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GENERAL STUDIES (TEST CODE : 624)

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Medium Hindi/Eng.	English	Registration Number	9296
Center		Date	16/9/15

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:

Signature of Examiner

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 and ENGLISH.
इसमें बीस प्रश्न हैं तथा हिन्दी और अंग्रेजी दोनों 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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EVALUATION INDICATORS

1. Alignment Competence
2. Context Competence
3. Content Competence
4. Language Competence
5. Introduction Competence
6. Structure - Presentation Competence
7. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

All the questions are compulsory and carry 12.5 marks each. NOT MORE THAN 200 WORDS.

1. How has the process of liberalisation, which has otherwise led to high economic growth, affected the employment rate and the nature of employment in India?

उदारीकरण की प्रक्रिया जिसने एक प्रकार से उच्च आर्थिक विकास को प्रोत्साहित किया है, भारत में रोज़गार दर और रोज़गार की प्रकृति को किस प्रकार प्रभावित किया है?

The liberalisation of economy in 1991 led to removal of stringent ~~govt~~ governmental controls, deregulation and a 'skewing' than 'narrowing' role of the state.

Effect on sectors of economy. - The secondary sector got a boost as a result of delicensing, and opening up of various industries to private sector. Many heavy industries came up. Labour force which was till now trapped and underemployed in labour sector found new avenues of employment in secondary industries and service sector.

More capital per worker - More capital was invested by the private sector, hence an average worker ~~was~~ got access to better technologies, modern implements, better training, and from unskilled to skilled employment -

The growth that followed post 1991 created more opportunities for the educated and skilled. Services sector with high end software applications, capital led to an urban centric skill centric employment generation in India.

From rural employment to urban employment

As economy grew, more industries came up, large scale migration of workers due to rural push and urban pull took place. Urban centres promised better wages, education, housing etc.

~~Ex~~ Thus the employment rate increased due to elimination of governmental monopoly, new industries and competition. However the nature of employment showed stark contrast.

Stringent labour laws and jobless growth - Even post liberalisation, labour laws remained stringent, cumbersome giving negative incentive to industries to hire more workers. Hence private sector went for capital intensive technologies in a labour intensive country like India. Formal sector remained job give few jobs. ~~As a result~~ As a result 90% employment in India is under the informal sector that is largely unregulated.

Perilous working conditions and low wages
Employment even in formal sector is often without social security benefits with lower wages and perilous working conditions. Population pressure and fewer jobs creation

has made employment in India cheaper. ~~and~~

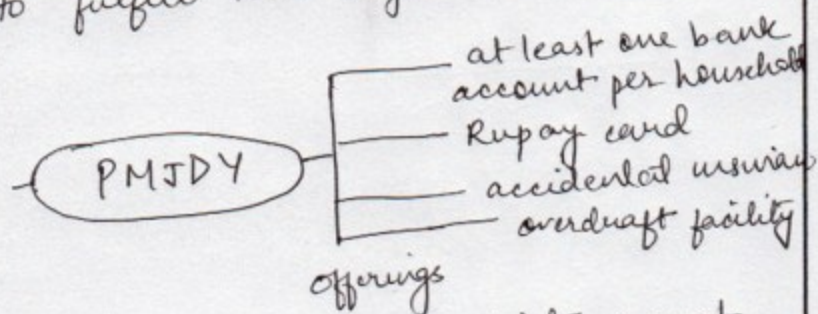
Thus India today, a country rich in demographic dividend face a situation of jobless growth, highly skill intensive employment and a huge informal sector fuelling its growth.

2. Even though the Pradhan Mantri Jan-Dhan Yojana is an accelerated effort towards financial inclusion, mere opening of bank accounts will not transform into financial inclusion in India. Analyse.

यद्यपि प्रधानमंत्री जन-धन योजना आर्थिक समावेशन की दिशा में एक त्वरित प्रयास है, लेकिन केवल बैंक खाते खोलना भारत में आर्थिक समावेशन में परिवर्तित नहीं हो पायेगा। विश्लेषण करें।

Financial inclusion as a concept means including the last man of country into the formal financial system so as to integrate his money transactions and to mobilise his resources to fuel country's growth.

Pradhan Mantri Jan Dhan Yojana (PMJDY) envisages to fulfill this objective.



It envisages to cover all districts except hilly ones by 2015-16 and remaining in the following year with an aim to integrate all households of country into financial system. It began making a began Unlike previous schemes of financial inclusion, Jan Dhan has provisions for sustained use of the account, like ^{opened} Rupay card facility, insurance etc. It aims to not only connect make formal banking a habit among the masses where 44% of rural and 35% of urban population

does not have an account. ~~Govt~~ The government seeks to use it to fulfill the larger aim of 'Direct Benefit Transfer' of subsidies to targeted group. ~~through~~ Also overdraft facility is an added draw which households can avail on sustained use of account for six months.

Though the scheme, envisage to 'more' than just open accounts for people, ~~under~~ yet a few basic factors must be taken care of -

- access to bank ATMs, presence of banking correspondents in the area, bank branches in the area.
- financial literacy must be imparted to people to actually learn to operate accounts, or else they will be deprived of even welfare subsidies they would get ~~to~~ through the account.
- callous attitude of bank staff and indifference to help underprivileged would mean just a repetition of atmosphere of governmental offices.
- sustained efforts and push by governments to keep account functional. by providing

Thus only if efforts are made to actually encourage the people to become part of banking system, can the scheme become more than just a mechanical

exercise. Only then the poor will be actually empowered to break through the vicious cycle of poverty to debt to access formal loans, benefits, subsidies and build up a livelihood with ~~govt~~ state backing and supporting him.

3. Successive Finance Commissions have tried to balance the twin issues of fiscal discipline and regional disparities. Yet, they have been criticized by both the rich and poor states for neglecting their needs. Discuss. How far has the 14th Finance Commission been able to address this issue?

उत्तरोत्तर वित्त आयोगों ने राजकोपीय अनुशासन और क्षेत्रीय असमानताओं के दोहरे मुद्दों के बीच संतुलन स्थापित करने की चेष्टा की है। फिर भी समृद्ध और निर्धन, दोनों ही प्रकार के राज्यों की आवश्यकताओं की उपेक्षा करने के कारण वित्त आयोगों की आलोचना की गयी है। चर्चा करें, साथ ही स्पष्ट करें की चौदहवाँ वित्त आयोग इस मुद्दे का समाधान प्राप्त करने में कहाँ तक सफल रहा है?

Successive Finance Commissions (FC) formed under Article 280 of constitution have made recommendations for allocation of net tax proceeds of centre between the centre and the states. However often the FC make recommendations on a set of formulae. The ~~fourteenth~~ ^{fourteenth} finance commission ~~for example~~ ^{for example} tried to strike the terms are often so as to cater to the rising needs of industrialised states that contribute a great chunk to central excise ~~and~~ ^{and} custom taxes. At the same time, backward states need to be given enough resources to develop their hitherto backward regions. But fiscal discipline cannot be compromised by these states even as they increase their fiscal public investments. Thus though backward states ~~are~~ need to exercise greater expansionary role to build infrastructure to provide in ~~public~~ ^{public} ~~and~~ ^{and} private investments, successive FCs have stressed that they

maintain fiscal discipline and ~~thus~~ hence have been penalised ~~less~~ and allocated lower resources to them.

However the fourteenth Finance Commission (FFC) has come up with an ~~new~~ innovative approach. While there are no weightage points for fiscal discipline (to the disappointment of developed states), states have been awarded resources based on their rising ~~of~~ demography, their efforts to conserve environment and their ~~the~~ extent of area that they need to develop and administer. The terms of reference are -

- i) Area - 65% weightage
- ii) population - 25% with 10% for demographic ~~change~~
- iii) forests - 10% weightage
- iv) also local bodies have been allocated resources as per the needs of state finance commission with a component of performance

Thus states with greater area get more funds to spend them for balanced regional development while incurring small fiscal deficit. Also migration component to measure increased pressure on resources has been taken care of. Thus the FFC has made a new beginning

towards a new paradigm of state led development instead of central led development as it allocated 42% of total resources to be spent as untied funds to the states to decide their priorities, to balance their regional disparities and to be empowered to build team India.

4. Discuss the importance of unorganised sector in the Indian economy. Examine the measures taken by the government to overcome the challenges faced by the unorganized sector in the country.

भारतीय अर्थव्यवस्था में असंगठित क्षेत्र के महत्व की चर्चा करें। देश में असंगठित क्षेत्र के सम्मुख आने वाली चुनौतियों से निपटने हेतु सरकार द्वारा किये गए उपायों का परीक्षण करें।

The unorganised sector or informal sector ~~was~~ is the unregulated sector of economy, where state or state laws are not conformed to. During the early decades of 20th century, it was considered that informal sector is a transitory sector to be eventually subsumed by the formal sector. However in the 21st century, especially in the case of India, the informal sector ~~has~~ commands 85% of workforce and 90% of employment. In 2004-05, in fact it ~~is~~ contributed to 50% of GDP. in the It has some to occupy a niche for itself in creating cheaper, competitive products, with informal ~~is~~ labour, low cost and fewer infrastructural facilities. All of us in some way or other look upto them for our needs — a milkman, a driver, a newspaper wallah or a street vendor or vegetable hawker — they are inevitable to the Indian growth story indispensable.

Thus the government has woken up to the importance of informal economy and ~~tried to~~ to streamline the sector.

1) Expansion of social security net —

The labour force in informal economy have been invited to become part of Rashtriya Bima suraksha yojna (accidental insurance for earning member)

— Employees provident fund & EPF

— Universal account number that can be used even when changing jobs.

2) MUDRA Bank — A refinancing institution to finance the microfinancing institutions, and banks to encourage them to extend finance to informal sector that face difficulties in getting loans from bigger banks due to unviability.

3) Easier filing of returns — Shram Suraksha Portal to enable owners of informal enterprises to become a part of the formal sector by easing registration, filing of returns and exit mechanism for them. Even dread of inspector Raj and extortionist approach of regulators and inspectors has been taken care of.

4) Tax incentives → small enterprises who

get registered are given service tax benefits upto ₹ 10 lacs and excise benefits upto 1.5 crore, & thus encouraging them to become part of formal sector without incurring costs.

Thus government has been busy taking measures to ease up difficulties of informal enterprises but it ~~has~~ has also taken measures to encourage them to shift to formal sector thus easing their absorption into regulated system.

5. "Labour reforms are often cited as the key to unlock the potential of Indian economy." In this context discuss the importance of labour reforms in India. Enumerate the measures taken by the government recently in this regard.

"श्रम सुधारों को भारतीय अर्थव्यवस्था की क्षमताओं को खोलने की कुंजी के रूप में उद्धृत किया जाता है।" इस सन्दर्भ में, भारत में श्रम सुधारों के महत्व पर चर्चा करें और सरकार द्वारा किये जाने वाले उपायों के रेखांकित करें।

India suffers from the paradox of having ~~the~~ one of the most stringent labour laws in the world and at the same time, having maximum workers in the informal sector out of control of laws. Informal sector comprises of 90% of total labour employment and is marked by inefficiency, poor working conditions, exploitation etc. Thus India direly needs labour laws, ~~to~~ streamlined and reformed, ~~to~~ eliminate so as to encourage assimilation of the informal enterprises into the formal sector of India and formal manufacturing units to shift from capital intensive to labour intensive processes.

India ~~to~~
India Importance of labour reforms in

India —
— need to create jobs in formal sector to meet the rising ~~and~~ create opportunities for the increasing workforce and tap the demographic dividend.

- easier and less stringent laws that promote contractual labour can encourage formal sector to enroll ~~form~~ workers on payroll and impart on job training to them thus skilling them
- easier registration and exit laws needed to encourage medium, small and micro enterprises to become rule compliant ~~as~~ to avail of governmental incentive schemes
- apprenticeship rules that encourage ~~learning~~ and job earning while learning and fill the gap between college education and practical education.
- to shift the unregulated, informal character of Indian economy to a formal, regulated one which is efficient, with better working conditions and job security for its workforce.

Measures taken by government -

- i) Shram Suridha Portal - to make it for online filing of upto 16 returns by employer who is granted a ~~labour~~ unit number for his enterprise
- ii) Universal Account Number for labourers to continue their social benefit receipts while changing jobs
- iii) Rashtriya Bima Suraksha Yojna extended

- to labourers.
- iv) Apprenticeship Act that has been modified to meet the challenges of the changing time by adding greater vacancies.
 - v) Atal Pension Yojna benefit to attract workers.

Thus the government has started the process of reforming the labour laws. It also envisages to codify the existing 44 labour laws into five codes. Also it seeks to increase the limit from 100 to 300 employees for the need to seek permission ~~for~~ from state before laying off the ~~last~~ workers.

Thus the labour force of country is the driving and prime movers of country's development. Efficient measures are needed to enhance their welfare and participation.

6. MUDRA bank has been termed as a game changer for micro finance sector in the country. What are the objectives of MUDRA Bank? Is there a need of such an institution when there already are multiple schemes and institutions operating for the same purpose?

मुद्रा बैंक को देश में सूक्ष्म वित्त (माइक्रो फाइनांस) क्षेत्रक में परिदृश्य परिवर्तक के रूप में देखा जा रहा है। मुद्रा बैंक के क्या उद्देश्य हैं? जब पहले से ही समान उद्देश्य हेतु अनेकों योजनायें और संस्थाएं कार्यरत हैं तो क्या ऐसी किसी संस्था की कोई आवश्यकता है?

MUDRA Bank is envisaged as a statutory refinancing agency with an initial corpus of ₹ 20,000 crore and a reserve to meet any non recoveries of about ₹ 3000 crore. It is envisaged to have been established with the purpose of refinancing agencies, banks institutes engaged in the informal microfinance sector and to provide regulations on the same.

Need of Mudra Bank

Even though institutions like NABARD, banks like SBI and public sector banks under priority sector obligations extend loans to MFIs, it has not been enough to cater to the vast needs of the microfinancing sector. Microfinance institutions face a number of challenges as given below -

- risk of non recovery as loans are without collaterals
- to remain in profit, even while catering to

- the needs of most frugal, feeble and under-privileged
- operating in inaccessible remote regions, devoid of any financial literacy and bank infrastructure, thus incurring high operating costs
 - capital to meet needs of self help groups, small and marginal farmers and to save them from clutches of moneylenders.
 - to inculcate habit of saving among the poor & mobilise savings and generate
- the poor and underprivileged do not have access to formal banking institutions. They borrow from moneylenders to meet ^{even} small consumption needs and then borrow to finance interests on loans borrowed. Thus MFIs to have a significant role to play to break this vicious cycle of poverty, liberate the poor and absorb them into the formal banking system. The vast population of India's poor need to be serviced. ~~and serviced~~ MFIs can be successful only if the challenges mentioned above can be overcome.
- MUDRA Bank can play a huge role in this regard to empower MFIs to

in turn strengthen the poor, the self
help groups and the MSME sector.

7. Despite one of the longest coastlines in the world, India's port facilities and shipping industry are beset by numerous problems. Explain. Discuss some of the corrective measures taken by the government to overcome these problems.

विश्व में सर्वाधिक लम्बी तट-रेखाओं में से एक होने के बावजूद भारत की पत्तन सुविधाएं और जहाजरानी उद्योग असंख्य समस्याओं से ग्रसित है। व्याख्या करें। इन समस्याओं पर नियंत्रण हेतु सरकार द्वारा उठाये जा रहे कुछ सुधारवादी उपायों की चर्चा करें।

India has a vast coastline of 7500km shared by its 9 maritime states. 90% of its export import trade is carried out by the searoute. Thus its ports have a vital role to play in Indian growth story especially with the current emphasis on Make In India. However Indian shipping industry is beset with problems. Some of them are as follows:-

- i) ~~poor infrastructure~~ and evacuation infrastructure from ports
- ii) insufficient cargo handling capacity and obsolete technologies leading to high turnaround times for the ships.
- iii) only 3 of three ports - Dabhol, Hazira and Kochi have LNG terminals
- iv) large ships need to go to Sri Lanka instead to disembark merchandise on smaller vessels.
- v) cumbersome processes, non uniform taxes collected by individual port authorities,

- vi) Ports in India contribute only 1% to the GDP despite huge potential.
- vii) Lack of value addition industries in coastal regions, delaying process of utilisation of imports.
- viii) Only 10% of ships used in maritime Indian trade have the Indian flag. Even lesser are India made.
- ix) All 12 major ports are controlled by central governments while minor ones belong to state government. Different set of controls have led to ports emerging as independent entities without any integration with local regional economy. Government has recently come up with the following measures:-

- i) Sagarmala Project that has three components -
- port modernisation
 - development of inland connectivity from port to hinter land through waterways, rail and road
 - development of coastal develop economic zones to boost development of coastal regions around the ports. through to encourage tourism, industrial clusters

fishing industry and other means of sustainable livelihood and employment opportunities for people in the region.

- ii) Policy to allow excise, custom exemption to ships owned by Indian companies but with other country flags as well.
- iii) development of inland waterways to improve inland navigation. Proposal to expand ~~inland~~ the system of National waterways.
- iv) connect ports to dedicated freight corridors to enhance evacuation process and save time.

Thus the government has taken some timely efforts to redress the ailments of the port and maritime sector. However sustained efforts and effective implementation is needed to realise the dream of port led development for India.

8. "Make in India initiative is a big step in the direction towards making India an investment hub for manufacturing but what we need is Make for India and not Make in India". Critically analyse.

"मेक इन इंडिया" पहल भारत को विनिर्माण हेतु निवेश केन्द्र बनाने की दिशा में एक बड़ा कदम है किन्तु हमें जिस चीज़ की आवश्यकता है वह "मेक फोर इंडिया" है न की "मेक इन इंडिया"। आलोचनात्मक विज्ञेपण करें।

'Make in India' initiative is a step towards addressing the laggardness of manufacturing sector of India. It is expected to create jobs commensurate with the rising workforce of India and give a boost to growth and development.

For India to be a global manufacturing hub, it has to provide access along with cheap labour and ease of doing business. Exports attract greater returns and earn forex for the economy. As a result, countries like China, Singapore, Japan and South Korea adopted an 'export driven' economy with secondary sector playing the pivotal role.

India aspires to become a developed country in the shortest span possible with manufacturing being the heart of its growth story. However an 'export led economy' model in the present global scenario may not be an attractive premise

- due to the following reasons -
- fall in global demand with European Union and Japan facing recession
 - existence of big export-oriented players like China who have captured the global markets
 - countries resorting to regional free trade alliances with little scope to entertain outsiders
 - realization towards protectionism protecting indigenous industries even in big players like USA.
 - even export led economies facing a slow down and greatly affected by global scenario

thus in the light of above situation, it would be most reasonable for India to alter its approach and instead focus on 'Make for India' to cater to the 'Indian demand' which in itself is a huge market. Though it may not earn commensurate forex, it would definitely create jobs for Indians and have the following benefits -

- insulation from global crisis and slow down
- ~~the~~ development of hinterlands
- boost the standard of living and income of people.

bring about balanced regional development.

Thus a protracted and
longsighted vision is the need of the
hour for India.

9. Despite being an efficient and cheap means of transport, railway has consistently lost its share of freight to road transport. Enumerate the reasons for the same. How far can the high speed freight corridor help in addressing this issue?

परिवहन का सस्ता और प्रभावी साधन होने के बाद भी, माल-भाड़े में सड़क परिवहन के सापेक्ष रेलवे का अंश लगातार कम होता जा रहा है, इसके कारणों को स्पष्ट करें। उच्च गति माल गलियारा (फ्रेट कॉरिडोर) किस सीमा तक इस समस्या का समाधान करने में सहायता कर सकता है?

Railways in India have been the chief medium of transport for the 'uncomplaining millions', however it has conceded significant space to in freight to the road transport. It is a result of the following -

- higher freight charges as a result of cross subsidisation of passenger fare
- slow movement of goods making them due to use of same track for ~~not~~ passenger and freight
- under-investment and low capacity building have made railways uncompetitive with regard to roads that are funded by both centre and state.
- ~~depr~~ degraded status of bridges, no track renewals and poor signalling leading to accidents and delays.
- Poor connectivity to the mineral rich regions and last mile connectivity to both source of raw material and ports often missing unlike roads that are omnipresent and omniscient.

- a high cost, poor delivery time and low service speed at 25km/hr making freight uncompetitive in global markets.

The Indian Railways have embarked on a series of steps to redress the malaise. Instead of focussing on passenger trains and populist measures, it has sought to streamline itself as reflected in Rail Budget 2015. Also dedicated high speed freight corridors are being built which can address the issues. Steps ~~like~~ below would enhance

the following -

- high speed carriage of freight from hinterland, mineral rich areas, to manufacturing hubs to the ports.
- reduce delays
- rationalise cost of freight
- decongest the roads
- make railway transport competitive.

Thus these are some of the expected benefits from the high speed corridors coming up esp between Dakhuni to Ludhiana, Jawahar Lal Nehru Terminal Mumbai to Dadri, three dedicated lines to Chhattisgarh, Jharkhand and West Bengal.

10. "Recently decline in fiscal deficit has mainly come through reduction in expenditure rather than by the way of realization of higher revenue". Comment. Discuss the challenges in revenue mobilization in India and measures required to address this issue.

"हाल में ही राजकोषीय घाटे में आने वाली कमी, उच्चतर राजस्व प्राप्त करने के तरीकों के कारण नहीं बल्कि व्यय में कमी लाकर प्राप्त की गयी है।" टिप्पणी करें। भारत में राजस्व जुटाने के मार्ग में आने वाली चुनौतियों तथा इस मुद्दे के समाधान हेतु किये जाने वाले उपायों की चर्चा करें।

Fiscal deficit is the difference between the sum of revenue ~~expenditure~~ receipts and non debt creating capital ~~expenditure~~ and the total receipts and the total expenditure of the government. It is a vital parameter to assess the financial state of government and its the choices it makes to run the country. FRBM Act 2003, delineates governments to maintain a fiscal deficit of 3% of GDP. Post expansionary policies since 2009, governments are struggling to reduce their deficit and conform to the provisions of the act to maintain macroeconomic stability.

However in the recent years, governments resorted to ↑ spending on 'Public consumption' than 'public investment'. As a result, it has not been able to build infrastructures and other productive sources of revenue. ~~instead~~ Therefore under pressure to cut down expenditure, governments

are now resorting to cut down spending, including cuts in welfare subsidies vital to upliftment of poor.

Governments need to use expansionary policies to build infrastructure and assets so as to crowd in private sector and pull economy out of slow down. It cannot resort to cutting social security net expenditure, as it is the poor who is most hit during a slowdown. India is facing the following challenges in revenue mobilisation —

- banks, chief financiers of governmental initiatives are reporting NPAs as high as 4.5% of their ~~NPA~~ net assets
- private sector has been overleveraged due to reckless choices and is unable to partner or support governmental initiatives by esp PPP.
- Nascent commercial bond market in the country with low appetite for them among ~~some~~ retail investors
- Mutual funds and insurance companies already roped in to ~~enter~~ invest in PSUs and governmental initiatives.
- a global slowdown, ~~lack of~~ fall in revenue from exports, creating a deflationary pressure - and people ~~to~~ tending

- to wait to see a further fall in prices.
- Weak growth of 1.1% in agricultural sector does not contribute enough revenue.
 - Strapped coal mine allocations and issues of land acquisition, that clearances that further retard any commercial enterprising initiative.
 - High utility tariffs and strict compliance of labour laws, inspector Raj and emphasis on regulation stifle any efforts to expand commercial enterprise.
 - Huge burden of subsidies and catering to welfare expenditure reduce resources with government for investment.

Measures to address the state of affairs -

- reducing structural bottlenecks, deregulating the utilities to function freely, an investor friendly regulatory regime
- providing concessions and stepping up public investment to crowd in the private sector
- Portals like E-biz, shramen sayale as an ICT interface and one stop destination for interaction between government and commercial sector
- Rationalising subsidies and channeling them through Aahar and direct cash transfer.

11. What are Offshore Rupee Bonds? Giving examples, discuss their benefits with regards to mobilisation of resources for domestic sector. Also, comment on their role in internationalisation of Indian Rupee.

ऑफ-शोर रुपया बांड क्या होते हैं? उदाहरण प्रस्तुत करते हुए, घरेलु क्षेत्र के लिए संसाधन जुटाने के संदर्भ में उनके लाभों की चर्चा करें। इसके अतिरिक्त, भारतीय रूपये को अंतर्राष्ट्रीय स्वरूप देने में उनकी भूमिका पर भी टिप्पणी करें।

'Offshore rupee bonds' are issued by multilateral agencies, corporates, international banks to garner resources for investment in India - They are denominated in Indian currency and give interest in rupee to the multilateral agencies who may bear the risk of any depreciation/appreciation in currency and forward the interest to borrowers in dollars.

'Masala Bonds' issued by International Financial Corporation issues bonds in dollars to foreign investors but lends the funds to domestic enterprises in rupees. Also derivative instruments like Participatory notes also are denominated in rupee.

- They have the following benefits -
- internationalisation and greater acceptance of rupee in global markets
 - shows greater confidence world today has in Indian currency and growth story
 - lending agencies absorb risk of any

appreciation / depreciation in value of rupee and Indian corporates don't have to take in the shock

- ~~Brings~~ No risk of any reduction in forex reserves. In fact forex reserves and convertibility issues don't arise

- Brings in valuable funds for investment into domestic market, fuelling growth and development, creating jobs and raising standard of living of the people.

These bonds have led to an increasing acceptance of money. rupees as a medium of exchange. And they have with Indian exports yet to make an impact on global markets, these bonds are an important source of increasing the influence of rupees in the world.

12. Unlike many other countries, small enterprises in India remain small and even shrink. Bring out the factors responsible for such a trend in India. What steps have been taken by the government in this regard?

अन्य कई राष्ट्रों के ठीक विपरीत, भारत में लघु उद्यम लघु ही रह जाते हैं, यहाँ तक कि वे लघुतर हो जाते हैं। भारत में ऐसी प्रवृत्ति के लिए उत्तरदायी कारकों पर प्रकाश डालें। सरकार द्वारा इस सम्बन्ध में कौन-से कदम उठाये गए हैं?

The India small industries sector play an important role in generating employment, creating cheap products and maximising available resources. However these industries have remained small, inefficient and uncompliant for six decades even after independence. Their transition into medium or bigger industries is marred by the following reasons:-

- incentives to stay 'small' - income tax benefits upto ₹ 10 lakh and excise tax redemption upto ₹ 1.5 crores for enterprises where companies these enterprises don't scale up production to draw in any taxes.

- difficult to exit - Exit mechanism are slow, take upto 8 years, with high costs and recovery as low as 20% of assets. Hence these enterprises continue to drag in the market

- irrational and strict labour laws - Enterprises with upto employees more than

100, need to take permission of state to lay them off. states are often disinclined to do so. Hence enterprises deliberately keep their employees low or out of regulatory scanner.

- difficulty to get finance - Big banks, public sector financing institutions are wary in supporting new ventures. They piggy back on private players to finance MSMEs, as a result small enterprises are deprived of much needed cash to expand their operations.

- historical factors - colonial mentality, ~~so~~ historical backwardness of some sectors especially handicrafts, leather, cottage industries have ensured they continue to function in resource crunch, unsafe working conditions and exploit labourers.

The government has rightly recognised the ailments of the small industries sector. It has come up with the following incentives :-

- i) MUDRA bank to refinance MFIs willing to finance the small industries
- ii) cluster or agglomeration approach to bring together many small industries

and provide them with utility, infrastructure access and common interface to interact with government.

- iii) Shram Suridha portal to become compliant and file 16 returns at one place easily.
- iv) ending of dread of niputar raj, making inspections automated.
- v) social security net for unskilled labourers
- vi) schemes like USTTAD and Nayi Manzil to skill and support artisan communities to improve and upgrade their methodologies.
- vii) Export subsidies to cottage industries

Thus these are some of the governmental initiatives to cottage industries to expand their operations and transit from small to bigger enterprises. However sustained and consistent efforts are necessary.

13. How is the newly proposed GST different from the present tax system for goods and services? Examine the benefits that can accrue to the Indian economy with its introduction. Discuss the various issues in the implementation of GST in India.

नवीनतम प्रस्तावित जी.एस.टी. वस्तुओं और सेवाओं के लिए वर्तमान कर प्रणाली से किस प्रकार भिन्न है? इसको लागू करने से भारतीय अर्थव्यवस्था को होने वाले लाभों का परीक्षण करें। भारत में जी.एस.टी. के कार्यान्वयन से जुड़े विविध मुद्दों पर चर्चा करें।

GST or Goods and Services tax is an integrated indirect tax regime that seeks to create a national market and usher cooperative federalism. It is different from the earlier regime as -

- it subsumes central taxes like excise, counterbalancing duty, service tax, cess, surcharges pertaining to goods and services. It subsumes state surcharges, purchase tax, luxury tax, entertainment taxes, VAT etc.

- it is a dual tax regime where both centre and state tax the same goods and services

- it is a destination based, value added point tax collection system where value added is taxed and only ultimate consumers pay the tax.

~~it~~ GST is expected to usher in the following benefits to the people and economy -

- eliminate cascading of taxes
- build a uniform system of taxes for entire country with homogeneous procedures, rules and forms.

- it is expected to streamline compliance and bring in greater revenues for the state
 - ~~to~~ A GST council comprising of central and state finance ministers to set rates after careful examination to eliminate any irrational levy of charges.
 - encourage free movement of goods and services across ~~the~~ country, thus promoting regions to gain specialisation in their strengths and outsource other needs.
 - Benefit for end customer as he gets cheaper products.
 - Boosts exports by making goods more competitive and specialised.
- various issues in the implementation of GST are as follows -
- lack of consensus on taxing petroleum products
 - reluctance on part of state to include alcohol within ambit of GST as it gives lot of revenue
 - trust deficit between states and centre with regard to giving up their taxation powers on sales tax and subsequent compensation by centre.
 - states to lose their power to modify taxes as per their fiscal needs and

see it as an exercise to surrender their fiscal autonomy.

- Oblivion or entry tax to be subsumed by GST has gone down well with the states
- Manufacturing states to become losers since GST is implemented as it is a destination based taxation system.
- ~~to~~ Tobacco another good of contention
- 1% tax above GST for 2 years being demanded by producing states to compensate for loss of CST.
- Above all, lack of will among political parties to cooperate and build consensus in the Parliament.

GST is a transformative indirect taxation reform that would bring Indian system at par with the global system and at the same time enhance compliance, harmonise procedures and integrate ICT into the taxation process. It must be attained through concerted efforts by centre and states.

14. "A new way of measuring GDP created the world's fastest-growing major economy overnight". In the context of India analyse the benefits and concerns raised by the new methodology adopted to calculate GDP figures by the Central Statistical Organisation.

"जी.डी.पी. मापन के एक नए तरीके ने थोड़े समय में ही विश्व की सबसे तीव्र गति से बढ़ रही अर्थव्यवस्था का निर्माण किया।" भारत के सन्दर्भ में केन्द्रीय सांख्यिकीय संगठन द्वारा जी.डी.पी. संबंधी आंकड़ों की गणना हेतु अपनाई गयी नयी प्रणाली के परिणामस्वरूप होने वाले लाभों और उत्पन्न चिंताओं का विश्लेषण करें।

India has shifted from old method of calculating GDP at factor cost to a new method of calculation Gross Value Added (GVA) at market prices to compute its net value of goods and services created in a year. This method has brought Indian method of computation at par with the global method.

Benefits of new method adopted -

- it helps to analyse value added and net cost created from point of view of consumers rather than producers.
- it uses manufacturing data from MCA 21 database that considers enterprise as a unit of operation unlike Annual Survey of Industries data.
- it seeks to include the production of cottage industries as well as the informal sector.
- the method 'mixed income' and 'net compensation'

- instead of analysing the cost of land, labour, enterprise and capital, it resorts to use of pitfalls like compensation, mixed income/operating costs — thus considering the entire purview of economic activities including value added by farm sector.
- also the change of base year from 2004-05 to 2011-12 has been done to take into account the structural changes taking place in the economy and ~~and~~ discard obsolete goods and include new changes in consumer preferences.

Concerns raised by experts with regard to new method —

- it is surprising that though demand for imports fell during the last year, a growth rate of 6.9% is being attributed to 2014-15 instead of 4.5%.
- even as IIP index and net growth in manufacturing sector was below par, the economy registered such high growth.
- even though, the country as a whole saw low investments, low ~~as~~ gross capital formation and ~~the~~ low stalling of growth, the statistics present a different picture altogether.

Thus the new method has led to contradictory conclusions among various experts. However it cannot be denied that the new method by increasing its purview of economic activities gives a more realistic measure of the activities going on in the ~~own~~ economy as a whole.

15. In recent years, savings rate in the Indian economy has witnessed a consistent decline. What are the factors responsible for this trend? How has the composition of savings changed in the last few years? Suggest measures to improve and better channelize household savings.

हाल के वर्षों में, भारतीय अर्थव्यवस्था में बचत की दर में सतत गिरावट देखी गयी है। इस प्रवृत्ति के लिए उत्तरदायी कारक कौन-कौन से हैं? पिछले कुछ वर्षों में बचत की संरचना में किस प्रकार परिवर्तन आया है? घरेलू बचत को बढ़ाने और उसे सही दिशा देने के लिए उपाय सुझाएँ।

Saving rates in India economy have declined from the peak of about 37% in 2007-08. The various factors that have contributed to the decline are —

- high rate of inflation in the last few years esp high fuel and food prices.
- jobless growth eating out sources of income generation for household
- Overleveraged corporate sector on account of internalisation of politics and miscalculation of global recovery scenario.
- Investment by subsequent governments in public consumption rather than generating revenues by public investment and creating jobs
- expansionary policies of governments and freebies putting pressure on government fiscals.

The composition of savings have changed

over the last few years. While there has been a marked fall in corporate savings due to imprudent decisions, the household savings though declined, constitute a major chunk of savings in the country.

Measures to improve and better channelize household savings -

- i) measures like relaunch of small savings instruments like Kisan Vikas patra (double principal in 100 months) can attract households however, interest is taxable which can be done away with.
- ii) Municipal bonds by municipal corporations can be attractive to source in small savings for development of urban infrastructure.
- iii) Gold monetisation schemes to channelise gold deposited in household lockers to financial system in economy. An attractive interest in gold can attract traditional Indian housewives.
- iv) Collective Investment schemes are a principal source of channelising savings of the poor. Regulated CIS can bring in valuable savings of the poor.
- v) Household savings will improve only if opportunities for ~~their~~ income increase.

skilling, Make in India Initiative, Aajeevika scheme in villages are a few initiatives that if pursued will generate better sources of income for marginal households.

vi) Farm sector if made productive will alleviate many a rural households out of poverty and encourage them to save. Soil health card, Krishi Sichai Yojna can help.

vii) better awareness, financial literacy and inclusion through Jan Dhan Yojna and ~~its~~ Bank Sathis can mobilise the untouchable sectors of economy into the financial sector.

Just these are some of the measures to improve household savings, however, consistent perusal by government is needed.

16. Increase in the cap for FDI in Insurance sector to 49% was long due. How is it going to benefit the insurance sector in India? What are main reasons for the opposition to this move?

बीमा क्षेत्र में प्रत्यक्ष विदेशी निवेश की सीमा में 49% तक की गई वृद्धि लम्बे समय से लंबित थी। भारत में बीमा क्षेत्र को इसका लाभ किस प्रकार प्राप्त होगा? इस कदम के विरोध के मुख्य कारण क्या हैं?

FDI increased to 49% in insurance sector will give a boost to its growth in the following way -

- i) availability of greater resource to insurance companies to universalise their presence in economy and invest in developmental projects.
- ii) increase competitiveness and bring in global best practices to the sector.
- iii) Increase from 26% to 49% of FDI will definitely make the sector more attractive to foreign insurance companies in terms of greater returns and chance to influence operations in the sector.
- iv) More diverse range of products will be made available to the consumers like health insurance besides life insurance.
- v) More players will mean greater reach to the last man standing, competitive pricing of insurance products offered and inclination to give better services.

- v) Corporate bond market may get a boost as they will have more sources of ~~inv~~ to get investment.
- ii) The much needed funds to ~~not~~ move stalled projects in need of funding will get be available.

Reasons for opposition to the move-

- i) Often insurance companies have been accused of being exploitative in the west with catering to only the workforce and totally neglecting the aged population and their needs.
- ii) A culture of offering insurance products as a package with employment benefits leave no option for employees who are forced to get enrolled.
- iii) They ~~is~~ Foreign companies will be less sensitive to Indian needs and will be more interested in making profits, leaving the poor devoid of choice to avail insurance.
- iv) The investment and developmental projects in India would be decided as per the preferences of foreign insurance companies investing in them.

Thus, these are small of the opposition to the move. With Atal Pension Yojna, Teenan Tyoti Beema Yojna and Teenan Suraksha Yojna, government has taken an initiative to bring insurance to the poorest of the country. FDI in insurance with its increased ambit can prove to be a milestone for the same.

17. "Dedicated freight corridors have a huge potential to revive the manufacturing sector in the country" Explain. What are the various issues which have slowed down the implementation of these projects?

"समर्पित फ्रेट कॉरिडोर में देश के विनिर्माण क्षेत्र को पुनर्जीवित करने हेतु व्यापक क्षमता है।" व्याख्या करें। इन परियोजनाओं के कार्यान्वयन की गति को धीमा करने हेतु उत्तरदायी कारक कौन-से हैं?

Dedicated freight corridors have been envisioned as dedicated connecting links between manufacturing centres and the ports to speed up movement of goods, reduce costs and make Indian exports more competitive in global market. They are expected to boost the growth in the manufacturing sector which is seeing a fall in global demand and lower prices. The benefits expected are:-

- i) lower freight rates
- ii) connect hinterlands of manufacturing to ports
- iii) make goods competitive in a cheaper global market seeing falling prices
- iv) ~~reduce~~ increase evacuation process at ports and boost the capacity of ports that are centres of EXIM trade.
- v) Declog roads and faster supplies of mineral and coal to industries.

The issues that have slowed down the implementation of the projects are as follows -

- stalled PPP projects that were the main model of investment in the corridor
- overleverage private sector that are unable to garner resources to invest
- rising NPAs in banks and nascent corporate bond market, making it difficult to mobilise investments.
- Issues of land acquisition and adequate compensation.
- Difficulty to get ~~the~~ environmental clearances.
- lack of internal resources with railways to fund investment.

Thus these are some of the structural bottlenecks in the implementation of these projects. However with will shown by Railways to harness multilateral agencies to fund investment (IFC has committed \$1 billion via Masala bonds) and commitment by LIC to funding, the financial issues can be overcome. Yet implementation and timely completion require strict vigil on part of railway ministry.

18. How is the EPC model of investment in infrastructure different from the BOT model? What are reasons behind a favorable push for the EPC model over PPP in road sector in recent years?

अवसंरचना में निवेश का ई.पी.सी. मॉडल बी.ओ.टी. मॉडल से किस प्रकार भिन्न है? हाल के वर्षों में सड़क क्षेत्र में पी.पी.पी. मॉडल की अपेक्षा ई.पी.सी. मॉडल को अधिक महत्व देने के पीछे क्या कारण हैं?

The EPC model stands for 'Engineering Procurement and construction' as opposed to BOT or Build Operate Transfer model. The two models differ in the following respects:-

- i) EPC model is a contract to build the infrastructure right from design to finish. It does not have any operating component unlike BOT.
- ii) EPC model has a predetermined cost for building with small fluctuations if ~~cost~~ ~~at per~~ any in final costs. BOT model, the ~~operat~~ construction company is expected to recover cost ~~to~~ via operating the structure and not to have a prefixed one time payment fee like EPC.
- iii) BOT transfers considerable risk to the future, as recovery of costs depend on operating conditions, user charges and market conditions in future. It is more leaves little space for private sector to make profits as often the government

even sets the user charges for the operation. EPC on the other hand has a pre-determined fee and it leaves space for private company to manage its operations and finances to gain a margin.

iv) BOT method has often run into confrontation with the government. The Mumbai Monorail project led to dispute between Govt. of Maharashtra and Reliance limited on issue of user charges.

v) ~~EPC~~ BOT companies often complain of governmental interference and lack of autonomy in their operations unlike EPC which is an insulated turnkey contract often.

The above reasons show that EPC is a more favourable model of investment than the PPP model that uses BOT, BOOT methods. After stalling of PPP projects on regulatory issues, user charge determination, vandalism of toll plazas, under recovery of costs due to miscalculation of vehicle movement, bad blood between building companies and political activists

and complaints of corruption and gobbling of funds by BOT companies, it is high time governments find alternate investment models. EPC based on its benefits mentioned above can be suitable alternative. However the burden of operating and maintenance will fall on the government or other player outsourced for the purpose.

19. "Unshackling the banks from government control and finance ministry's interference is the only way forward to ensure the long-term revival of nationalised banks." Critically evaluate P J Nayak committee's recommendations to dismantle the government's stakes in nationalized banks.

"बैंकों को सरकार के नियंत्रण और वित्त मंत्रालय के हस्तक्षेप से मुक्त करना ही राष्ट्रीयकृत बैंकों में दीर्घावधिक जीवन संचार करने का एक मात्र मार्ग है।" राष्ट्रीयकृत बैंकों में सरकार की हिस्सेदारी को खत्म करने के सम्बन्ध में पी. जे. नायक समिति की अनुशंसाओं का आलोचनात्मक मूल्यांकन करें।

The Public Sector Banks are the mainstay of governmental fiscal policies to boost growth in the economy and reach out to the last man standing.

However they have often accused government of interference and excessive control to ~~stop~~ meet governmental needs.

The P.J. Nayak Committee's ~~has~~ recommendation with regard to governance of banks is a viable option to redress banks' grievances and give them enough space to make prudent business choices without fear of governmental coercion and regulatory oversight of public agencies. They are:-

- i) to reduce governmental stakes in bank to below 51% but not reduce it government to continue to be majority stakeholder.

It will enable banks to come out of ambit of RTI and oversight of audit and vigilance

agencies, so that they can make national choices on their operating interests and ~~it~~ take decisions fearlessly to support or reject requests of loans.

ii) Bank Board Bureau to make appointments to post of Directors ~~and executives~~ and chairman of banks. They will consist of three members who are chairman or served as chairman of public sector banks (PSBs)

~~it~~ This measure will make sure that only competent people ~~or~~ without any political favour become directors based purely on merit.

iii) Separate post of ~~two~~ CEO and chairman to avoid concentration of powers in one post and give adequate checks and balance to the structure.

iv) Fixed tenure for directors and chairmen ensures ample autonomy to the governing boards who need to not work on quid pro quo terms with the finance ministry

v) A bank holding company to control shares of all banks so that government though reaps dividends, thus not have any control on day to day policy decisions

of the bank.

Thus these recommendations are path breaking in securing greater autonomy for the banks. However the prime aim of banks remain to secure welfare interests and ensure financial inclusion. Adequate measures of accountability can only ensure banks conform to the aims of their nationalisation. ~~Write~~ Thus a balance between ~~auto~~ governmental control and autonomy is the need of the hour to avoid cases like syndicate bank chairman bribery case or reckless lending to Kingfisher airlines by United Bank of India.

20. "Smart grids would make it possible to ensure a stable, reliable, safe and affordable power supply in the country". In light of this statement elaborate the role that can be played by smart grids in solving India's energy problems.

"स्मार्ट ग्रिडों के कारण देश में स्थिर, भरोसेमंद, सुरक्षित और सस्ती ऊर्जा आपूर्ति सुनिश्चित करना संभव हो सकेगा।" इस कथन के आलोक में भारत की ऊर्जा संबंधी समस्याओं के समाधान में स्मार्ट ग्रिडों द्वारा निभाई जाने वाली भूमिका का वर्णन करें।

Smart grid are information and communication technology (ICT) enable power grid system that function in a smart-automated manner using prepaid meters, electronic relays, microprocessor based circuit breakers who create an ecosystem of automated transmission and distribution of electrical power to the end user.

Benefits of using the smart grid technology :-

- i) lower faults > early detection of possible faults and safe isolation of faulty circuit by automated relays, reducing any future case of fire
- ii) microprocessor based systems with a control oversight that makes them reliable and stable.
- iii) prepaid and smart metering to eliminate charges of power theft and illegal connections.
- iv) Reduce transmission and distribution

losses that account for almost 50% of electricity generated by using better cables, underground optical fibres and firm insulators - thus making electricity available to greater number of people at affordable costs.

Role that smart grid can play in economy -

- i) it will significantly reduce energy deficit prevalent in India by reducing the transmission and distribution losses.
- ii) Better recovery of revenues by smart meters can boost the economic state of most state based utility.
- iii) cheaper cost of electricity distribution entails cheaper user charges and enhancing chances of compliance by consumers.
- iv) It will address the unsafe state of and degraded grids and replace them with safer, smart technologies that are efficient as well.
- v) Reduce fire accidents due to short circuit that report 8% loss of life and loss to energy infrastructure in India
- vi) It will promote an environment where governments can put in place a compliant system of revenue collection and a safe reliable service delivery to consumers.

Thus these are some of the benefits that smart grids can bring if implemented. Though the governments have to make enough fiscal space for initial high ~~cost~~ cost of investments, it will definitely accrue sustainable and higher returns while addressing the energy cost of the country.