must utilize opportunity by enhancing productive employment (Relative Cost Advantage)

(3) Capability Approach → productive jobs.
↓
inclusive growth

(4) International examples → reaping demographic dividend by China, Japan etc.

Challenges

(i) Capital intensive growth :-
• Due to Government's subsidies,
relative cost of acquisition of capital
cheaper than labour

(ii) Employability :- only 96% graduates
employable (Skills India Report)

(iii) Strict labour laws :- → informatisation
↳ contractualisation
↳ low ease of doing business

(iv) Dwarfism :- due to high compliance cost

("Big industries, not small produce jobs" → Raghuram Rajan

(v) Human Resource Development :- low → health → 1.5%
↳ education → 3%.

- (10) Low growth of Manufacturing sector +
resulting in disguised unemployment
in agriculture.
- (11) Protectionism, global recession :-
labour intensive industries (textile)
firing labour.

Way Forward → (1) Incentive labour
intensive industries
through PLI (MTI Aayog)

(2) Skill gap = industry-academia
linkage

(3) Human Resource expenditure → health → 2.5% of GDP
education → 6% of GDP

(4) Social security for informal workers.
Code on Social Security

(5) Technology utilization, greater
expenditure on R&D (0.65 → 1.5% of GDP)

Policy measures will help
India become the third-largest economy
alongside ensuring inclusive growth.

13. The Indian experience provides several lessons of an inclusive digital economy model that enables formal digital governance structure at a low cost and with easier access. Discuss. (250 words) 15

भारतीय अनुभव एक समावेशी डिजिटल अर्थव्यवस्था मॉडल के कई सबक प्रदान करता है जो कम लागत पर और आसान पहुंच के साथ औपचारिक डिजिटल शासन संरचना को सक्षम बनाता है। विवेचना कीजिए।

Prime Minister announced that 40% of the global digital transactions in the world are Indian.

India is also the 3rd largest startup ecosystem in the world and home to world's second largest internet user base in the world.

This has been possible due to an inclusive digital economy model framed through Digital India Mission.

India's Example for the world

(1) Public good :- Digital inclusion is treated as back bone of greater inclusion in developmental process.

(2) Accessibility → enhanced geographical reach
(LWE, internet, bills etc)

↳ Bharat net

↳ National Optical Fibre Network
↳ 5 lakh Gram Panchayats

(3) Private sector co-operation

- ↳ (a) one of the lowest A.R.P.O
(greater accessibility)
- ↳ (b) Universal Service obligation
Fund. (for geographical reach)

(4) Government efforts → (i) Digital India
Mission

- ↳ (ii) PM-WANI
- ↳ (iii) MDR subsidies.

(5) Benefits to citizens

- (a) Direct Benefit Transfer
- ↳ (b) Education during COVID. (MOOC)
- ↳ Agriculture, finance, disaster management.

(6) Scalability → high growth of internet users
↳ Aadhaar for inclusion

(7) Security → (a) Justice B.N. Srikrishna
Committee for
Personal Data Protection
Bill

↳ (b) Advocacy for data localisation.

(B) Anti Profiteering:- Competition Commission of India (CCI) → to protect consumers.

Challenges

(1) Digital Divide → urban-rural
↳ gender based (1/2nd access)
↳ vulnerable groups

(2) cyber attacks → India 3rd largest most
valuable country

(3) National Security:- Finance
Concerns

(4) low skilled workforce, low digital
literacy.

India's digital economy
growth is a success story for the
world to emulate.

with personal data protection
laws and enhanced data sovereignty,
India will definitely be able to
capitalise on the new oil → Data!

14. What do you understand by crowdfunding? Discuss the benefits and risks associated with the crowdfunding model to raise capital. Also, highlight the current regulatory scenario related to it in India. (250 words) 15

क्राउडफंडिंग से आप क्या समझते हैं? पूंजी जुटाने के लिए क्राउडफंडिंग मॉडल से जुड़े लाभों और जोखिमों की विवेचना कीजिए। साथ ही, भारत में इससे संबंधित वर्तमान नियामकीय परिदृश्य पर प्रकाश डालिए।

Crowdfunding involves small contributions from a large number of people to raise capital for projects, for Governmental borrowing or to a large extent → donation for social causes.

Crowdfunding

Donation

Philanthropy

Equity / Debt

(Financial market)

Benefits of Crowdfunding

- (1) Channelizing private savings into productive channels of economy
- (2) Lower stress on Banks → stressed assets (NPA's)
 - ↳ BASEL-III capitalisation
- (3) Civic consciousness :- greater sense of responsibility and ownership due to shareholding

(9) Social causes:- → (i) Social Stock exchange
(ii) Rare Diseases
(National Policy on Rare Diseases allows crowdfunding to save lives)

(5) Investor confidence:- Due to deepening of financial market

(6) Government expenditure reduces:-
enhances fiscal space.

(7) Innovation and entrepreneurship
environment.

Risks with crowdfunding

(1) poor regulation :- no independent regulatory mechanism to control.

(2) Threats:- may be used for money laundering, tax evasion (FBI Report).
Threat to macro-economic stability.

(3) Greater borrowing by Government:-
(i) crowding out of private borrowers
(ii) Refusion of households

Regulatory Framework

- (i) Donations are regulated through Information Technology Act and PEPA.

Crowdfunding can be an effective means to deepen roots of financial markets for greater development.

However, steps must be taken to minimize risks of money laundering to utilize its full potential.

15. An urban employment guarantee programme will need to be tailored to the specific needs and problems of the urban labour market. Discuss while keeping in view the lessons learned from MGNREGA. (250 words) 15

एक शहरी रोजगार गारंटी कार्यक्रम को शहरी श्रम बाजार की विशिष्ट ज़रूरतों और समस्याओं के अनुरूप तैयार करने की आवश्यकता होगी। मनरेगा से सीखे गए सबक को ध्यान में रखते हुए विवेचना कीजिए।

Recent announcement of Urban employment Guarantee Scheme by Rajasthan has once again raised the debate over a failed employment scheme for urban poor → providing unskilled labour opportunity
↳ creation of constructive assets

Need for urban employment program

(1) Urbanisation :- rising urban population
→ 50% by 2050 (UN Habitat)

(2) Migration :- Enhanced pressure on cities to provide employment due to migration of labour from rural areas for social mobility.

(3) Cost of living → rising real estate prices.
↳ increased rates for transportation
↳ food inflation at all time high

(4) Increased contractualisation → with low social and job security due to low employment opportunities.

(5) Sustainable jobs → greater employment (green jobs)
↳ e.g. waste management
↳ tree plantation.

Specific Needs of Urban Population

(i) Unemployment Rate
↳ Urban 6-7% ↳ Rural 3.3% [PLFS-5]

(ii) Municipal Bodies Panchayats

(iii) No agricultural sector to absorb workforce

(iv) Living slums, social tensions, anomie due to low employment opportunities.

Lessons from MGNREGA

- (1) Skilling of informal workforce :-
eg. Deen Dayal upachay Gramam
Kanshalya Yojana.
- (2) Constructive Asset creation :- eg buildings
irrigation tanks, Panchayat Bhavan etc
- (3) Female participation :- > 80% workers
are women → ↑ PLPRC (> 25%)
- (4) Social audit :- to enhance accountability
- (5) Digital solution :- payment through
AAPS to reduce leakage misappropriation.
- (6) Cooperation between centre and state :-
to release timely payments.
- (7) To not raise social tensions by
expediting payments of sc, st.

MGNREGA was able to absorb
the inflow of reverse migrants in the pandemic
and has been a success story in
the "Right to Work" campaign.
It should be seen as an
example for urban employment guarantee
scheme

16. State finances in India present a worrying picture, with debt sustainability being a major concern. Discuss in context of the recent RBI report on state finances. (250 words) 15

भारत में राज्य वित्त एक चिंताजनक स्थिति प्रस्तुत करता है, जिसमें ऋण संघारणीयता एक प्रमुख चिंता का विषय है। राज्य वित्त पर आर.बी.आई. की हालिया रिपोर्ट के संदर्भ में विवेचना कीजिए।

Gross Fiscal Deficit of States has increased beyond 3.5% (breaching target of PRBM Act).

Debt to GDP ratio has also moved past the 2% limit. (Aim: not PRBM review panel) thus enhancing fears of debt sustainability breach.

Reasons for threat to ~~the~~ debt sustainability

(i) Constitutional :-
Disproportionately low financial powers
(eg. Professional Tax
₹2,500)

(2) Transition to GST :- giving up of indirect taxes.

(3) Federal issues :- (1) Union resorting to increase in cess.

(ii) Delayed payments of GST (compensation)

(4) Pandemic → increased expenditure
will $\frac{\text{tax}}{\text{GDP}}$ remains low.

(5) Capital expenditure → 2 times that of
Union.

(6) Lower devolution by Finance Commission
and removal of Special Category Status
for most states

(7) Populistic measures eroding states'
treasury.

Need for reforms

(1) Macro-economic stability: will
be threatened (threat to financial
credit of India)

(2) Employment: - States provide
5 times more employment.

(3) Open formation will be lower

(4) Lower expenditure on concurrent
(eg labour) and state (eg. Prisons)
subjects.

Way Forward

(1) Co-operative Federalism

- using GST council
- Inter-States Council for dispute resolution.

(2) Fiscal Prudence → Direct Benefit Transfer

- ↳ Austerity measures
- ↳ Lowering populist schemes' expenditure

[Economic Survey]

(3) Novel Methods of Finance

↳ eg. Bonds, International funds.

(4) Trigger Mechanism → PRBM act to provide fiscal space during recession.

States should utilize the Rs 50,000 crore loans (interest-free) given by the centre to enhance capex formation - too.

17. Do you agree with the view that the mixed results of economic reforms in the last three decades can be attributed to the reforms being half-baked and incomplete? Discuss. (250 words) 15

क्या आप इस विचार से सहमत हैं कि पिछले तीन दशकों में आर्थिक सुधारों के मिश्रित परिणामों का श्रेय अनियोजित और आधे-अधूरे सुधारों को दिया जा सकता है? विवेचना कीजिए।

The reforms in the Indian economy majorly started in 1991 with liberalisation, privatization and globalisation following Balance of Payment crisis.

Result → (a) Integration of Indian economy to global economy
↳ (b) greater private sector participation
↳ (c) Governmental role from regulator to catalyses

Success of Reforms

(1) High GDP growth :- India is the largest fastest growing large economy today

(2) Foreign Reserves → record high foreign reserve (\$ 600 bn) → prevent further BoP crisis.

(3) Savings Rate → despite slowdown in recent times, average of 35% has helped in GDP growth

(4) Private sector participation

↳ enhanced efficiency, profitability,
user experience
(Economic Survey)

(5) Service sector :- remarkable growth
(especially skilled labour)
↳ > 52% of GVA.

(6) Investment → record high ^(₹ 200 bn) FDI
inflow → attractive destination →
replacing China.

(7) Poverty Reduction → lifted 270 million
out of absolute poverty in a decade
(2005-2015) → UNDP

However, challenges which need to
be addressed at war footing are:-

Challenges

(1) Jobless growth - Capital intensive GDP
growth rate in a labour-intensive
economy (unemployment rate → 9.2%)

(2) Stagnation of manufacturing
↳ low global export
↳ disguised unemployment in agriculture

(3) Information → globalisation,
cost-cutting has led to 90% informal
labour → ↓ job security
↳ ↓ social security

(4) Human Resource
Development → low expenditure on
health [1.6% of GDP]
education (3% of GDP) and ^{high} skilling

(5) Environmental
Degradation → 3rd largest CO₂
emitter
↳ air and water pollution.

(6) Financial
Sector → Shadow Banking
↳ low tax buoyancy
stressed assets (NPA) (tax only 16% of GDP)

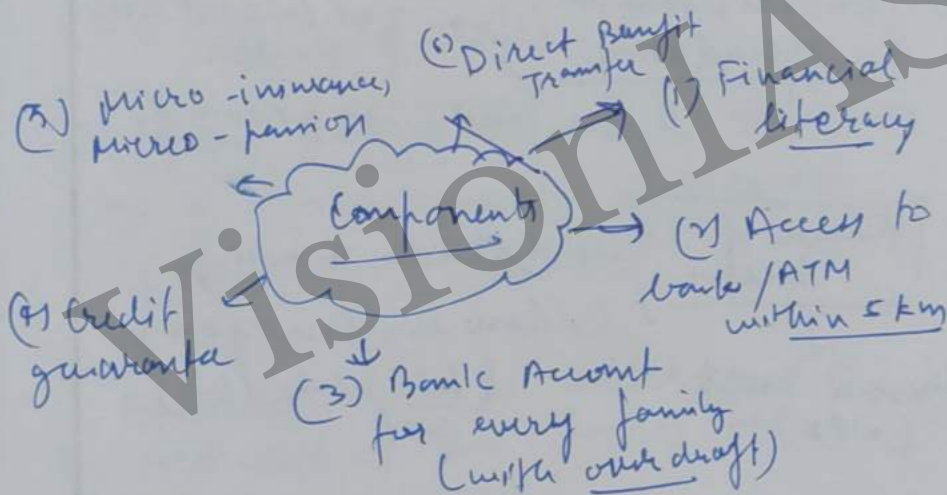
(7) Inequalities → onjam report →
bottom 50% holding 6% National
wealth.

Incentivizing labour-intensive
industries (MITI, Anycap) alongside
Human Resource Development will help
India move to trajectory of inclusive
growth.

18. It is argued that Pradhan Mantri Jan Dhan Yojana (PMJDY) has produced both transformational and directional change in financial inclusion in India. Do you agree? Elaborate with logical arguments. (250 words) 15

यह तर्क दिया जाता है कि प्रधान मंत्री जन धन योजना (PMJDY) ने भारत में वित्तीय समावेशन हेतु परिवर्तनकारी और निर्देशात्मक दोनों परिवर्तन किए हैं। क्या आप सहमत हैं? उचित तर्कों के साथ सविस्तार वर्णन कीजिए।

Pradhan Mantri Jan Dhan Yojana (PMJDY) was introduced in 2015 as a revolutionary step to enhance financial inclusion and formalize credit system in India.



Transformational Change

(1) Bank Accounts → 46 crore bank accounts added (8 ft. operational) → threefold growth.

(2) Deposits in → 1.75 lakh crore deposits banking system (X 8 times increase)

(3) Channelizing Savings → into the banking system

① investment for households

② Enhanced money multiplier.

(4) Entrepreneurial activities → credit guarantee incentives self employment and higher standards of living

(5) Outreach → safety net → ↓ indebtedness and absolute poverty

(6) Subsidies → direct benefit transfer reduces exclusion error
(eg. PM-UTSWASA COVID assistance)

(7) Enhanced micro-insurance coverage

(8) Women empowerment (eg. suikanya & sambadi)

Challenges

(i) only 20% accounts operable

- (i) Formalisation of credit still not 100% → Informal credit → inclusion
- (ii) Low insurance penetration :- life insurance density
\$ 19
(global: \$ 360)
- (iv) Digital literacy poor
- (v) Digital infrastructure not well expanded to hinter lands → inclusion (eg MGNREGS wages)

Despite a few challenges, PMJDY has been praised by Global Panchen Report for enhancing digital financial inclusion to the levels of china.

19. Though Special Economic Zones (SEZs) can play a significant role in export promotion in India, they are struggling with multiple challenges. Discuss.

(250 words) 15

हालांकि विशेष आर्थिक क्षेत्र (SEZs) भारत में निर्यात को बढ़ावा देने में महत्वपूर्ण भूमिका निभा सकते हैं, लेकिन ये कई चुनौतियों से जूझ रहे हैं। विवेचना कीजिए।

Special Economic Zones are low-taxation territories within the country which are given relaxation from Union laws and tax rebates to enhance industrial export and manufacturing.

Government gives various incentives →

- ↳ Tax holidays.
- ↳ relaxed labor laws
- ↳ faster environmental clearance
- ↳ infrastructural facilities
 - ↳ multi-modal transport
 - ↳ warehousing
 - ↳ industrial parks.
 - ↳ sewage facilities.

Significance of SEZ in export promotion

(1) Easier licensing → single window clearance for import/export items.

(2) Logistics cost → much lower logistics cost (national average - 10%) due to enhanced infrastructure.

(3) Tax rebate → 0 rated export facility especially in SEZ to enhance cost-competitiveness of exports

(4) Duty free import :- cost-cutting of intermediate goods.

(5) Ease of Doing Business → environmental clearance
↳ labour laws less stringent.

Challenges

(1) Employment generation - not upto the mark because of higher incentive to capital-intensive industries.

(2) Utilized land :- fleeing of investors after tax-holiday is over leaves vacant, utilized land

(3) Labour Protection → lower job and social security
→ easier hire and fire norms

(4) Avenues for Money Laundering, round tripping, BEPs → macro-economic instability

(5) Environmental concerns → fast track clearance despite EIA warnings.

Way Forward → Baba Kalyani Report

(i) No blanket tax holiday -
tax holiday / rebate depending
upon number of workers hired,
exports, size of business

(ii) SEZ → Employment and Economic Enclaves (3Es)

(iii) enhanced multi modal infrastructure
using PPP Models (HAM most suited)

(iv) encourage more MSMEs in SEZs
to enhance export.

(v) work towards import substitution

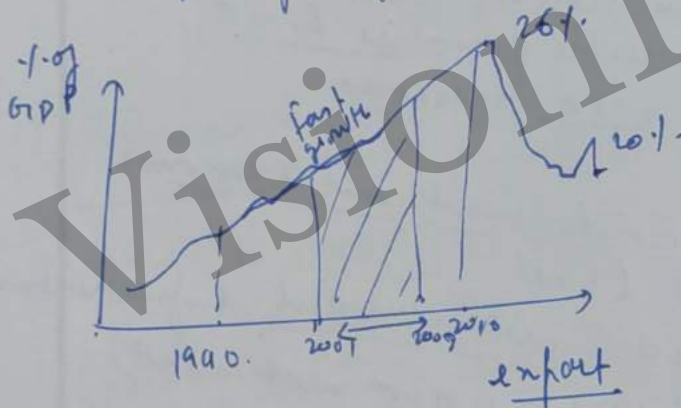
If the aforesaid measures
are implemented, India's SEZs will
be along same footing as Singapore,
London in terms of export facilitation

20. Much of the export growth of manufactured goods in India since the 1990s can be attributed to expansion of world trade and improved competitiveness. However, the potential of product and market diversification are yet to be fully exploited. Discuss. (250 words) 15

1990 के दशक से भारत में विनिर्मित वस्तुओं के निर्यात में वृद्धि का श्रेय विश्व व्यापार के विस्तार और बेहतर प्रतिस्पर्धात्मकता को दिया जा सकता है। हालांकि, उत्पाद और बाजार विविधीकरण की क्षमता का पूर्ण दोहन अभी भी बाकी है। विवेचना कीजिए।

India has considerably improved its share in world exports to 1.7%.

The growth of exports (manufactured goods) has been on a continuous run since 1990s, barring the slowdown in the past few years.



Export growth due to rise in World Trade

- (1) Evident from the fast growth of exports during the pre-subprime crisis (2001-2008).
- (2) Slowdown in the global trade has also impacted the share of Indian

exports in the global market

- eg:- (1) Subprime Crisis
(2) COVID-19 pandemic
(3) Russia Ukraine war.

alongside protectionism and trade war
(US-China) impacting India's global exports.

Export growth due to improved competitiveness

- (1) Improved competitiveness due to
liberalisations of economy (1990s)
- ↳ Ease of Doing Business
 - ↳ Infrastructure creation
 - ↳ Trade facilitation (low red tapism)
- resulted in uptick in exports

(2) India's export basket comprises
primarily of primary goods which
offer India Relative cost Advantage
due to India's cheap labour

- eg:- Textiles, leather
↳ marine products.
↳ gems, semi-precious stone

(3) However, India's continuous efforts to increase competitiveness in capital-intensive sectors has resulted in increase in Exports of pharmaceutical, petroleum products, electronic goods.

(4) Warning for future → NITI Aayog has warned that India may lose its relative cost advantage with respect to cheap labour due to 3D printing, automation, robotics in Advanced Economies

Solution → (i) Product diversification

→ Economic Survey → value addition of primary food. to serve fast-food culture

→ higher export of "organic food" with "Brand India"

→ technical textile, MRP, fashionable material (rather than leather)

(ii) Market diversification

(i) Africa, Latin America, SIDS.
→ great potential for expansion

(ii) ASEAN:- need for Bilateral Agreements due to India's sign refusal to sign RCEP.

(iii) Expand trade with Bangladesh, Nepal, Sri Lanka