



VISION IAS

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GENERAL STUDIES (TEST CODE : 2344)

Name of Candidate	Anju	Registration Number	1188680
Medium Eng./Hindi	English	Date	20/12/2023
Center	Jaipur		

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	12.5	
2	12.5	
3	12.5	
4	12.5	
5	12.5	
6	12.5	
7	12.5	
8	12.5	
9	12.5	
10	12.5	
11	12.5	
12	12.5	
13	12.5	
14	12.5	
15	12.5	
16	12.5	
17	12.5	
18	12.5	
19	12.5	
20	12.5	

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 **HINDI & ENGLISH** इसमें बीस प्रश्न हैं हिन्दी और अंग्रेजी 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 या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

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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.

VisionIAS

Answer all the questions in NOT MORE THAN 200 WORDS each. Content of the answers is more important than its length. All questions carry equal marks. 12.5X20=250

प्रत्येक प्रश्न का उत्तर 200 से अधिक शब्दों में न दें। उत्तर की कंटेंट उसकी लंबाई से अधिक महत्वपूर्ण है। सभी प्रश्नों के समान अंक हैं। 12.5X20=250

1. मुद्रास्फीति को उसके कारणों के आधार पर वर्गीकृत करते हुए, किसी देश की अर्थव्यवस्था पर मुद्रास्फीति के प्रभाव की विवेचना कीजिए।

Classifying inflation on the basis of its causes, discuss the impact of inflation on the economy of a country.

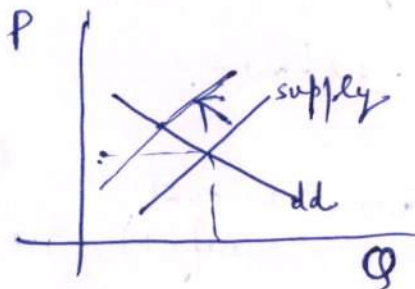
The persistent rise in prices of commodities for a prolonged period of time is termed as inflation.

Causes of Inflation

① Supply driven inflation:

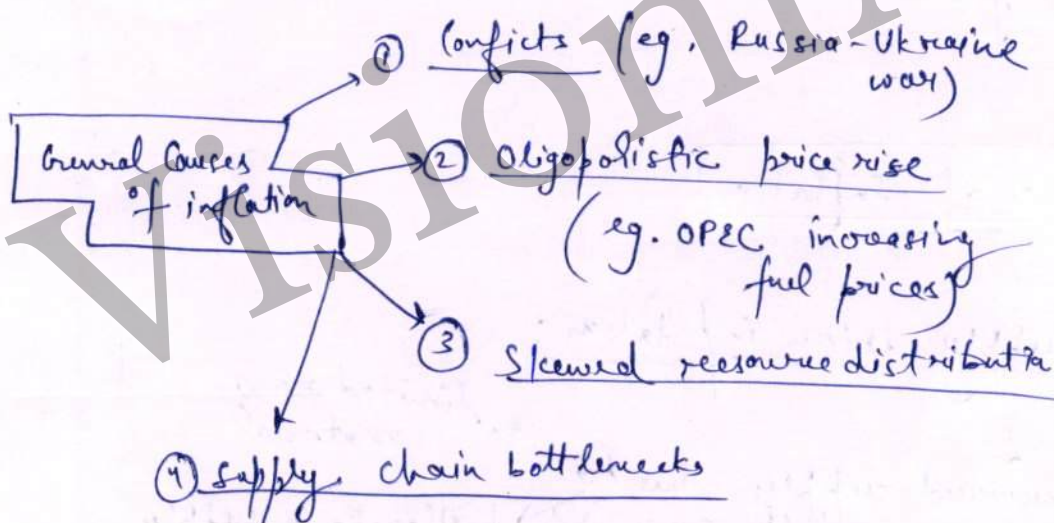
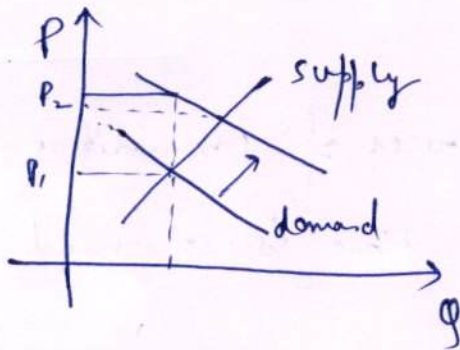
↓
decreased supply due to

- limited raw material
- bottlenecks in supply chain
- increased wage rates - decreasing capital



② demand driven inflation

due to → increased income
 → increased govt. expenditure
 → increased employment etc.



Impact of inflation on economy of a country

- ① Decrease competitiveness of exports.
- ② Adverse Bo Payments (Current account deficit)

- ③ Decrease purchasing power of consumers
- ④ Adverse effect on poor due to increasing prices of essential commodities
- ⑤ Firms getting expensive loans

However, inflation is also associated with employment generation in developing economies

- India's inflation rate is tracked by CPI on a monthly basis.

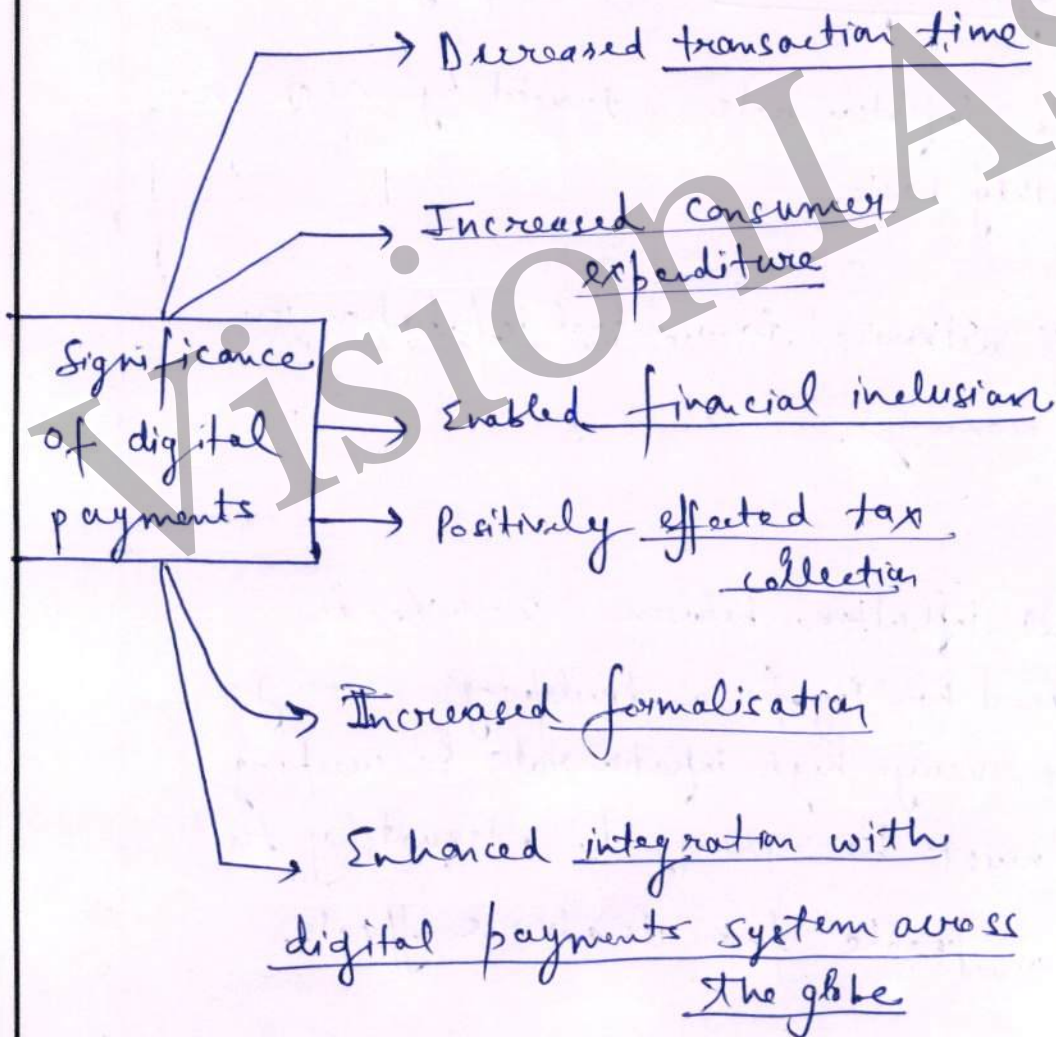
- RBI is authorised to control inflation in Indian economy.

Overall inflation between 2-6% is considered healthy for a developing economy however very high inflation rate & creeping inflation must be managed adequately, to shield people from its adverse effects.

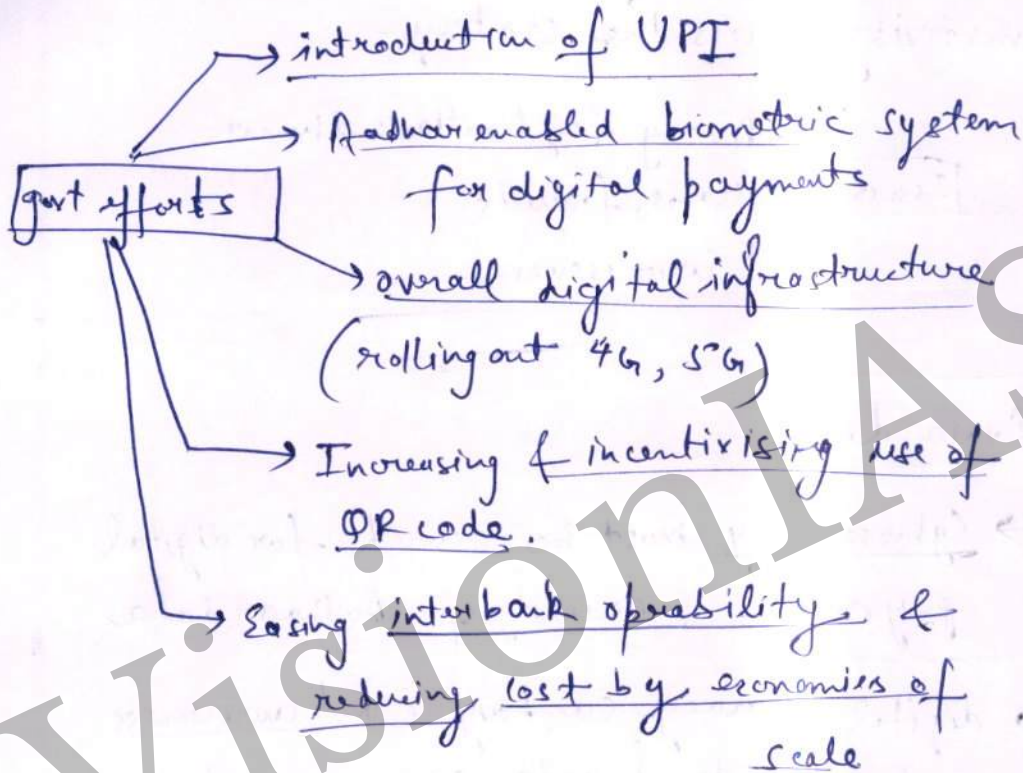
2. भारत में डिजिटल भुगतान के महत्व पर चर्चा कीजिए। साथ ही, देश में डिजिटल भुगतान को बढ़ावा देने के लिए नंदन नीलेकणि समिति की सिफारिशों को सूचीबद्ध कीजिए।

Discuss the significance of digital payments in India. Also, list the recommendations of the Nandan Nilekani Committee to deepen the digital payments in the country.

In past 8 years, the digital payment ecosystem has been vastly improved in India



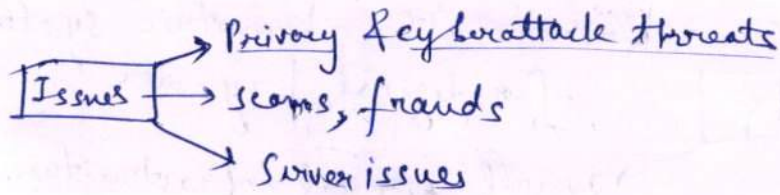
A number of efforts by government has been made by ~~to~~ to increase digital payments in India



Nandan Nilekani Committee recommendations

- ① Use of Aadhar as a means to authorise payments
- ② Increased digital literacy & awareness regarding frauds.

- ③ Opening up of bank accounts on a large scale with zero minimum deposits.
- ④ Ensure telecom infrastructure & robust connectivity across the country



Way forward

- Cybersecurity must be ensured for digital payments & security of Aadhaar data
- digital literacy campaigns and awareness generation about frauds, scams, uses of OTP's etc.
- Provide subsidies by using coupons, QR codes etc.

Increasing digital payment ecosystem has overall spillover effect in Indian economy. It must be harnessed by tapping fully into its potential.

3. डिजिटल कर से आप क्या समझते हैं? भारत में डिजिटल कर को लागू करने के पीछे निहित तर्कों पर प्रकाश डालते हुए, इससे जुड़ी चुनौतियों पर चर्चा कीजिए।

What do you understand by digital tax? Bringing out the rationale behind introducing digital tax in India, discuss the associated challenges.

Digital tax is the tax imposed on firms who market, advertise or sell their products through digital platforms only.

India has introduced digital taxes on big social media giants like Youtube, Meta, Twitter etc. It was criticised by U.S.

Rationale behind digital taxes

- ① Firms marketing their product into India with no legal or financial obligation.

- ② Online intermediaries like Youtube, meta twitter earn from these firms by stopping onto Indian consumers.
- ③ Adversely impact Indian firms or firms having a physical presence in India as they pay taxes on their economic activities
- ④ Would help increase the tax revenue for Indian government

Challenges of digital taxation

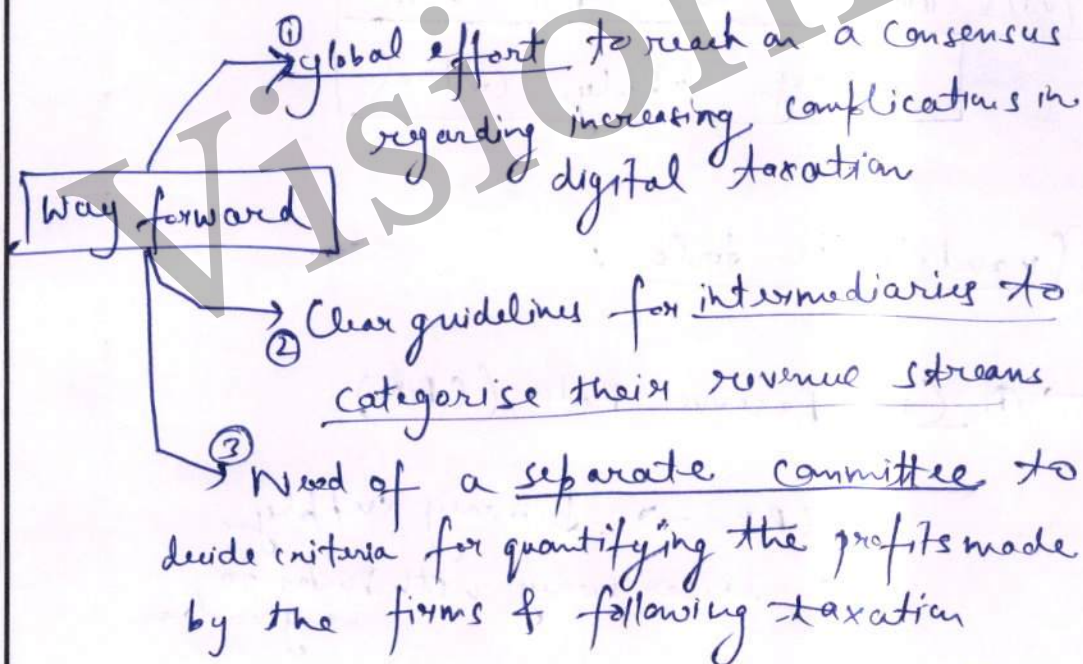
- ① Difficult to exactly quantify gains made by such economic activities
- ② Complications of cross-border taxation

Systems

③ Difficult to tax in situations where firms are situated in countries where there is an agreement for double tax avoidance (DTA)

④ Criticism by the parent country or country in which the firm is based.

(eg. USA criticised India's decision of digital taxing)



With increasing liberalisation & technological innovations, it is very important for governments to keep updating their taxation systems as per the demand of the hour.

4. अर्थव्यवस्था में मुद्रा आपूर्ति को नियंत्रित करने के लिए RBI के पास उपलब्ध विभिन्न उपकरणों का विवरण दीजिए।

Give an account of the different tools available with the RBI to control money supply in the economy.

RBI a statutory body established by Reserve Bank of India Act, 1935 is exclusively responsible for controlling the money supply in the Indian economy.

Tools available with RBI for
Money Supply Control

(A) Quantitative tools :

→ ① Cash Reserve Ratio (CRR)

↑ CRR → ↓ money supply
(as lesser money with banks to give loan)

→ ② Statutory Liquidity Ratio (SLR)

\uparrow SLR \rightarrow \downarrow money supply

(It is the quantity of money that bank has to maintain in liquid form to be available at any time.)

\rightarrow ③ Bank rate (R)

$R \uparrow \rightarrow \downarrow$ Money supply

(as expensive credit to commercial banks)

\rightarrow ④ Repo rate (R) & Reverse repo rate (RR)

$R \uparrow \rightarrow \downarrow$ money supply

$RR \uparrow \rightarrow \uparrow$ money supply

\rightarrow ⑤ Open market Operations

(i.e. buying or selling of g-secs)

buying g-secs $\Rightarrow \uparrow$ money supply

selling g-secs $\Rightarrow \downarrow$ money supply.

(B) Qualitative tools

- ① Credit rationing
eg). by mentioning priority sectors
lending norms
(to control money supply in particular sectors)
- ② Variable Margin Requirement
→ directing banks to increase or decrease downpayments for certain sectoral loans
- ③ Moral suasion
by issuing specific guidelines regarding lending norms
- ④ Changing loan to collateral ratio in specific sectors.

By making use of all these quantitative and qualitative tools, RBI manages the inflation and effect the growth in Indian economy

5. भुगतान संतुलन (BoP) से आप क्या समझते हैं? इसके विभिन्न घटकों पर प्रकाश डालिए। साथ ही, BoP घाटे के प्रभावों पर भी चर्चा कीजिए।

What do you understand by Balance of Payments (BoP)? Highlight its different components. Also, discuss the implications of BoP deficit.

Balance of Payments (BoP) is the overall accounting of the amount of foreign & domestic assets they have in the world. [i.e.] it is the account of country with other countries for how much it owes or other countries owe to it.

Component of Balance of Payments (BoP)

① Current Account :

exports, imports of commodities

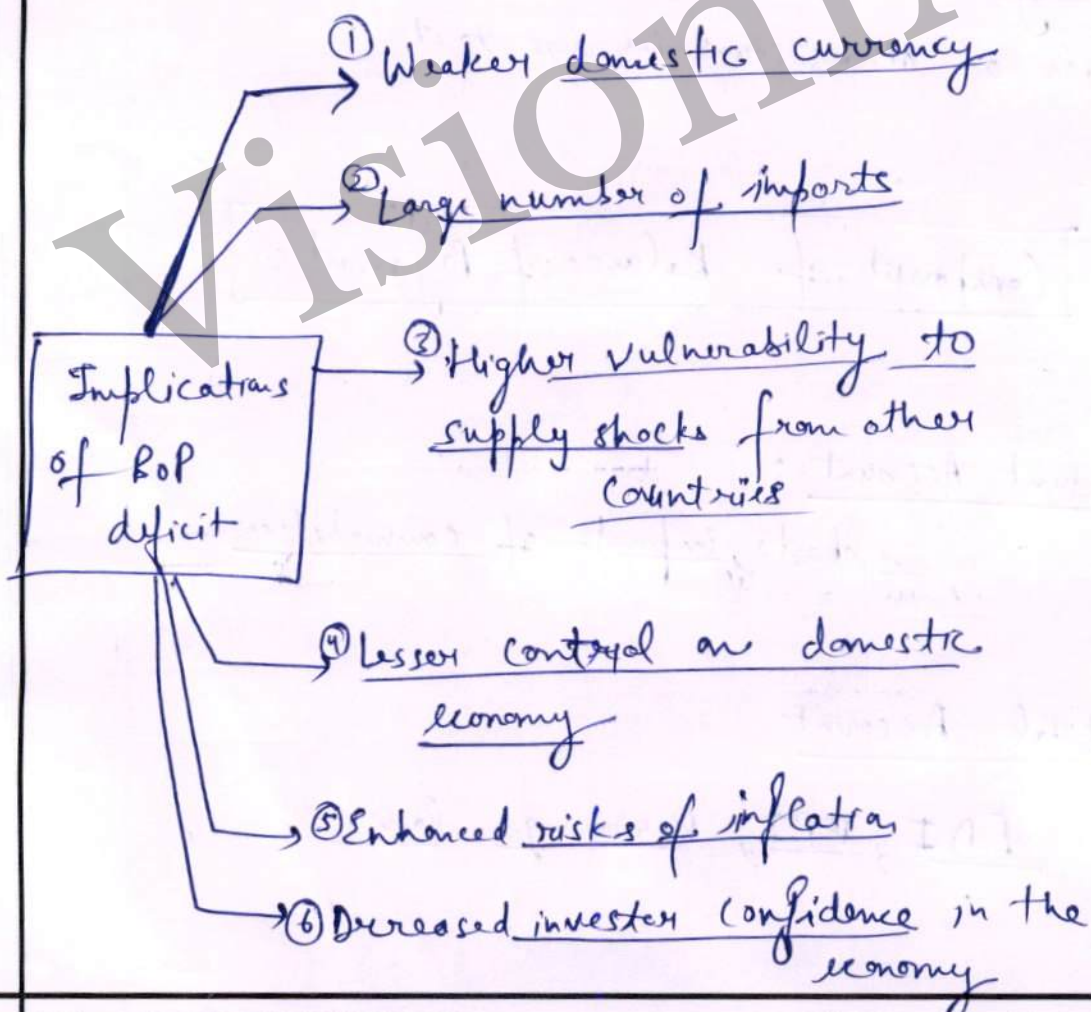
② Capital Account

FDI, FPI, Borrowings, loans.

Balance of Payment (BoP) deficit is termed when a country owe other countries more than they owe it.

i.e

$$\frac{\text{(Current + Capital) Receipts}}{\text{(Current + Capital) Expenditure}} < 1$$



India, since 1991 has never faced an overall BoP deficit, however it is facing a persistent current account deficit (CAD) ($\approx 2\%$ of GDP)

⇒ India is importing more than what it is exporting.

Way forward

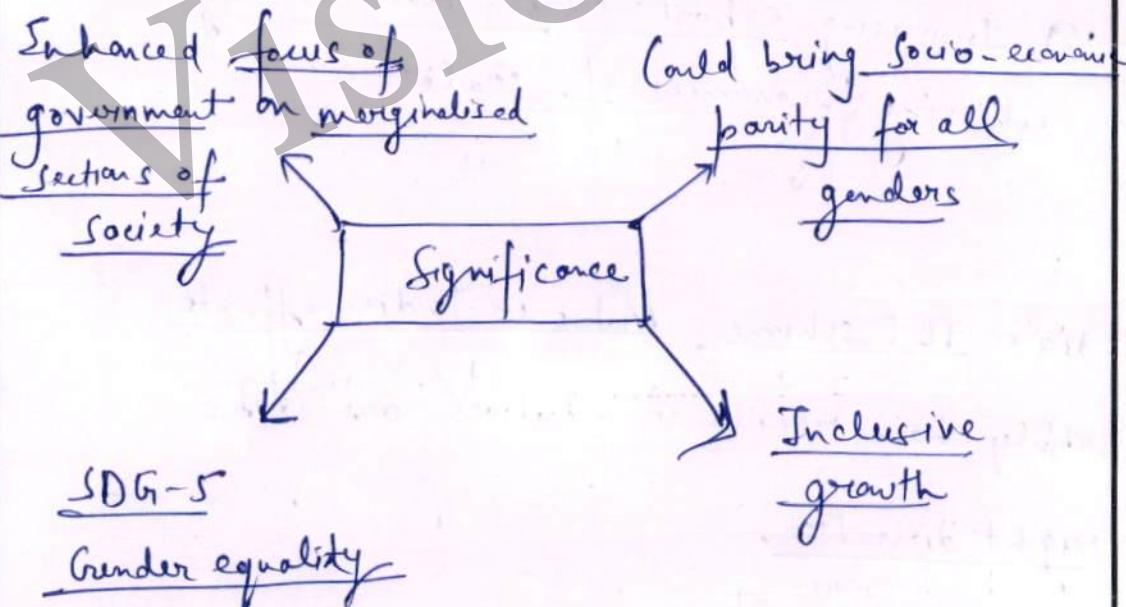
- ① Decrease imports of non-essential commodities (like gold)
- ② Increasing export competitiveness by achieving economies of scale

India's PLI scheme, Make in India efforts & supply chain resilience initiatives are steps in right direction.

6. जेंडर बजटिंग की अवधारणा की व्याख्या कीजिए और चर्चा कीजिए कि इसे भारत में प्रभावी ढंग से कैसे लागू किया जा सकता है।

Explain the concept of gender budgeting and discuss how it can be implemented effectively in India.

Gender Budgeting is a practice which has been gaining force since some years. It is the provision of funds separately for women related developmental activities in the annual financial statement of the government.



Methods to implement effectively in India

- ① Mentioning of funds separately in every scheme which are specifically allocated for women participation.
- ② Increased focus on gender parity and making a conducive environment for females in every initiative.
- ③ Increasing awareness by mass campaigns so that women could know about opportunities available for them.
- ④ Result oriented targeted implementation with periodic assessment by a special team for budget provisions for women.

⑤ Enhanced participation of women representatives is budgeting process to include their inputs & specific views

Recently, Indian states such as Andhra Pradesh has separately presented women budget by name of gender budgeting.

Way forward

- ① Taking cue from modern examples, moving towards a gender equal society
- ② Reaching full potential by providing due to the women
- ③ Increased discussions & deliberations to successfully implement gender budgeting

To achieve full potential of an economy, it is important that extra efforts should be made to bring women in the forefront of economic development

7. भारत में गैर-निष्पादित परिसंपत्तियों (NPAs) की वर्तमान स्थिति पर प्रकाश डालते हुए, NPA संकट के समाधान के लिए उठाए गए प्रमुख कदमों पर चर्चा कीजिए।

Highlighting the current status of Non-Performing Assets (NPAs) in India, discuss the major steps taken to resolve the NPA crisis.

Non performing Assets (NPA's) are the assets of banks on which payments have not been made since 3 years.

Current status of NPAs in India

India had ≈ 10 lakh crore NPAs in 2022

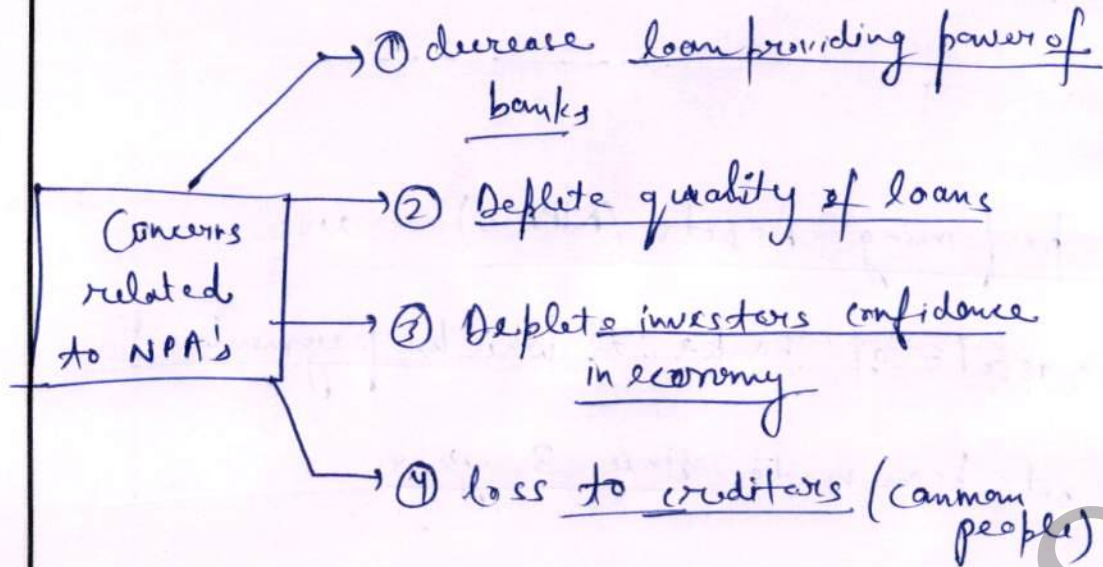
70% of
Corporate loans

4% retail loans



GOI took cognizance & provided external support to banks for resolving NPAs

currently → ≈ 5 lakh crore NPAs



Steps taken by government

① Insolvency & Bankruptcy code (IBC)

→ resolution in 330 days

→ adequate means of liquidation of assets in a timely manner.

② Pre-packaged resolution option for MSME's

③ Stricter guidelines by RBI to banks.
regarding loan provisions & NPAs.

However, CRISIL report points out that

- resolution takes \approx 324-665 days for resolution
- Vacancy of judicial members in NCLAT, NCLT
- High extent of haircuts (\approx 95%)

Way forward

- ① Specialized committee in banks for regular project assessment in case of big loans
- ② Early identification of bad assets & sending to NCLT

Reducing NPAs is an important aspect for increased investments in Indian economy. Banks should adhere to good managerial conduct & stricter vigilance in cases of large scale loans

8. निर्णायक भूमि स्वामित्व (कंक्लूसिव लैंड टाइटलिंग) के लाभों के बावजूद, भारत में इसे लागू करने में कई चुनौतियां विद्यमान हैं। विवेचना कीजिए।

Despite the benefits of Conclusive Land Titling, there are several challenges that remain in implementing it in India. Discuss.

Indian has been trying to bring land reforms since independence. Conclusive land titling is one such effort for comprehensive reforms

Benefits of Conclusive Land Titling

- ① Avoid litigation
(land litigation in India takes on an avg. \approx 20 years to resolve)
- ② Easy credit availability to farmers
(by using land as collateral)
- ③ Boost to infrastructural development
(reducing ambiguity in ownership.)

- ④ Avoiding property frauds & scams
- ⑤ Availability of comprehensive data for making policies
- ⑥ Decrease Benami transactions/Corruptas

Challenges in conclusive land titling

- ① Multiplicity of claims
(due to family feuds, complex inheritance laws etc.)
- ② Red tapism in Bureaucratic functions
- ③ Complacency on part of landowners to provide papers & registration
- ④ Lack of proper measurements of land on ground
- ⑤ Use of forgery for claiming unclaimed or disputed lands.
- ⑥ Duplication of efforts.

Government's efforts

- Digital land record management programme (DILRMP)
- Swamitva Scheme
- State level initiatives
(eg. in Rajasthan - digital recording of all lands.)

Way forward

- Exploration of Non-fungible tokens for keeping land records
- Central database of land records to be available at all district & tehsil level offices
- Use of private managerial expertise to fasten the process of land recording

Land reforms especially conclusive land titling is an important stepping stone for agricultural & economic reforms in India

9. हालांकि, GDP सभी देशों में जन-कल्याण की तुलना करने के लिए सबसे व्यापक रूप से इस्तेमाल किया जाने वाला संकेतक है, किंतु इसकी कुछ सीमाएं भी हैं। विवेचना कीजिए।

Though the GDP is the most widely used indicator for comparing well-being across countries, it has certain limitations. Discuss.

GDP (gross domestic product) is the measurement of the value of all products & services produced inside the Indian borders.

→ GDP is used as an indicator for growth of an economy everywhere across the world.

GDP indicates :

- ① Production quantity of an economy
- ② Production capacity & manufacturing ecosystem
- ③ An indicator of national income
- ④ An indicator of overall demand of the economy

- ⑤ Provides easy comparison between progress
of two competing entities (countries,
states)
- ⑥ Indicates overall health & potential of
economy.

However, GDP as an indicator for well being
comparison has its own limitations:

- ① Does not indicate per capita income
- ② Does not indicate overall gainful
employment
(eg. India experiencing jobless growth
despite achieving maintaining, persistent,
stable, high GDP growth)
- ③ does not take into account environmental
impact
Eg) India's GDP - one of the highest,
India's EPI (Environmental Performance
Index)
↳ (among the 10 lowest countries)

4) Does not show socioeconomic inequality

Eg) 41% of wealth in India with top 1% of people : World Inequality report 2023

5) Does not count for development of marginalised section (like women, tribals etc.)

Way forward

→ Use of other socioeconomic indicators like Human Development Index (HDI), global hunger index, happiness index along with GDP for comparing development.

→ Making use of green GDP or employment per percent of GDP as the popular comparison index.

Focusing on GDP is good but excessive focusing on increasing only GDP could be futile in longer term. India should continue striving for inclusive development & sustained growth

10. हालांकि, हाल के दिनों में भारत में राज्यों की वित्तीय स्थिति में सुधार के लिए विभिन्न पहलें प्रारंभ की गई हैं, लेकिन अभी भी कई ऐसे मुद्दे शेष हैं जिनके समाधान की आवश्यकता है। सविस्तार वर्णन कीजिए।

While various initiatives have been taken to improve the fiscal health of states in India in recent times, there still remain various issues that need to be addressed. Elaborate.

Fiscal health of states is in precarious situation since last 20 years

RBI : $\approx 41\%$ of debt/gdp ratio
(for states)

N.K. Singh Committee : 20% of debt/gdp
recommendation ratio

Initiatives taken to improve situation

① Tied funds :

ie subjective to certain reforms

like power reforms or digitisation

↓ reforms

increased structure of economy.

- ② Increased allocations for GST & GST Compensation to all states
- ③ Increased vertical devolution to states
15th finance Commission: 41%
 (13th f-c: 29%)
- ④ Providing weightage to
tax efforts (2.5%)
Income distance (45%)
 by 15th Finance Commission for horizontal devolution,

Issues that needs to be
addressed

- ① Increasing Cesses & surcharges by Central govt. (Not shareable with states)
- ② Timely disbursement of GST share of states

③ Addressing Non capital creating expenditure like loan waivers, freebies (for political purposes) by state governments.

④ Following finance Commission recommendations for vertical devolution.

eg) Till now: only 29% funds devoluted

15th f.c. recommends: 41% devolution

Way forward

- ① Encourage states to invest in capital assets rather than providing freebies
- ② Timely disbursal of funds by centre to states
- ③ Following f.c. recommendations.

For a prosperous nation, prosperous states are necessary to be ensured.

11. रुपये के अंतर्राष्ट्रीयकरण के अर्थव्यवस्था के लिए अपने कई लाभ हैं, लेकिन यह कुछ जोखिमों से भी मुक्त नहीं है। विवेचना कीजिए।

The internationalisation of rupee has its own benefits for the economy, but it is not free from certain risks. Discuss.

After covid pandemic, India has been making significant efforts to use Indian rupee as a means of exchange with its trade partners rather than standard currency US dollar.

Benefits of Internationalisation of rupee

- ① Shield economy from exchange rate fluctuations
- ② Allow India to finance its import requirements in emergency situations

- ③ Could bypass sanction imposed unilaterally
by USA on Iran & Russia
- ④ Save foreign exchange reserves of
India and shield from sudden FDI's &
FPI's pullout
- ⑤ Better control on monetary policy of
the country
- ⑥ Strengthen relationship with trade partners
& builds India as a regional leader.

Risks of internationalisation of Rupee

- ① Not preferred by many trading partners
since they overall export to Indian economy
- ② Could result in reduced availability of
US dollars with India to buy from countries
not accepting Indian Rupee.
- ③ Apprehensions & doubts in other country's mind
regarding liquidity & stabilisation of rupee

India has been pro-actively signing agreements with Middle east countries as well as countries like Russia to use local currency in place of dollars. However not much result is obtained from these efforts.

Way forward

- ① Increased investment in rule of law and ease of doing business in India to increase partners confidence.
- ② Increase export basket and achieve current account surplus.
- ③ Focusing on countries who are dependent on Indian imports in essential items for local currency MoU's.

India should try to show path to Asian economies to reduce dependence on US dollars or any one currency in a planned & comprehensive manner.

12. भारत की निर्यात प्रतिस्पर्धात्मकता को बाधित करने वाले कारकों पर प्रकाश डालते हुए, भारत की आर्थिक संवृद्धि में निर्यात के योगदान को बढ़ाने के लिए आवश्यक उपायों का उल्लेख कीजिए।

Highlighting the factors inhibiting the export competitiveness of India, bring out the measures needed to enhance the contribution of exports in India's economic growth.

India's current account deficit was

≈ 2% of GDP in FY23. It points towards the scenario of more imports than exports in Indian economy.

— One of the reasons for a current account deficit is poor export competitiveness.

Factors Inhibiting Indian Export Competitiveness

- ① Substandard Quality of exports
(lack of quality norms in India)
- ② High cost of production
due to inefficient supply chains.

- ③ difficulty of doing business
due to complex labour laws &
difficulty in land acquisition
- ④ Imported inflation
the inputs imported are of high
prices → making export expensive
- ⑤ Middle income trap
other economies like Bangladesh,
Vietnam giving tough competition
due to cheap land & labour.
- ⑥ Bottlenecks in marketing of Indian products

Measures Needed

- ① Comprehensive export policy
→ with adequate export promotion
support like EPCE

- ② Labour & Land reforms :
Recent labour laws reforms & digitisation of land records and land acquisition act are needed to implemented in right spirit.
- ③ technological innovations and economies of scale to decrease production costs.
- ④ Reduction of custom duties for inputs used in exports
- ⑤ Integration with global supply blocks like ASIAN, RCEP etc. for reduced custom hindrances
- ⑥ Quality control & certification mechanism

Recent government efforts like ODOP, export excellence towns, integration of PM-MITRA in EPZs, digitisation & automation of export mechanism and Vivaad Se Vishwas scheme for export obligation are right steps in required direction.

13. भारत में कृषि समृद्धि काफी हद तक अधूरे रह गए भूमि-सुधारों पर निर्भर करती है। विवेचना कीजिए।

Farm prosperity in India hinges largely on the unfinished task of land reforms. Discuss.

India have one of the largest area under cultivation and largest workforce involved in agricultural activities.

However farm prosperity relies on land reforms

Unfinished task of land reforms

- ① 86% of farmers are small & marginal farmers owing just 47% of cultivated land (failure of land ceiling reforms)

- ② Land litigation takes ≈ 20 years on average in India to resolve.

- ③ Just only 0.2% of land was

effected by collectivization and cooperatization of agriculture.

Benefits of land reforms

- ① Increase input farm credit as farmers could use their land for agri loans after conclusive titling
- ② Collectivization could help in farm mechanization (only 40% mechanization in India)
- ③ Better policy formulation framework for government due to accurate data availability
- ④ Land leasing act, operation Barga and land ceiling reforms could help in redistributive justice

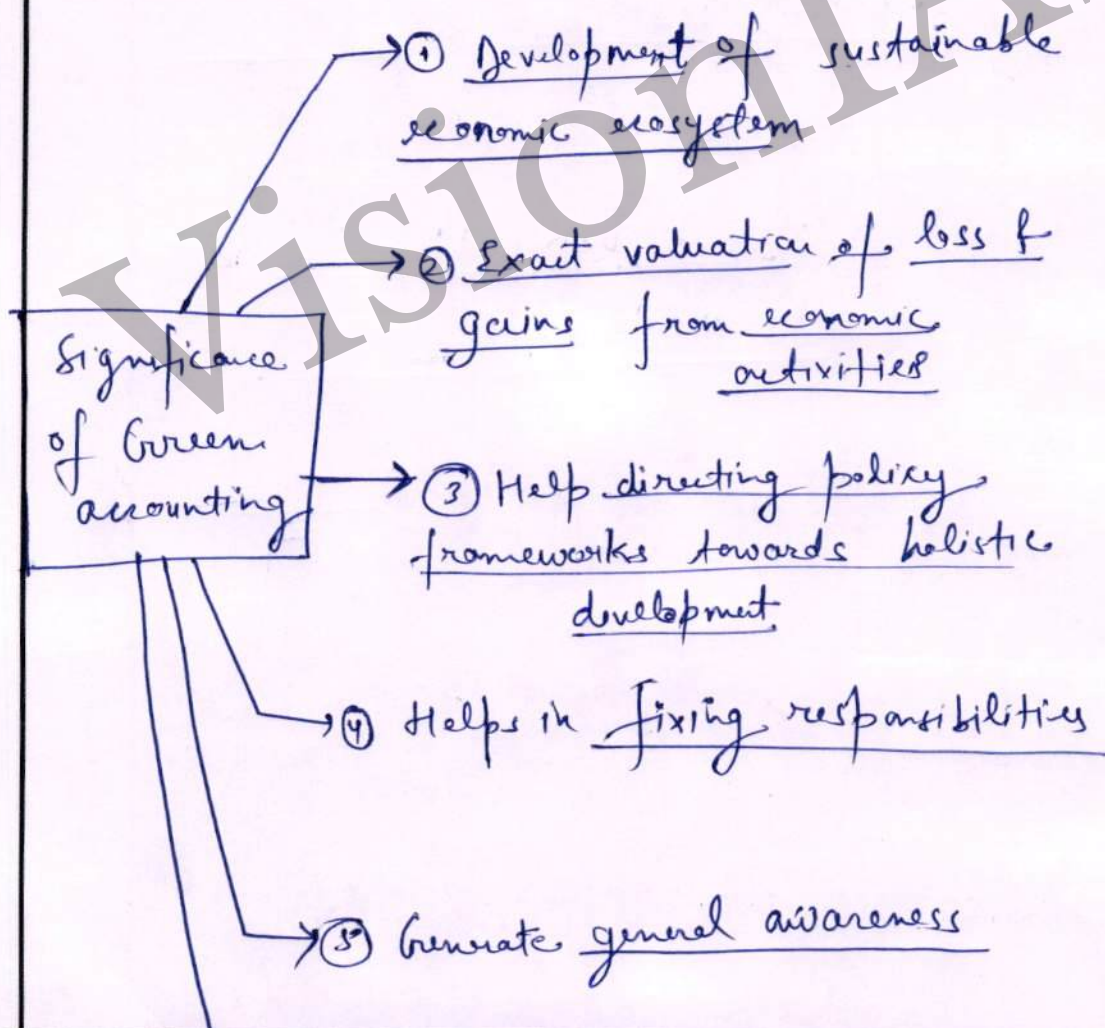
Thus land reforms are the stepping
stone in building of self sufficient
agricultural sector and enhance its
competitiveness vis-a-vis global market,

VisionIAS

14. हरित लेखांकन (ग्रीन अकाउंटिंग) के महत्व और भारत में इसके कार्यान्वयन में आने वाली चुनौतियों पर चर्चा कीजिए।

Discuss the significance of green accounting and the challenges in its implementation in India.

Green accounting is the accounting process where environmental impact of a particular economic activity is taken into consideration.



→ Provides a comprehensive comparative index while observing growth and development.

Challenges in implementation =

- ① Difficulties in adequately quantifying environmental impact
- ② Conflict of interest for the person accounting (since firms have to self account)
- ③ Lack of comprehensive and clear standards for green accounting in India.
- ④ Might hinder growth of important sectors of economy.
- ⑤ Lack of political will

Way forward

- ① Clear guidelines about how to quantify ecological impact
- ② Public release & widespread awareness generation regarding green accounting among producers as well as consumers
- ③ Include green accounting as a daily thing in PM's LIFE initiative.

Only a sustainable development could help achieve real development for human beings.

15. गैर-बैंकिंग वित्तीय कंपनी (NBFC) क्या है और यह किसी वाणिज्यिक बैंक से किस प्रकार भिन्न होती है? भारत में NBFCs के महत्व पर चर्चा कीजिए।

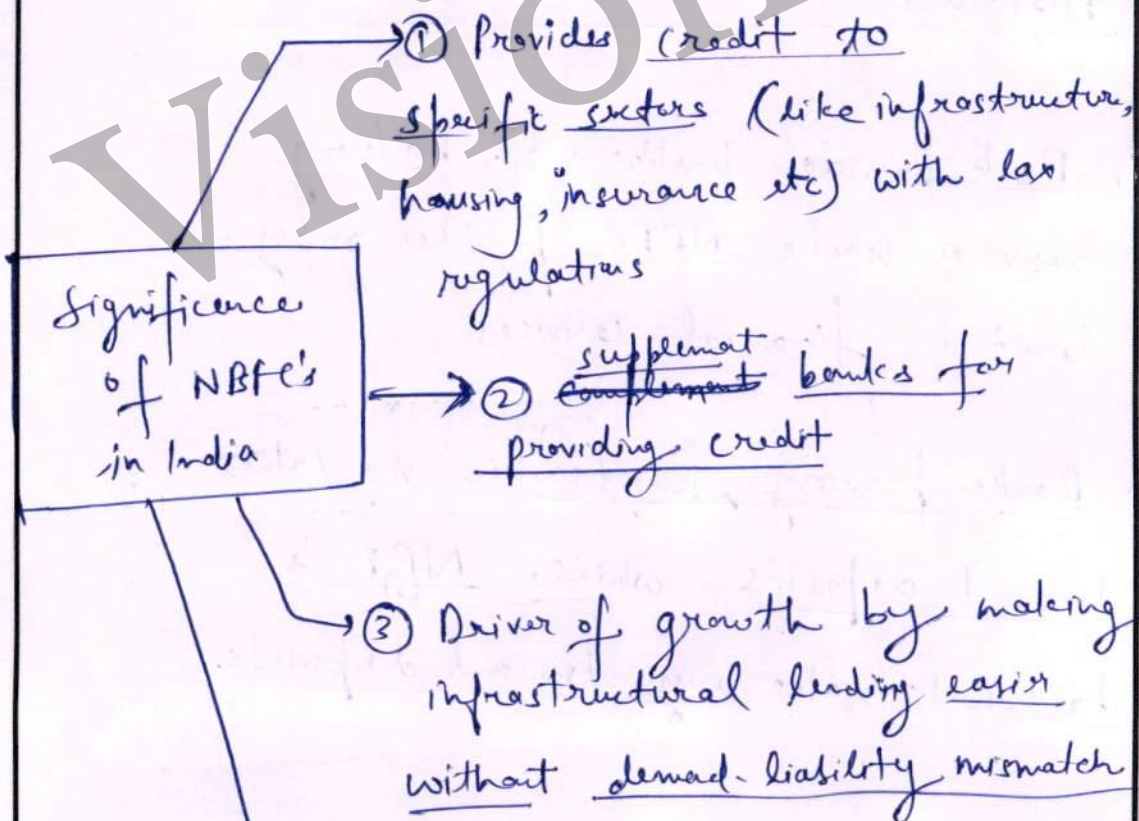
What is a Non-Banking Financial Company (NBFC) and how is it different from a commercial bank? Discuss the significance of NBFCs in India.

Non Banking Financial Company (NBFC) is a firm registered under Companies act which perform functions like lending and depositing such as banks.

Difference between a bank & NBFC

- ① Bank provide plethora of banking services while NBFC provides only limited financial services
- ② Banks primary function is to take demand deposits while NBFC's does not take any demand deposits.

- ③ Banks while serve all sectors of economy without discrimination while NBFC's are involved in depositing & lending to specific sectors (eg. Housing finance companies)
- ④ Banks have to follow stricter RBI norms (like high SLR), NBFC's comparatively enjoy low regulations (like low SLR)



→ Provide choice for depositors for
investing their funds for longer term

Way forward

→ ① Encourage NBFC's to practise healthy lending

→ ② Capacity building of NBFC's managers
for better project assessment in a
regular manner.

→ ③ Adopt best practices from all over
the world to create a vibrant
NBFC environment.

Multiplicity of finance firms such as
NBFC's in India would usher growth
while making Indian economy resilient
for growth.

16. संसाधनों के कुशल आवंटन में योगदान और भारत में सरकार के सामाजिक-आर्थिक उद्देश्यों की प्राप्ति में आउटकम बजटिंग की भूमिका पर प्रकाश डालिए।

Bring out the role of Outcome Budgeting in contributing to the efficient allocation of resources and the achievement of government's socio-economic objectives in India.

Outcome budgeting is a practise of budgeting where budget is allocated and tied to the results.

Role of Outcome Budgeting for efficient Resource allocation

- ① Prevent wastage
- ② Targeted resource allocation with efficiency
- ③ Regular monitoring would help tracking the movement of resources and increased focus on the goal.
- ④ Stimulate private sector to strive for

a particular outcome & thus resource allocation accordingly.

- ⑤ Control ad-hoc scheme announcements thus prevent diversion of resources
- ⑥ Converge resources of the schemes targeting similar outcomes

(Eg. food security schemes in India
↓
(multiple targeting same outcome)

Outcome budgeting for achieving socio-economic objectives in India

① Could help converge resources for food security, employment related schemes, gender parity related schemes

② Define clear objective of government showing intent of government to private sector → could supplement government efforts.

- ③ Helps in effectively generating awareness among the targeted groups
- ④ keep authorities on track throughout the year
- ⑤ Mid year assessments could help authorities/govt. know the impact of their schemes and subsequently make course correction.

Way forward

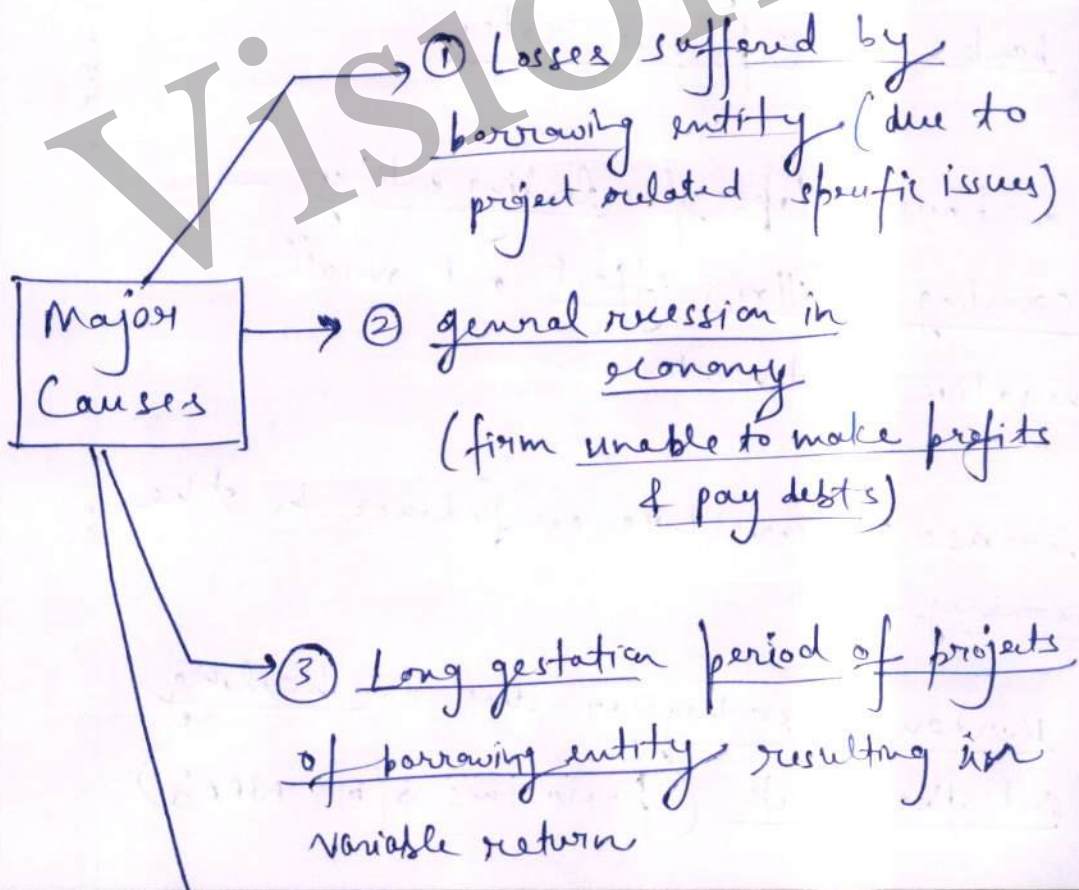
- Outcome budgeting must be adopted by India as recommended by 2nd AIC as well as OECD report
- States government should be roped in for effective implementation and fulfilling micro targets under bigger macro target umbrella.

Outcome budgeting is the need of the hour for India considering its multiplicity of schemes, inefficient resource utilisation for achieving objectives.

17. दोहरे घाटे (ट्विन डेफिसिट) की समस्या क्या है? चर्चा कीजिए कि यह भारतीय अर्थव्यवस्था को कैसे प्रभावित करता है।

What is the Twin Deficit problem? Discuss how it affects the Indian economy.

Twin deficit problem is a term used when both lending entity (such as bank) as well as borrowing entity (like private firm) suffer losses and a negative balance



④ Loans provided by lending entity without properly assessing the quality and potential of the project involved

Affects on Indian economy

- ① Create huge burden of NPA's on banks
- ② Decreased quality of loans provided by banks on expensive rates
- ③ Sometimes collapse of lending entity → creating spillover effect and overall negative sentiment
- ④ Decrease in investors confidence in the economy
- ⑤ Burden on exchequer due to bailing out the bank (provisions for NPA's)

⑥ Might encourage other borrowers to default

Way forward

- ① A specialised project assessment team (fulltime) for approval of loans
- ② Early identification of doubtful assets.
- ③ Refinancing of projects if there is potential
- ④ Specific support by government like hasten land acquisition or environmental impact assessment.

India has been fighting the twin deficit problem since for quite some time. Proper efforts must be made to avoid such situation in future.

18. आर्थिक सुधारों के बाद के युग में, भारत में आउटसोर्सिंग गतिविधियों में उछाल आया। वे कौन-से कारक थे जिन्होंने भारत को एक पसंदीदा आउटसोर्सिंग गंतव्य बनाया? भारत के आर्थिक विकास में इसके द्वारा निभाई गई भूमिका पर प्रकाश डालिए।

In the post-reforms era, there was a surge in outsourcing to India. What were the factors that made India a favourite outsourcing destination? Bring out the role played by it in India's economic development.

Since 1991, Liberalisation, privatisation & globalisation reforms, India has been seeing a surge of FDI and FPI specifically stimulating outsourcing to India.

Factors making India favorable for outsourcing

- ① Cheap labour available
(developed countries have high labour cost)
- ② Demographic dividend
huge population of young people

seeking work

- ③ Low environmental & taxation regulations
making it cheaper for big firms to
make in India.
- ④ Higher educational training & skilling of
young minds in bulk (from institutions
like IIT's, NIT's AIIMS etc)
- ⑤ Support provided by government for increasing
production.
- ⑥ Presence of vibrant market in India

Role of Outsourcing in India's development

- ① Increased employment generation for
young people.

- ② Increased gdp and national income of our country
- ③ Integration with global supply chains
- ④ Technology transfer to India & fostering innovation atmosphere
- ⑤ Increased foreign reserves with RBI ensuring economic security of our country
- ⑥ Creation of mass production capabilities.

India has for long served as the outsourcing capital for world. It should play on its strengths to achieve its economic and socioeconomic objectives.

19. बढ़ता सार्वजनिक ऋण अर्थव्यवस्था पर बोझ डालता है। व्याख्या कीजिए। साथ ही, चर्चा कीजिए कि किस प्रकार राजकोपीय उत्तरदायित्व एवं बजट प्रबंधन अधिनियम, 2003 इसके समाधान में भूमिका निभाता है।

Rising public debt inflicts a burden on the economy. Explain. Also, discuss how the Fiscal Responsibility and Budget Management Act, 2003 seeks to address it.

As per the ICRA report, India's public debt is 84% of its GDP. It is the amount of loan raised by government to meet its goals.

Rising public debt as an economic burden

- ① Increased revenue expenditure in form of interest payments
- ② Little space for investing in capital expenditure
- ③ Decrease investor confidence in the economy. (thus reduce FDI & FPI inflow)

④ Volatility in exchange rates could inflate interest payments to unbearable levels

⑤ Low level of rating to government bonds by rating firms (like Moody, S & P)

→ could lead to economic crisis like debt spiralling in Sri Lanka, Pakistan & Nepal

FRBM Act, 2003

as per the recommendations of N.K. Singh Committee :

① limits extent of public debt that could be raised (\leq 60% debt/gdp ratio)

② limit could be extended only in emergency situations

③ Fiscal consolidation each year by 0.5% so that fiscal deficit remains less than 3% of India's gdp.

④ Debt raised only for investing in capital

expenditure.

- ⑤ Presenting of Medium term fiscal policy Strategy Statement & long term strategy Statement for estimating & adhering to targets & projections.

→ Many of the provisions of above act are followed in practised by government to manage its public debt.

India's fiscal deficit is on a path to recovery after covid disruption. Sentiments are high that continuing, current policies of fiscal consolidation & disinvestment would help unburden Indian economy.

20. भारत में मौद्रिक नीति ढांचे पर चर्चा कीजिए। साथ ही, मौद्रिक प्रबंधन के कारण उत्पन्न दुविधाओं को भी रेखांकित कीजिए।

Discuss the monetary policy framework in India. Also, highlight the dilemmas posed by monetary management.

The Monetary policy framework agreement (MPFA) in India places exclusive responsibility on RBI to manage inflation by controlling money supply in Indian economy.

MPFA in India :

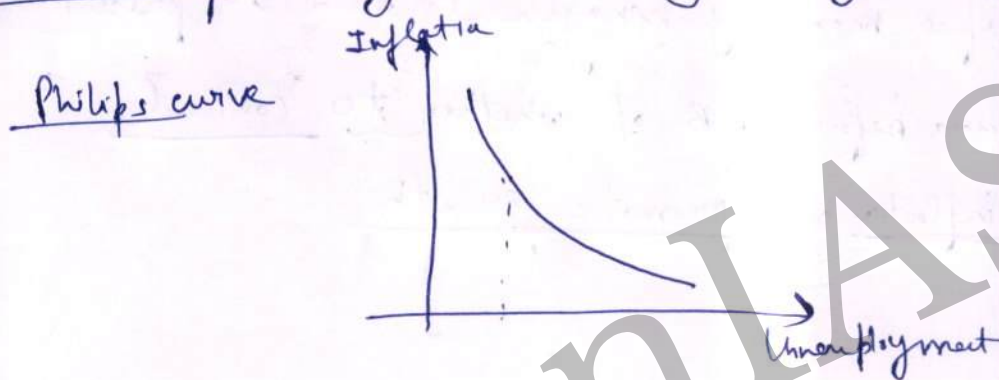
- ① Government will fix the target range for inflation (bearable) in Indian economy)

[currently 2% ± 2%]

- ② RBI if unable to maintain the target range for 3 successive quarters should present report to the government.

- ③ Monetary policy committee to decide the repo, reverse repo rates and other money supply tools.

Dilemmas posed by Monetary Management



- ⑤ A) RBI \rightarrow to control inflation
 \downarrow
curb money supply \rightarrow decrease output of firms
 \downarrow
decrease GDP,
~~decrease~~ \uparrow unemployment
 \Rightarrow curb growth

- B) RBI \rightarrow if not control inflation \rightarrow \uparrow money supply
 \downarrow
uncompetitive exports

- ↓
- reduced purchasing power of people
 - firms unable to repay loans

↓

significantly impact poor & marginalised

Therefore monetary management has to present
dilemma before RBI of whether to control
inflation or promote growth