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GENERAL STUDIES (TEST CODE : 1811)

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Medium Eng./Hindi	english	Registration Number	971773
Center	online	Date	06-05-2021

INDEX TABLE			INSTRUCTIONS
Q. No.	Maximum Marks	Marks Obtained	
1	10		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	10		2. There are TWENTY questions printed in ENGLISH & HINDI इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3	10		3. All questions are compulsory. सभी प्रश्न अनिवार्य हैं।
4	10		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	10		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	10		6. Word limit in questions, if specified, should be adhered to. प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7	10		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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9	10		
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20	15		
Total Marks Obtained:			
Remarks:			

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

Plot No. 857, 1st Floor, Banda Bahadur Marg (Opp Punjab & Sindh Bank), Dr. Mukherjee Nagar
Delhi- 110009

① Assess the performance of Jan Dhan Yojana in achieving the objective of financial inclusion. 10m

Ans. Financial inclusion is sine-qua-non for ensuring inclusive growth. In this context, Jan Dhan Yojana was launched to open ~~no~~ zero-balance savings account for unbanked population in the country.

Performance of Jan Dhan Yojana

Positives :-

(a) As per Global Findex Database, Jan Dhan Yojana increased share of population with bank account

2014 : 53%

2018 : 80%

(b) JAM trinity (Jan Dhan - Aadhar - Mobile) used for Direct benefit transfers, reducing leakages.

- (c) Overdraft facility upto Rs 10,000
- (d) Enabled farmers to receive income support under PM KISAN
- (e) Enabled pregnant women to receive maternity benefits PM Matru Vandana
- (f) Enabled cash transfers to vulnerable groups during COVID19 pandemic

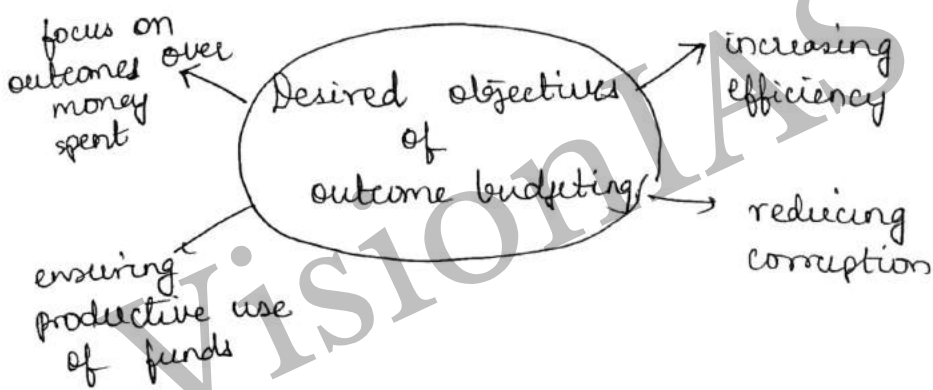
Challenges-

- (a) High cost of maintaining ⁱⁿ zero balance account for banks
- (b) 20% population still unbanked
- (c) Lack of financial literacy
- (d) Disparities in financial inclusion for SC, ST, women, etc.

Going forward, there is need to leverage digital payments to enable PM JDY to reach wider population.

Q) Bring out the challenges that need to be addressed to achieve the desired objectives of outcome budgeting in India. 10m

Ans. Outcome budgeting refers to allocation of budgetary resources based on achievement of outcomes.



Challenges :-

- (a) Time consuming & cumbersome nature of outcome budgeting
- (b) Bureaucratic inertia to change
- (c) Lack of proper data on outcomes

(d) certain expenditures are pre-committed and cannot be reviewed
eg: salaries of government officials

(e) In spite of funds, issues such as lack of availability of land, non-cooperation of locals, delay in clearances prevent outcomes from being realised.

Way forward

(a) Need for systemic shift from focus on inputs to focus on outcome at all levels - Centre, state & local bodies

(b) Leveraging technology to monitor outcomes

eg: [GIS mapping] assets created under MGNREGA

(c) Gathering data on outcomes of schemes, with help of NGOs

Thus, outcome budgeting can help increase efficiency and achieve inclusive growth

③ Explain the working of Private Finance Initiative (PFI) model. Also, discuss its significance in the Indian context.

Ans. For a developing country like India which is capital-hungry, Private Finance Initiative can help in spurring investment & growth.

Working of PFI

- It involves raising finance for infrastructure & developmental projects from private entities.
- It can be secured/unsecured loan.
- eg:- Peer-to-peer lending, InVITs, REITs, etc.

Significance

(a) Government finance is constrained by fiscal deficit limitations. PFI can overcome this.

- (b) Enables companies to raise capital at a lower rate
- (c) Helps in faster infrastructure development
- (d) Job creation
- (e) Credit access to MSMEs
- (f) Boosts exports
- (g) Enables investors to earn good returns.

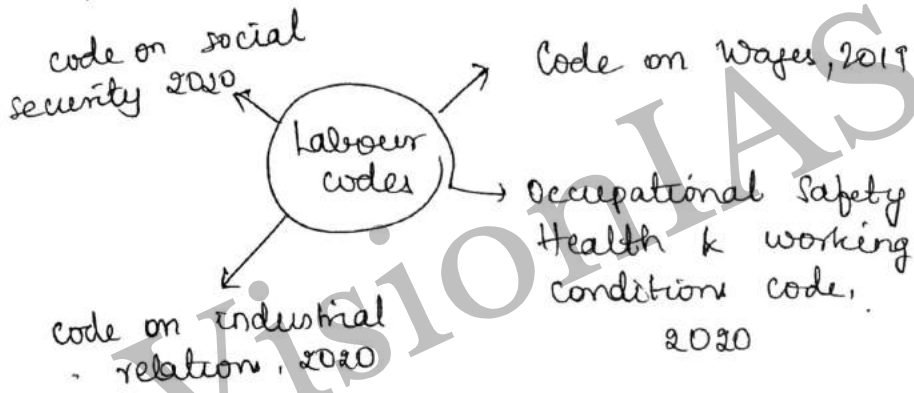
Way forward

- Leveraging technology to give a boost to PFI
- simplifying regulatory framework for PFI

Thus, PFI can help in achieving goal of \$5 trillion economy.

- Q) Highlighting the significance of new labour codes for India, discuss the challenges associated with them.

Ans. Labour reforms are an important aspect of Ease of Doing Business in India. In this context, government has introduced 4 new labour codes



Significance

- Consolidation of multiple labour laws
- Reduces cost of compliance for employers
- Reduces litigation due to multiple, overlapping law
- base of doing business - "one license,"

one registration, one return

- (e) Fixes national statutory floor wage
 - universalises minimum wage
 - reduces regional disparity in wages
- (f) Introduces FTE - fixed term employment
- (g) provides social security for unorganised gig & platform workers
- (h) gender equality - women allowed to work beyond 7 pm

Challenges :-

- (a) Informalisation of labour may increase with FTE
- (b) ~~Reducing~~ ^{increasing} threshold from 100 to 300 for government permission ⇒ easier to hire & fire workers.
- (c) statutory floor wage fixed too low (Rs 178/day) - starvation wage not living wage.

Thus, labour codes are step in right direction to ensure ease of doing business in India.

- ⑤ PDS in India is not only a significant anti-poverty measure but also serves as an instrument of raising ^{nutritional} national security. Discuss. 10m

Ans. PDS is a system under National Food Security Act to provide 5kg rice/wheat per person per month to 67% of population.

PDS - antipoverty measure

- (a) Reduces expenditure of poor on food \Rightarrow spend more on health, education, etc
- (b) Improving nutrition leads to more productive workforce \Rightarrow better livelihood earning ability
- (c) Procurement at MSP from farmers of PDS \Rightarrow ensures remunerative prices.

PDS - nutritional security

- (a) reduces hunger, stunting & wasting

(b) Ensures good maternal nutrition leading to healthy babies

(c) No famine occurred since independence thanks to PDS.

Challenges

(a) Migrant labour out of PDS net

(b) High level of leakages - 30 to 40%.
(Shanta Kumar Committee)

(c) Mounting food subsidy bill for government

(d) Over-reliance on cereals, lacking in balanced diet

Way forward

(a) One Nation, One Ration scheme

(b) Plugging ~~the~~ leakages - Aadhar linking of ration cards, APS for food trucks, etc.

(c) Shanta-Kumar Committee - cash transfers or food coupons instead of PDS

Thus, PDS is key to achieving SDG # 2 of no hunger.

6. It is argued that excessive state intervention in itself has created multiple hurdles in the agricultural marketing system in India. Explain with adequate evidence. 10m

Ans. As per the Economic Survey, agri. marketing system in India is plagued by numerous inefficiencies and excessive state intervention is one of the root causes.

Excessive State intervention :-

- (a) APMC Acts restrict freedom of farmer to sell their produce
- (b) Multiple APMC Acts by states have created barriers to agri-trade and caused fragmentation of markets
- (c) Multiple levies of mandi fees by APMCs increase cost of produce for consumers

(d) High MSP has led to overproduction of wheat & rice and increased import dependence for pulses, oilseeds, etc.

eg: India imports 60% of its edible oil requirement

(e) Shanta Kumar Committee \Rightarrow Only 6% farmers benefit from MSP

(f) Essential Commodities Act \Rightarrow arbitrary imposition of stock limits.

Way forward

(a) 3 new farm laws which -
 \rightarrow allow farmers to trade outside APMC
 \rightarrow allow contract farming
 \rightarrow ease restrictions under Essential Commodities Act

(b) e-NAM to enable buyers & sellers to connect directly.

(c) Government intervention must be limited to creation of storage, improving transport, etc.

Thus, there is need to give freedom to farmers to ensure doubling of farmers income by 2022.

(7) Bring out the inefficiencies that plague the core road logistics business in India. Also, suggest ways to overcome them. (50W)

Ans. In India, more than 50% of freight transport happens via roadways. However, road logistics is hindered by various inefficiencies.

Inefficiencies

- (a) Congestion of roadways \Rightarrow increases cost & time of transport
- (b) Lack of integration with other modes of transport \Rightarrow rail & waterways.
- (c) Lack of finances to expand road network
- (d) NITI Aayog \Rightarrow lack of adequate funds for road maintenance
- (e) Regional disparity:- High density of roads in Western & South India, low in Northeast.

- (A) Road accidents which cause loss of life & property.

Ways to overcome them

- (a) Bharatmala project:-

- Development of multimodal logistics parks
- Identifying choke points and building bypass roads
- Extending road network in hilly areas, Northeast, etc.

- (b) Improving access to finance:-

- National Infrastructure pipeline
- New PPP models - HAM Hybrid Annuity Model
- InVITs

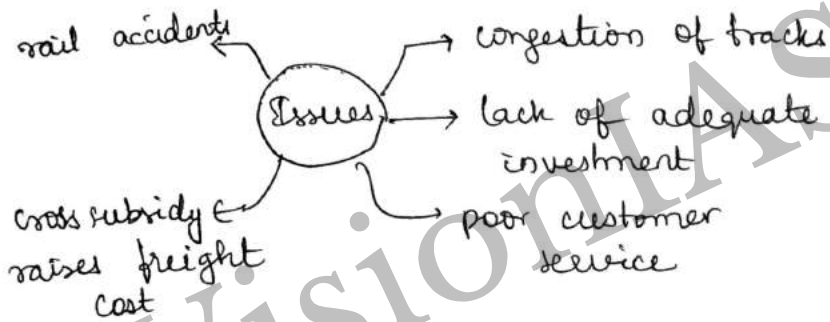
- (c) Leveraging technology - remote sensing, AI, IoT, etc to increase efficiency of roads.

Thus, improving roads can reduce logistics cost from 14% to 9% as per National Logistics policy.

Q Discuss the opportunities and challenges in privatisation of railways in India.

150 W

Ans. Indian Railways is world's largest passenger carrier and also transports 33% of total freight in the country. However, it has various issues.



Opportunities of privatisation

- (a) Attracting private investment to railways
- (b) Improving quality of customer service ~~to~~ by increasing competition
eg: hygienic food, punctuality, etc
- (c) Expanding railway network to reduce congestion

(d) Lowering logistics cost from 14% to 9%.

(e) Job creation

Challenges :-

- (a) Increased price of ticket \Rightarrow unaffordable to poor
- (b) Private sector may not be willing to run trains in underserved areas
- (c) Risk of rail accidents increasing
- (d) Lack of ease of Doing Business is a hindrance to attracting private investments.

Way forward :-

- ① As recommended by Bibek Debroy committee, railways regulator must be introduced
- ② Government must subsidise travel for poor or incentivise private sector to do so

Thus, privatisation of railways can help ensure efficient, competitive & customer-centric railways.

- (a) Identifying the key elements under the National Beekeeping and Honey Mission (NBHM), explain how it can help achieve the goal of 'Sweet Revolution' in India.

Ans. In an effort to double farmers income by 2022, government has launched National Beekeeping & Honey Mission (NBHM).

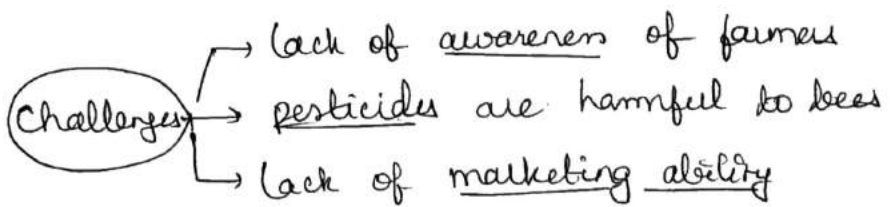
Key elements

- (a) Beekeepers to be regarded as farmers \Rightarrow access to credit, insurance, etc will improve
- (b) Subsidised loans for setting up beekeeping enterprises
- (c) Support in marketing of honey, pollen, beeswax and other products
- (d) Women's SHGs, farmers cooperatives, etc to be encouraged in beekeeping

- (e) Ensuring phytosanitary standards
- (f) Boosting honey exports
- (g) Training manpower in beekeeping

How it can achieve 'Sweet Revolution'

- (a) Risk reduction:- beekeeping as a fallback in case of crop failure
- (b) Supplementing income from agriculture
- (c) Women's empowerment
- (d) Enabling landless families to earn income
- (e) Improving nutrition security
- (f) Bees are pollinators which can increase crop yields



Thus, there is need to promote beekeeping to ensure poverty alleviation and nutrition.

10) It has been argued that remedying the exclusion of majority of the women from access to and control of rural land in India is one of the most significant steps that can be taken towards enhancing the country's rural livelihoods. In this context, identify the challenges in access to land rights by women. What measures can be taken? 150W

Ans. Traditionally, women have been denied ownership of land. This has led to gender inequality in rural areas.

How land rights for women can improve rural livelihoods

- (a) Feminisation of agriculture :- As per Agriculture Census, share of women farmers increased from 13% to 14%.
- (b) Land rights enable women farmers to access :-
- income support under PM KISAN
 - insurance under Fasal Bima Yojana

→ formal credit by using land as collateral

(c) It can increase women's decision making power in household leading to better nutrition, education, smaller family size, etc.

Challenges :-

- (a) Patriarchy - Traditional norms ~~are~~ deny land rights to women
- (b) Lack of awareness of women
- (c) Lack of financial independence of women
- (d) Lack ability to fight for rights in court.

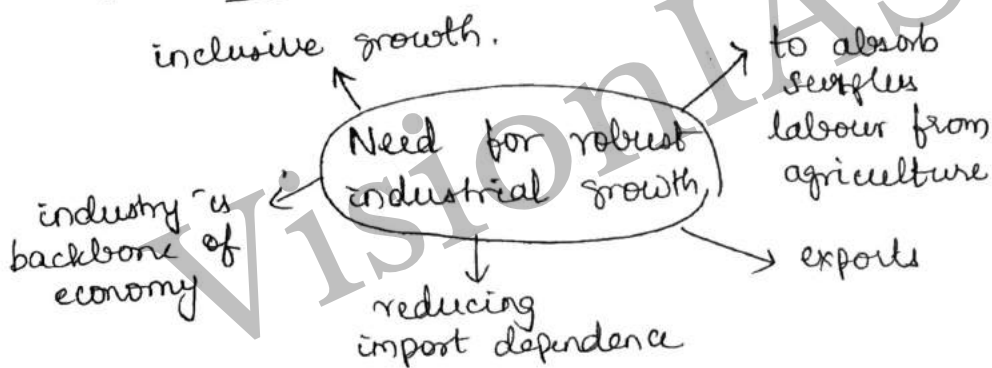
Way forward :-

- (a) Through SHGs, women can be made aware about their rights.
- (b) NADs - can help women to legally register their land rights
- (c) Government scheme benefits can be linked to women being co-owner of land.

Thus, land rights for women can enable rural development & gender equality.

11) Discuss the factors constraining industrial growth in the post-liberalisation period and the initiatives taken by the government to address them. 150 W

Ans. Inspite of nearly 3 decades since LPG reforms, industrial growth remains stunted. Manufacturing accounts for only 16% of GDP compared to more than 40% in China.



Factors constraining industrial growth

- (a) Lack of infrastructure - power, roads, railways, waterways, etc
- (b) Access to finance → High NPAs of banks
 → NBFC crisis
 ↳ lack of corporate bond market

(c) Ease of Doing Business :

- As per World Bank, starting a business in India takes 18 days compared to 1 day in Singapore
- Multiple & complex labour laws
- Delays in getting clearances

(d) Lack of skilled labour :-

[PLFS-2018-19] ⇒ Less than 5% labour have formal training

(e) Inverted duty structure :- tax on import of raw materials higher than finished product

(f) Lack of economies of scale & quality standards

(g) Capital intensive industries (pharma, iron & steel, etc) received more focus than labour intensive ones (textiles, footwear) in which India has comparitive advantage

Initiatives taken

- (a) Production linked incentive scheme
- (b) New definition for MSMEs to help them grow & realise economies of scale
- (c) Consolidation of labour laws - 4 codes
- (d) Development of industrial corridors
eg: Delhi Mumbai Industrial corridor
- (e) National Infrastructure pipeline
eg: Dedicated freight corridor, Bharatmala, etc. to reduce logistics cost from 14% to 1%.
- (f) Increasing access to credit - revival of banks & NBFCs.

Thus, rapid industrial growth is need of hour to help in revival of economy after COVID19.

(2) Analyze the causes and consequences of growing economic inequality in India. Also suggest some measures to deal with it. 250W

Ans. As per Oxfam report, top 1% Indians own 4 times more wealth than bottom 70%. Growing inequality poses a challenge to achieving inclusive growth.

Causes

- (a) Services driven growth which has benefitted only small section of population
- (b) Poor state of manufacturing - only 16% of GDP
- (c) Agriculture - contributes 14% of GDP but employs nearly 50% of population.

(d) As per Amartya Sen, poor quality of human capital is driving inequality

→ Health (less than 1.5% of GDP on health)

→ Education (poor learning outcomes, 40% children in class 1 cannot recognise letters - ASER 2019)

→ Skills (PLFS 2018-19: less than 5% have formal skills training)

(2) COVID19 - exacerbated existing inequalities

(f) Lack of financial inclusion - 90% of Indians do not have bank accounts (Global Findex database)

(g) Discrimination faced by women, SC, ST, etc.

Consequences

(a) Economic :- Economic growth cannot be sustained with growing inequality

(b) Social :- Gender, class, caste differences become more acute.

- (c) Political :- Discontent among poor can cause conflict & political instability
- (d) Environment :- intra generational equity in use of nature's resources cannot be achieved.

Measures

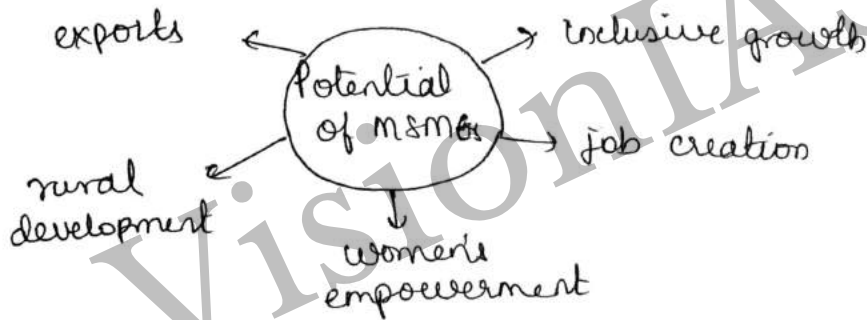
- (a) COVID19 related
 - ↳ cash transfers
 - ↳ free food supply
 - ↳ PM Garib Kalyan Yojana
- (b) Need to promote MSMEs which employ more than 100 million people
- (c) Increasing spending on health to 2-5% of GDP
- (d) National Education Policy, 2020
- (e) PM Kaushal Vikas Yojana
- (f) Need to promote manufacturing in labour intensive sectors (textiles, footwear, etc)

Thus, there is need to reduce inequality to fulfil Article 39 of DPSP.

13) There have been a number of hurdles in achieving the potential of MSMEs in Indian economy. Explain. What measures have been taken to deal with them?

250W

Ans. As per UK Sinha Committee, MSMEs contribute to 28% of GDP, 40% of exports and employ more than 100 million people.



Hurdles :-

(a) Small size of MSMEs - prevents economies of scale

(b) Access to finance -

- NBFC crisis
- high NPAs of banks

- (c) Low productivity of labour
- (d) Lack marketing ability to reach wider consumer base
- (e) Lack of quality standards \Rightarrow hinders export potential
- (f) Pending dues of government & private sector MSMEs \Rightarrow shortage of working capital

Measures :-

(a) New definition for MSMEs -

- additional turnover criteria added
- distinction between services & manufacturing ~~removed~~ removed
- investment limit raised

This will enable MSMEs to grow in size.

(b) Emergency Credit Line Guarantee Scheme

to assist COVID19 affected MSMEs

- (c) mandatory for government agencies to procure 25% from MSMEs.
- (d) marketing support for MSMEs (eg: e-commerce)
- (e) ZED manufacturing - Zero Effect, Zero Defect
- (f) TReDS - to prevent shortage of working capital due to pending dues.
- (g) Production Linked Incentive Scheme

Thus, there is a need to go "Vocal for Local" and support MSMEs which are key for "Atmanirbhar Bharat".

(14) Critically analyze the suggestion of allowing large corporate and industrial houses to act as promoters of banks. 250W

Ans. Recently, internal working group of [RBI] proposed allowing industrial houses to act as promoters of banks.

Benefits

- Privatization of public sector banks will attract more bidders
- Large capital base of corporates can be tapped into
- Increase in competition in banking sector, better customer service
- Increase credit flow to industry & infrastructure
- faster economic growth & job creation

Concerns :-

- Connected lending :- Bank lending to corporate house or its subsidiaries
- Moral hazard :- Bank cannot exercise independent scrutiny of loans to be granted, due to pressure from promoters
- Increase in bank frauds (eg: PMC bank, Yes Bank, etc)
- Threatens financial stability of banking system
- Adverse impact on depositors in event of bank failure
- Increase in NPAs in long run.

Way forward

~~is~~ Strengthening regulatory system to

catch instances of fraud, connected
lending, etc

As recommended by former
RBI Governor Raghuram Rajan, it
may be better to not allow
corporate houses to act as
promoters of banks.

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- (15) Financial stability is generally the domain of monetary authority. However, the fiscal policy of the government has the potential to either facilitate or undermine it. Analyse it in Indian context. 15m.

Ans. The monetary authority or the Central Bank has the mandate to ensure financial stability in the country.

How RBI ensures financial stability

- (a) Monetary Policy Committee fixes key policy rates - repo, reverse repo, etc.
- (b) maintains [inflation] in target range of [2% to 6%].
- (c) intervenes in forex markets to curb volatility in rupee.
- (d) Conducts Open market operations to regulate money supply in economy.

(g) Acts as lender of last resort to banks

(f) manages country's forex reserves

How fiscal policy can facilitate it

(a) Controlling fiscal deficit keeps inflation in check

(b) Price stabilisation fund, reducing import duties, etc. can help in reducing food inflation

(c) Government taxes (excise, VAT, cess, surcharge, etc) on fuel can be reduced to control fuel inflation.

(d) Recapitalisation of banks

(e) Support to exports can reduce CAD & increase forex reserves

How fiscal policy undermines it

- (a) Fiscal deficit increasing leads to higher inflation
- (b) Increased government borrowing causes yields to rise.
- (c) Loan waivers can increase instability of banking system.
- (d) Cash transfers, increased government spending, populist measures, etc. increase money supply & cause inflation.

Thus, there is need for RBI & government to work together to ensure financial stability (eg: Financial stability council with finance minister & RBI Governor)

Q.7) What do you understand by e-agriculture? Explaining how ICT can help agriculture, highlight some initiatives taken by the government in this regard. 15M

Ans. E-agriculture refers to the use of Information & communication technology to enhance agricultural productivity.

How ICT can help agriculture

- (a) Marketing :- e-NAM can help farmers get remunerative prices
- (b) Weather advisories :- eg: ISRO's Bhuvan can help farmers know right time to sow, harvest, etc.
- (c) Crop diseases :- Increasing knowledge of farmer about pest management,

eg: farmer can click picture of worm
& send to experts for analysis

(d) Insurance & credit :- CMS mapping
of land can ensure easy access to
insurance & credit

(e) Efficient irrigation :- Using IoT to
turn ON & OFF the sprinklers

(f) Hiring machinery via apps

eg: Uber for tractors

(g) Help farmers share best practices,
learn about new technologies, etc

Government Initiatives

(a) KVKs - Krishi Vigyan Kendras to
train farmers in use of ICT

(b) e-agriculture as a part of Digital
India Mission

(c) Launching e-NAM

(d) KISAN TV for information on crops, new technologies, etc.

~~Key~~ Challenges

(a) Lack of digital literacy

(b) Low internet penetration in rural areas (27% as per India Internet Report 2019)

(c) 86% farmers small & marginal \Rightarrow lack access to smartphone, electricity, etc.

(d) ~~is~~ Inadequate digital content in vernacular languages

Thus, as recommended by Ashok Dalwai committee there is need to promote e-agriculture for doubling farmers income.

16) Discuss the issues plaguing crop procure-
ment in India. Also, suggest measure
to strengthen the procurement framework.

15M

Ans. Government announces MSP for
23 crops and undertakes procurement
via food corporation of India (FCI)
from where it is distributed to states.

Issues :-

- (a) Benefits only 6% of farmers, as
per Shanta Kumar Committee
- (b) Regional disparity :- procurement mostly
from Punjab, Haryana, Western UP
and very low from Eastern India
- (c) Crop disparity :- While MSP is
announced for 23 crops, procurement
is mostly for wheat & rice
- (d) Lack of storage - leads to rotting
of grains

- (e) High level of leakages - 30 to 40%
as per Shanta Kumar committee
- (f) Rising food subsidy bill due
to procurement in excess of
need
- (g) WTO ⇒ developed countries filed
complaints against India's crop
procurement.

lack of crop
diversification

86%
small &
marginal
farmers left
out

Consequences

regional disparity
increased

higher
fiscal deficit

Measures :-

As per Shanta Kumar Committee,
following measures need to be
taken :-

- (a) Decentralised procurement :- FCI must allow states which have efficient system of procurement to procure food grains themselves.
- (b) Price deficiency payment :- pay farmers difference between MSP & market price instead of procurement.
- (c) PM Aasha :- improve procurement for pulses, oilseeds & copra
- (d) New farm laws :- freedom to farmers to trade outside mandis \Rightarrow less need for government procurement.
- (e) CPS for food trucks to reduce leakages.

Thus, there is need to revamp procurement system to reduce inefficiencies & double farmers income.

(18) Explaining the concept of Integrated Water Resource Management, discuss how it can help in addressing the gaps in the present system of water management in India. 15m

Ans. Integrated Water Resource Management (IWRM) takes a holistic approach to managing water resources including ground water, surface water, soil, vegetation, etc.

Gaps in present system

(a) India has 17% of population of the world but only 4% of water resources \Rightarrow tremendous pressure on water resources.

(b) Unbridled exploitation of ground water

NITI Aayog \Rightarrow 21 out of 30 cities will run out of groundwater.

- (c) Overirrigation \rightarrow depletion of ground water
 \rightarrow rise in soil salinity
 \rightarrow soil erosion
- (d) pollution of water (NITI Aayog)
70% of water in India is polluted)
- (e) Top down approach to water management.

Benefits of IWRM

- (a) Groundwater & surface water treated holistically & not in isot
- (b) Conserving soil moisture through mulching, organic carbon, etc. can reduce need for irrigation.
- (c) Afforestation can increase ground-water recharge
- (d) Reduction in soil erosion

(e) Preventing water pollution
eg: ~~the~~ Namami Ganga uses
IWRM to clean Ganga

(f) participatory water management -
eg: water panchayats, water user
associations, etc

Challenges

- ① Lack of awareness of farmers
- ② Inadequate use of ICT
- ③ Lack of proper data on water
extraction & use.

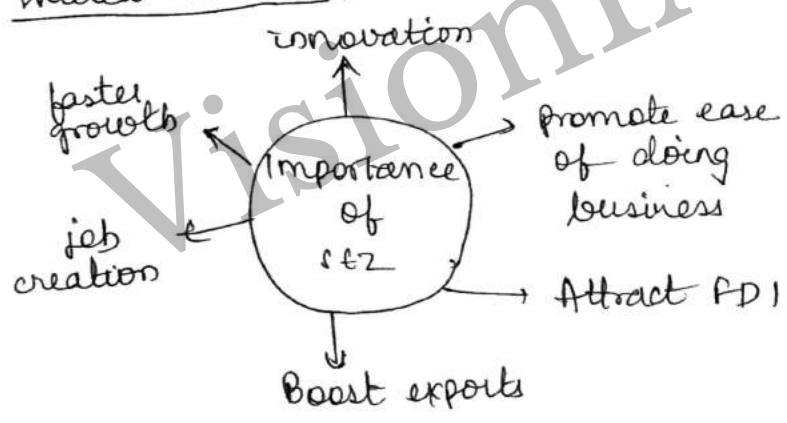
Thus, there is need to
promote IWRM to ensure water
security as recommended by

Mohir Shah committee

19) SEZs have been facing numerous challenges, thwarting the idea of SEZ-led growth and development. Discuss. Enlist some measures that have been suggested to address these challenges.

15m

Ans. SEZ or Special Economic Zone is an area where industries are offered special incentives such as tax holiday, world class infrastructure, skilled labour, etc



Challenges faced by SEZ

(a) Difficulty in land acquisition due to protests from locals, delays, etc

- (b) Difficulty in getting regulatory clearances (Redtapism)
- (c) Lack of infrastructure - power, storage, transport, etc.
- (d) Lack of skilled labour
- (e) High cost of credit due to poor condition of banking & NBFC sector, poor transmission of monetary policy
- (f) High cost of logistics (14% of GDP)
- (g) Lack of environmental sustainability
- (h) Inverted duty structure
- (i) Labour unrest (eg: Westron plant vandalism in Karnataka)
- (j) Contract enforcement is weak due to judicial backlog.

Measures

Baba Kalyani Committee has recommended:-

(a) Improving infrastructure.

eg: Dedicated freight corridor,
Sagarmala,
Bharatmala, etc.

(b) Simplifying regulatory procedures

eg: single window clearance,
timely approval,
self certification,
4 labour codes, etc.

(c) Alternative Dispute Resolution -
arbitration, conciliation, etc.

(d) Upskilling labour - Pm Kaushal Vikas
Yojana

Thus, there is need to
revive SEZ-led growth to become
\$5 billion economy.

(20) Examine the importance of foreign capital for a developing country like India. 15m

Ans. India is a developing country which is capital hungry and foreign capital can fulfil this need.

Importance of foreign capital

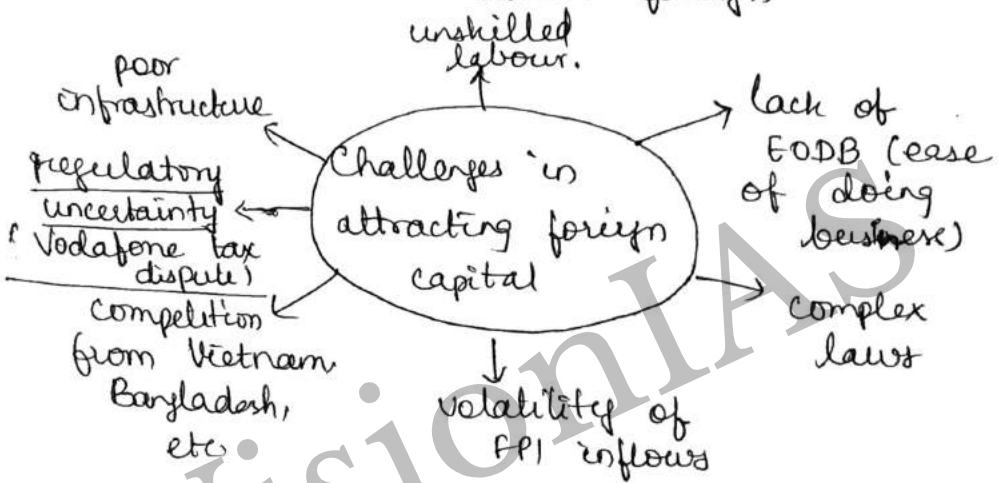
- (a) In India, investment needs exceed savings. foreign capital can bridge the gap
- (b) Faster economic growth
- (c) Job creation
- (d) Inflow of new technology & new managerial practices
- (e) Boosts exports
- (f) Helps in poverty alleviation

(g) Promotes innovation and R&D

(h) helps India become part of global supply chains

(i) Ensuring balance of payments

~~Steps taken to attract foreign~~



Steps taken

(a) Invest India - national investment promotion agency

(b) EODB reforms → labour codes
→ single window clearance

(c) National Infrastructure pipeline

(d) Resolving Cairn, Vodafone tax

disputes through arbitration &
conciliation

(e) Signing new Bilateral Investment
Treaties

(f) Atmanirbhar Bharat increased
FDI limit in insurance, defence,
space, etc.

~~Thus,~~ As per UNCTAD report
India was among top 10 recipients
of FDI. There is need to further
enhance foreign capital inflows
to achieve \$5 trillion economy