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GENERAL STUDIES (TEST CODE : 1234)

Name of Candidate	RAHUL GOEL		
Medium Eng./Hindi	English	Registration Number	122982
Center	ORW	Date	03/08/19

INDEX TABLE

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

Total Marks Obtained:

Remarks:

INSTRUCTIONS

1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
2. There are **TWENTY** questions printed in **ENGLISH & HINDI** इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3. **All questions are compulsory.**
सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
5. Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other than the authorized one.
प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे।
6. Word limit in questions, if specified, should be adhered to.
प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

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

EVALUATION INDICATORS

1. Contextual Competence
2. Content Competence
3. Language Competence
4. Introduction Competence
5. Structure - Presentation Competence
6. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

1. Explaining the reasons behind India's lower female labour force participation rates (LFPR), list the steps that have been taken to augment it. What more needs to be done? **(150 Words) 10**

भारत की निम्न महिला श्रमबल भागीदारी दर (LFPR) के पीछे उत्तरदायी कारणों को स्पष्ट करते हुए, इसे बढ़ाने हेतु उठाए गए कदमों को सूचीबद्ध कीजिए। साथ ही, बताइए कि इस दिशा में और क्या किए जाने की आवश्यकता है?

Ans

Urban area have a labour force participation of female at 18% & in rural area it is 28%. It is

prohibited if all women join labour force, GDP will increase by 50%.

Reasons

Urban Rural

- ↳ Social patriarchy → which forces women to stay & home & ensure male domination
- ↳ Lack of land rights for farming women leading to their recession from cultivation
- ↳ Education is not encouraged & child marriage is prominent in rural areas
- ↳ Poor health markers leading to non participation.

Urban

- ↳ Lack of opportunities i.e. well paying jobs

- Sexual harassment deterring families from sending
their ~~own~~ daughter to jobs.
- Education is well respected in marriage market
- High income family don't want their daughter a daughter
in law to work.

Steps taken.

- 1) Beti Bachao, Beti Padhao to educate girls
- ↳ Forest right & ~~land~~ land ownership along with house in
name of women
- ↳ Maternity Benefit scheme for women in urban area
- Prevention of Sexual Harassment at work place

→ more needs to be done.

- Gender sensitive curricula
- training of officers for implementing laws
- Stopping sexual harassment
- Efficient justice delivery

2. Parliamentary scrutiny over public finance is an important aspect of governmental accountability. In this context, discuss the role, importance and challenges in establishing a Parliamentary Budget Office (PBO) for effective oversight of budgetary process. **(150 words) 10**

लोक वित्त की संसदीय संवीक्षा सरकारी जवाबदेही का एक महत्वपूर्ण पहलू है। इस संदर्भ में, बजटीय प्रक्रिया की प्रभावी निगरानी हेतु संसदीय बजट कार्यालय (पार्लियामेंट्री बजट ऑफिस: PBO) की भूमिका, महत्व और उसकी स्थापना में आने वाली चुनौतियों पर चर्चा कीजिए।

Ans

Parliamentary system of government on basis of Article 74 ensures collective responsibility of executive to legislature. Parliamentary scrutiny of over public finances

1. Parliamentary Committees - Public Account Committee, Estimates Committee

2. Departmental Committees

3. Passing of budget

Parliamentary Budget office -

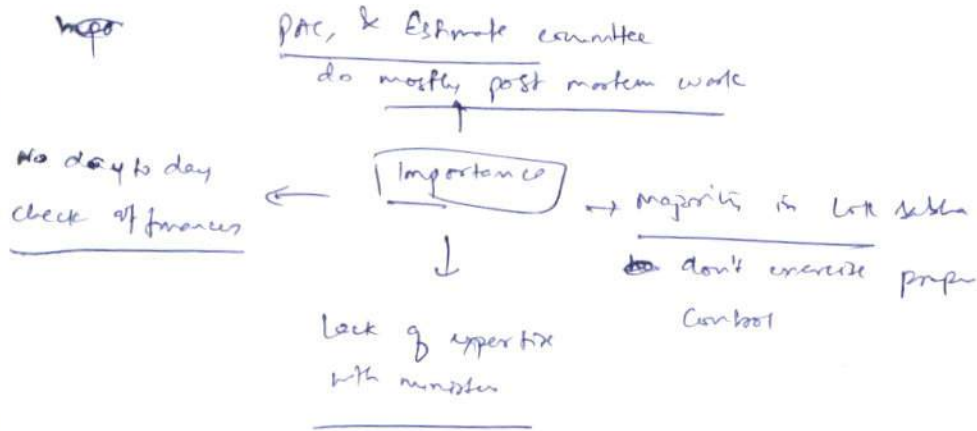
Role

→ To scrutinize public expenditure before passing of budget

→ To scrutinize the expenditure while spending

→ To ensure the economics of expenditure

→ To ensure responsibility of executive.

~~Q.2~~Challenges.

- It will undermine executive too much.
- Day to day interference may hamper governance
- Minister may neglect such committee
- Experts may neglect the impact of local demands
- Everything monetary could be only target based i.e. to reduce fiscal deficit

But the Parliamentary Budget office is necessary
to ensure public scrutiny but challenges should also be

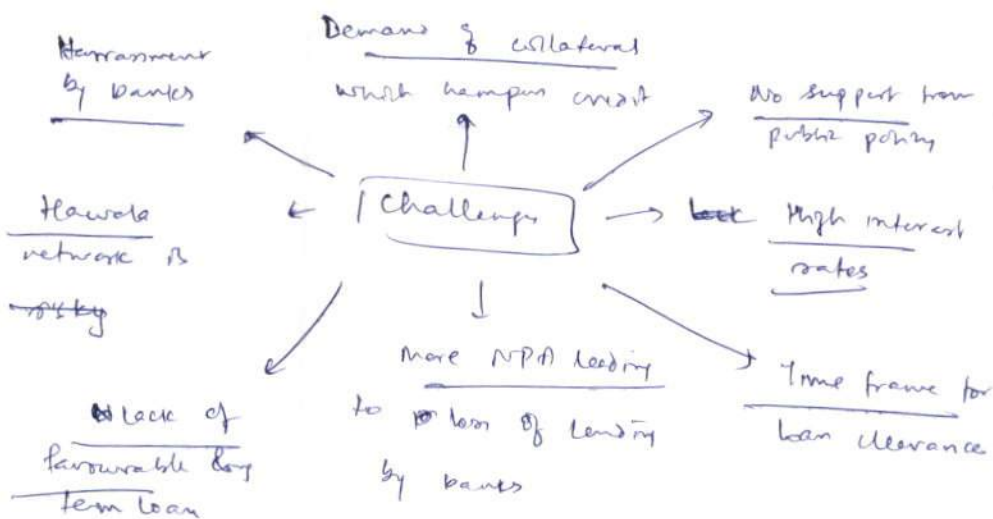
addressed

3. Highlight the various challenges faced by MSMEs in accessing credit. Also, mention some of the recent steps taken by the government and RBI to address this issue. **(150 words) 10**

ऋण तक पहुँच स्थापित करने में MSMEs द्वारा सामना की जाने वाली विभिन्न चुनौतियों पर प्रकाश डालिए। साथ ही, इस समस्या का समाधान करने के लिए सरकार और RBI द्वारा हाल ही में उठाए गए कुछ कदमों का उल्लेख कीजिए।

Ans

~~MSME~~ MSMEs refer to micro small & medium enterprises in terms of output or turnover. They employ more than 80% of all employees & access 33% of all credit of market.



Recent steps-

Government-

→ ~~100~~ loan in 100 seconds by government to increase

been available

→ ^{Receivable} Trade ~~dis~~country system for faster clearance of
invoiced of exports.

→ Samadhan & Samarth for public procurement &
procurement redressal for MSMEs

→ Credit linked subsidy scheme to reduce ~~interest rate~~
& need of collateral

→ MUDRA scheme for micro enterprises

→ Reduction in tax to 25% for 400 crore so that more
investment.

RBI

→ ~~to~~ Delayed provisioning of loans to MSMEs

→ PCA framework to resolve NPA crisis

→ Shastri Plan of Asset Liabilities Committee to resolve bad
loans.

starting with listing on stock exchange, favourable

agreement on loan terms, MSMEs can be driver of India's growth.

4. By rebalancing project risks between the public and private sectors, the HAM model has encouraged investments in the road infrastructure sector. Discuss. (150 words) 10

सार्वजनिक और निजी क्षेत्रों के मध्य परियोजना जोखिमों को पुनर्संतुलित कर, HAM मॉडल ने सड़क अवसंरचना क्षेत्रक में निवेश को प्रोत्साहित किया है। चर्चा कीजिए।

In

Investment in infrastructure sector are rised with issues such as operational risk, credit risk & market risk.

Hybrid Annuitiy model address the credit risk part of the investment.

Features

- 1) Government will pay 40% of cost upfront.
- 2) Next 60% will come along with completion of project in form of annuitiy
- 3) Mostly in road sector
 - 1) Shares the credit risk between the public & private sector as compared to BOT model where credit risk is on private sector side.
 - 2) Market risk is also addressed as government could push to create market.

→ operational risk is taken by the operator:

→ lead to faster delivery & efficient project completion.

More issues

→ It is ~~mostly~~ now only in road sector & being tried for

Varanasi & Haridwar sewage treatment plants. Needs to be expanded.

→ Secondly, to attract more investment, the issue of operational risk needs to be addressed.

→ Technical expertise & P&G from public clearance needs to be ^{an} single window.

IFAM model has been a harbinger of change

in investment sector. ~~with~~ with recent projects like Sagarwale &

Bharatwale Harajogane it is a right step to boost target of

100 ^{lakh crore} ~~lakh crore~~ infrastructure in 5 years.

5. In view of the growing significance of FinTech innovations, discuss the potential and challenges of mainstreaming FinTech in Indian economy.

(150 words) 10

फिनटेक (FinTech) नवाचारों के बढ़ते महत्व को देखते हुए, भारतीय अर्थव्यवस्था में फिनटेक को मुख्यधारा में लाने की संभावनाओं और चुनौतियों पर चर्चा कीजिए।

Ans

FinTech innovation refer to innovation in delivery of financial services using technology such as

BTM, UPI, Paytm, Google Pay, NEFT, RTGS etc. India

current has more than 1 billion transaction in 2018.

Potential:

↳ Large number of service startups which could lead the way.

↳ Growing technical expertise & boost by government could also propel.

↳ Large number of financially excluded area & people show potential to bring them into the fold.

↳ Low banking penetration gives us huge opportunities.

↳ WhatsApp has more than 10 crore users in India.

and can be used to leverage the technology

→ Increasing network connectivity via Bharat net would
also aid the e-governance program

→ Accelerate & move towards DBT

Challenges-

→ Lack of technology infrastructure in rural areas

→ Digital divide & illiteracy for using these technologies

→ Trust issue of people, i.e. believe in hard cash based economy

→ Large unorganized sector to be tough to brought into its fold

→ Poor data privacy regulation

Way forward-

→ Implementing Srikrishna Committee report on data privacy

→ Building trust via awareness

→ Encouraging startup in this area

6. With India striving to achieve its development objectives, examine how blue economy can help in pursuing the objectives of economic development and ecological sustainability. (150 words) 10

भारत द्वारा अपने विकास उद्देश्यों को प्राप्त करने के प्रयास में, परीक्षण कीजिए कि किस प्रकार नीली अर्थव्यवस्था आर्थिक विकास और पारिस्थितिकीय संधारणीयता के उद्देश्यों को प्राप्त करने में सहायता कर सकती है।

Ans

Recently, PM Modi announced the goal of

India to be a \$5 trillion economy by 2024. A big part

of this form the infrastructure & blue economy.

Blue economy refer to economic activities related to ocean & seas such as shipping, fishing, aquaculture, mariculture etc.

Blue economy & Economic development.

→ maritime & fishing could boost agricultural growth.

National policy on Aquaculture could boost it.

→ shipping ^{transport} industry is way cheaper than road & rail

transport ^{massively} freight transport.

→ Inland water way in India is via National Waterways

could give a fillip to domestic economy by connecting

inland area like Varanasi to Kolkata port.

→ It will automatically lead to infrastructure development &

jobs in form of ship building & more fishing.

Blue economy & Ecological Sustainability

→ ~~Kuttanad~~ ^{Kuttanad} farming is way forward for a sustainable & adopt to nature

→ Shipping is ^{less} ~~low~~ polluting as compared to equivalent ^{trucks} ~~trucks~~ & jets

→ fishing sustainably could result in long term profits

→ Due to large water area, more avenues to store

Carbon via aquaculture can be addressed.

Recently first conference in Kenya was held on

Blue economy - This is the way forward to bring it into mainstream.

7. Despite many advantages associated with Electric Vehicles, there are many technical and commercial challenges for mainstreaming them. Discuss.

(150 words) 10

इलेक्ट्रिक वाहनों से संबद्ध कई लाभों बावजूद, उन्हें मुख्यधारा में लाने के मार्ग में कई तकनीकी और व्यावसायिक चुनौतियाँ हैं। चर्चा कीजिए।

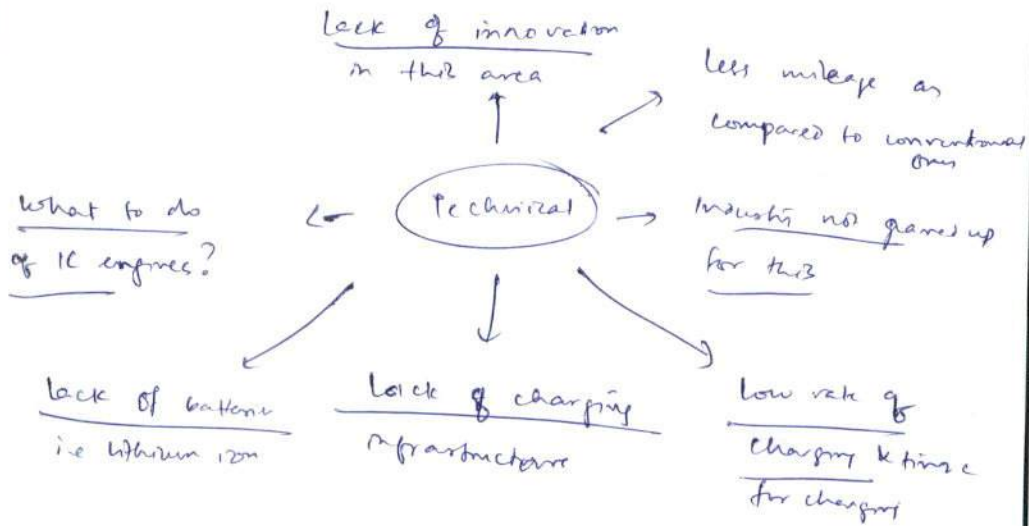
Ans

Recently in 17th Lok Sabha budget, finance minister introduced ^{interest free} ~~interest free~~ loan upto 1.5 lakh to give boost to electric vehicle. NITI Aayog also proposed to convert 30% of all vehicle to electric by 2030.

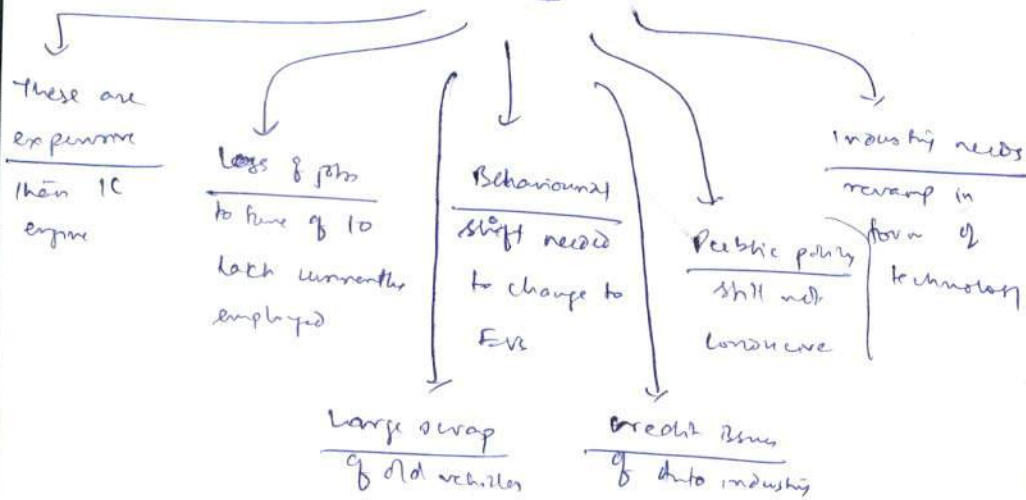
Advantages.

- ↳ ~~Limit~~ ^{Limit} pollution as no consumption of fossil fuel.
- less fuel import → less foreign exchange spent
- Renewable energy through sun increases → tariff reduces → GHG reduces → ^{halts} ~~stops~~ climate change
- New manufy for skilled jobs & innovation
- Cheaper than conventional mode of transport
- less energy consumption i.e. better mileage for same amount of energy.

challenges:



Commercial



Way forward:

- > with phases like FAME II & it will surely get a boost
- > Starting with public transport will be right way forward.

8. A rapidly changing economic structure and demography require a comprehensive employment policy to address the multitude of challenges that might arise in future. Discuss in the context of India. **(150 words) 10**

तेजी से बदलती आर्थिक संरचना और जनसांख्यिकी को भविष्य में व्युत्पन्न हो सकने वाली अनेक चुनौतियों से निपटने के लिए एक व्यापक रोजगार नीति की आवश्यकता है। भारत के संदर्भ में चर्चा कीजिए।

Ans

Indian economy from 1991 onwards have shifted

directly to service sector from agriculture by passing the
manufacturing sector. ~~from~~ ~~make~~

changing economic structure & demography.

→ More growth to be employed -

→ Manufacturing sector although boosted by R & technology
& capital intensive

→ low skill level for employment & lack of jobs.

→ Lack of education & social skills

Employment policy need

→ to run in long term work force to generate
employment

→ To secure jobs in time of technology intensive
factors

- To ensure social security for workers
- To encourage labour intensive industries
- To give boost to gig economy which is new form
of self-employment
- To make export intensive industries.

It also needs to look out for future challenges.

→ Industry should not be a hindrance to changing climate
it should not be polluting, so employment in only
environmentally sustainable industries.

→ High skill jobs will be needed in future, so it needs to have
a auto skilling program in every 10 years or so

→ ~~social security & pension will change form from paper~~

→ migration & urbanization will also rise so it should also have
social security & housing provision.

Code on wage bill & industrial relations

step in right direction but scaling needs to be ramped up.

9. Examine the need for a comprehensive policy on e-commerce in view of its domestic expansion as well as safeguarding India's interests globally.

(150 words) 10

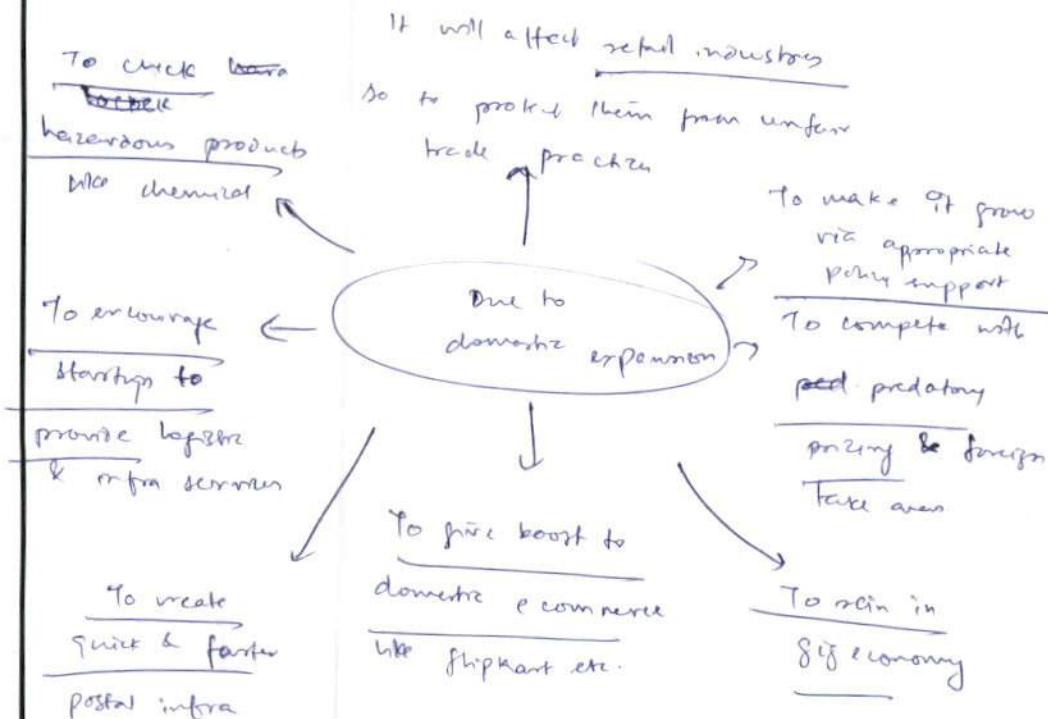
ई-कॉमर्स पर एक व्यापक नीति की आवश्यकता का इसके घरेलू विस्तार के साथ-साथ वैश्विक स्तर पर भारत के हितों की सुरक्षा को देखते हुए परीक्षण कीजिए।

Ans

E-commerce come in two formats → inventory & marketplace model. The government had permitted 100% FDI in market place model whereas no FDI in inventory model.

FDI in market place model whereas no FDI in inventory model.

Need for policy on e-commerce.



~~To~~
To safeguard ~~global~~ India's global interest.

↳ To prevent ~~hostile~~ ^{hostile} takeover by foreign MNCs.

~~Well known~~ to share flipkart.

↳ To prevent huge FII flows so as to curb
foreign exchange drainage

↳ To prevent flow of data outside India which ~~can~~ can be
be dangerous

↳ To give foreign country hold over India's strategic economic
choices.

↳ To prevent dumping of hazardous product from China etc.

↳ To use it as a bargaining tool in diplomacy

~~Retail~~ policy on e-commerce needs to
be all inclusive due to its promising market which India
gives fairly into account retail as well consumer.

10. Discuss the need for deepening bond markets for Indian economy. Also, identify the reasons behind weak development of bond market in India.

(150 words) 10

भारतीय अर्थव्यवस्था के लिए बॉण्ड बाजारों को व्यापक बनाने की आवश्यकता पर चर्चा कीजिए। साथ ही, भारत में बॉण्ड बाजार के अल्प विकसित होने के कारणों की पहचान कीजिए।

Ans

Bond market is capital market which operates for long term loan in time of more than 10 years for investment purpose.

Need for deepening bond market

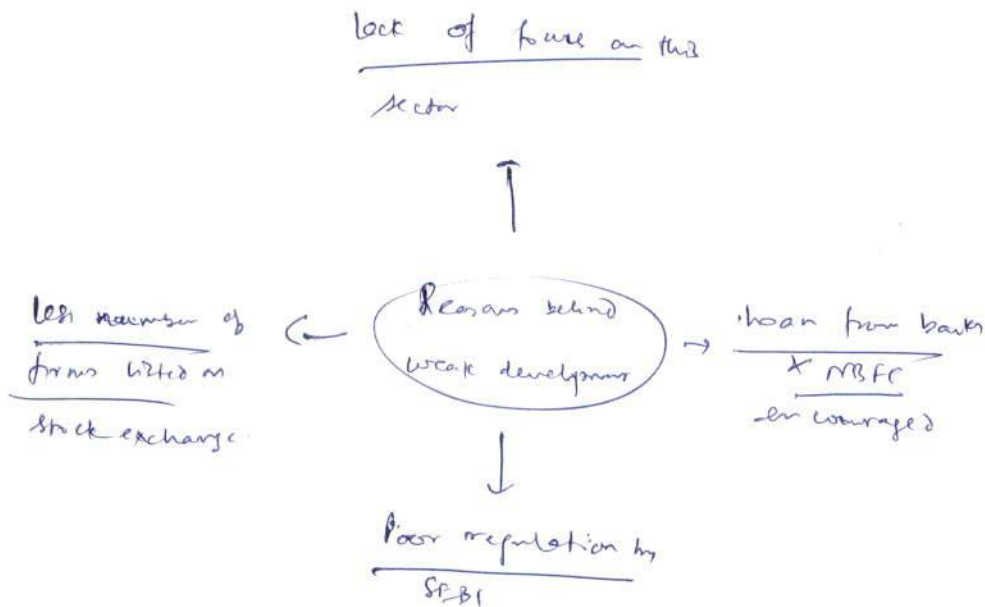
→ Asset liability mismatch of banks i.e. short term loan for capital (long term) purpose

→ Not developed bond market ~~attract~~ doesn't attract foreign investment

→ Industry needs to be multinational then need to raise capital via bonds

→ low depth i.e. transaction volumes currently so need to develop it more

→ only government bonds have good hold over market



with SEBI mandating 25% of capital to be
raised via bonds in ~~next~~ from this year onwards, it is
a much needed step to deepen & strengthen bond market.

Way forward:

→ Better oversight from SEBI & RBI

→ ^{high} ~~low~~ bond coupon rates

→ Overseas ~~investor~~ listing will boost it

11. In the context of IL&FS crisis, explain the risks that the economy faces due to laxity in the regulation of the Non Banking Financial Companies (NBFCs).

(250 words) 15

IL&FS संकट के संदर्भ में, गैर-बैंकिंग वित्तीय कंपनियों (NBFCs) के विनियमन में शिथिलता के कारण अर्थव्यवस्था के समझ आने वाले जोखिमों की व्याख्या कीजिए।

Ans

IL&FS crisis of 2018 happened in banking sector

due to poor regulation, account mismatch & negligent reviewing.

the crisis.

→ IL&FS defaulted the payment of loans it has taken to invest ~~in~~ in infrastructure projects.

→ ~~IL&FS~~ This led to catastrophic loss of trust in NBFCs such as Swaminarayana Bank & others.

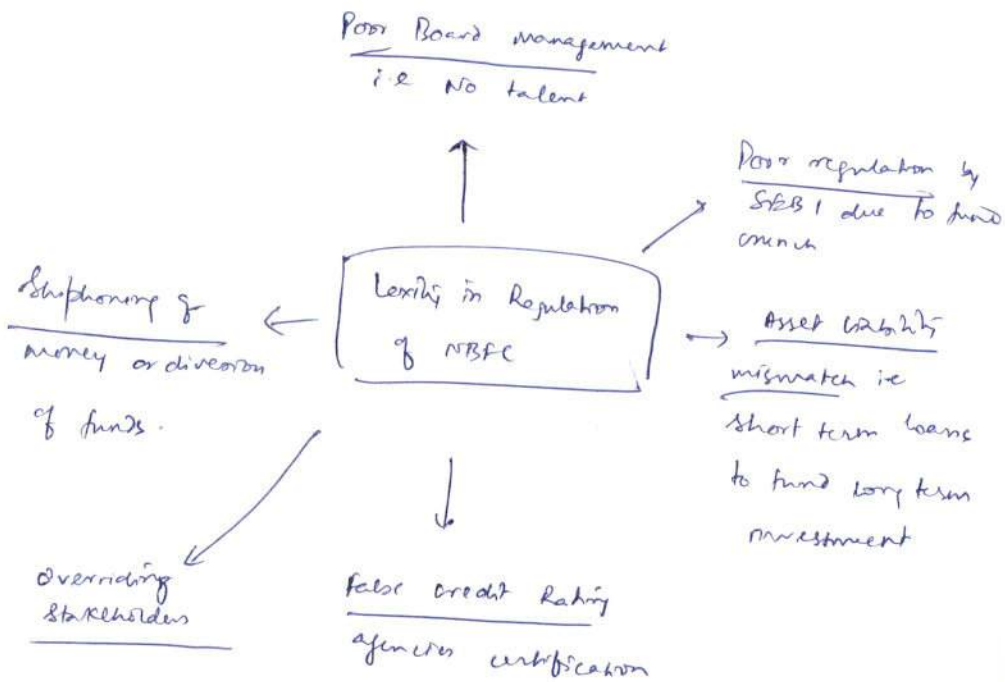
→ led to liquidity crunch, & hence the crisis.

NBFCs.

NBFCs are non banking financial corporation which do not accept demand deposits & but ~~are~~ investors who ~~also~~ give loans & invest in infrastructure projects. IL&FS was

Systematically important ~~non~~ core investment company NBFC.

- * They don't have paidup capital more than 500 crs.
- * They don't invest in stocks etc.



Crises the economy faces:

↳ liquidity crunch → As when NBFC can't repay, the banks will have no money to lend further.

↳ NPA crisis → Mounting NPA (non performing assets).

pushing banks into Prompt Correction Action framework of RBI

↳ Outflow of FII & FPI → with lottery investor trust, the foreign investors would pull out money

→ Rupee exchange rate ~~fall~~ turbulence - due to uncertainty in the market people may invest or not

→ Falling Bond prices - due to loss in trust in economy

→ may lead to inflation - As the banks won't lend more and consequentially ~~hyper~~ inflation for general people

→ Diversion of funds into non profitable assets like Golds.

Government ~~over~~ superseded the board of IL & PS. to restore

investor confidence. way forward

* Auditing by outside agencies via SEBI & ICAI

* Separate credit rating to minimise influence

* strict board management & compliance.

12. What do you understand by Universal Basic Income (UBI)? Discuss the advantages that it presents over the existing social protection schemes in India. Also, identify the criticism associated with the idea of UBI for a country like India. (250 words) 15

सार्वभौमिक मूलभूत आय (यूनिवर्सल बेसिक इनकम: UBI) से आप क्या समझते हैं? भारत में वर्तमान सामाजिक सुरक्षा योजनाओं की तुलना में इसके द्वारा प्रस्तुत किए जाने वाले लाभों की विवेचना कीजिए। साथ ही, भारत जैसे एक देश के लिए UBI के विचार से संबद्ध आलोचना की पहचान कीजिए।

Ans

Recently Universal Basic Income idea was doing rounds in the news. As the world says it's a universal minimum income for everybody in the country i.e. rich or poor, men or women, old or child everybody, and the amount is same as well.

Features:

- * It is for all. & a form of direct cash transfer
- * A basic amount is provided directly to beneficiary
- * It may enter market & bank services.
- * It increases disposable income.

Advantages over existing social protection scheme.

- | <u>UBI</u> | <u>Possible</u> | <u>Existing schemes.</u> |
|---|--|--------------------------|
| 1) It is a <u>direct cash transfer.</u> | 1) It comes to <u>deliver services</u> | |
| Like hard <u>cash money.</u> | 1) <u>Such as pension etc.</u> | |

i) It increases choice of
spending

ii) Especially for women when
they get money, they spend
on children

iii) It is compensated.

iv) It will increase disposable
income.

v) Identification of beneficiary
no issue.

vi) Can have high fiscal
pressure or port finance.

vii) mispending in alcohol may
waste entire money

viii) Violence on women for
money

ix) Systematic issues

i) These services may be
optional but no choice to
consumers.

ii) women centre schemes may
not be accessible due to
family of La & Shy.

iii) It has selected target groups
of ~~PDS~~ Ayushman Bharat.

iv) It don't increase disposable
income except cases like MGNREGS

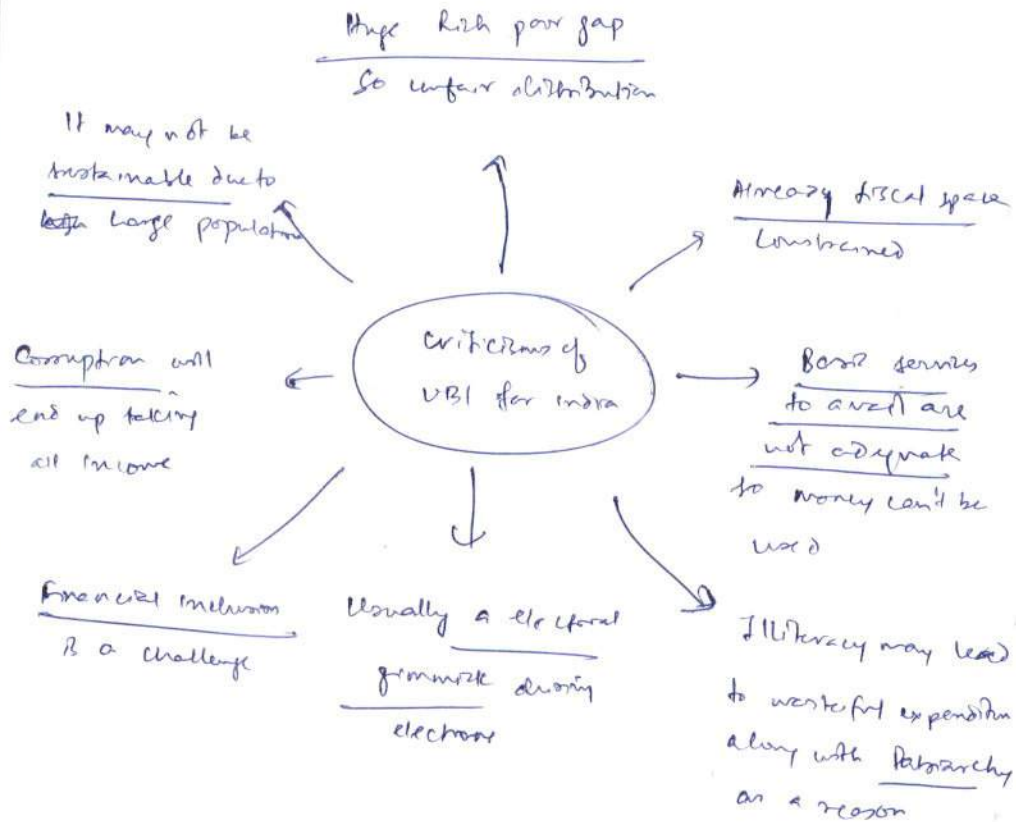
v) often mis targeted of
PDS

vi) Adjusted clearly by merging
with other schemes.

vii) No chance of wasteful
expenditure.

viii) it may curb even violence
with maternity benefit
program.

ix) usually ended when target
achieved.



Why forwared

- Rythue Banshu & PM Kisan Samman Nidhi are good schemes to temporarily aid farmers.
- more schemes to cover low workers like maid on line of PM, shaw dan Mojane
- Quasi UBI i.e based on poverty line could be forwared.

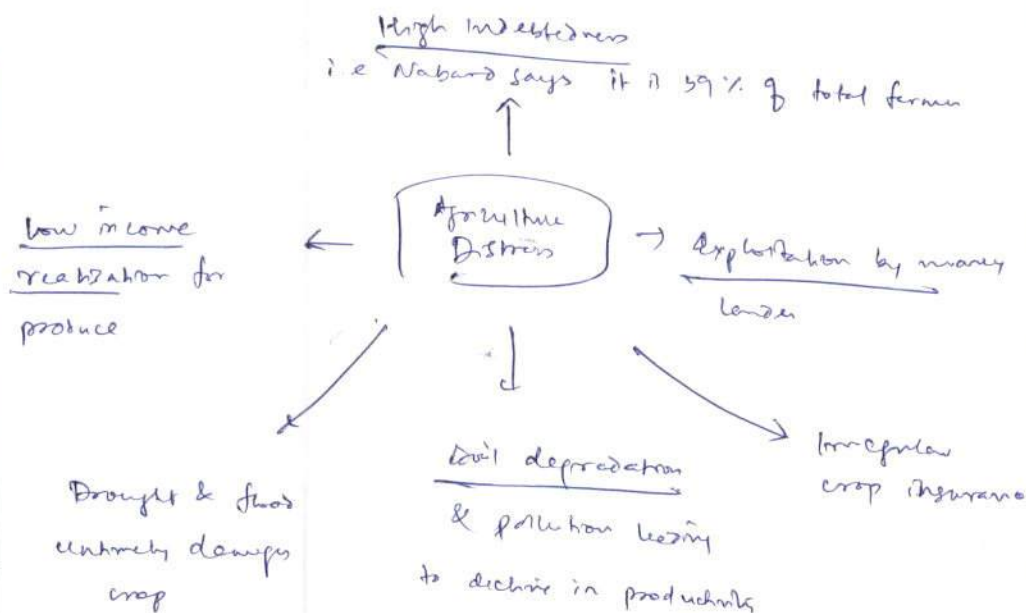
13. Critically examine the practice of resorting to farm loan waivers as a means to alleviate agricultural distress. (250 words) 15

कृषि संकट को कम करने के एक साधन के रूप में कृषि ऋण माफी का सहारा लेने की प्रथा का समालोचनात्मक परीक्षण कीजिए।

Ans

Farm loan waiver has been announced nationwide in 2008 and 1998. In states, although it goes on regularly, it has become more of an electoral gimmick rather than action towards helping farmers.

Agriculture contributes nearly 18-20% of GDP today with more than 60% of labour force. It is in huge distress.



Farm loan waiver is positive.

⇒ Impact on farmer

→ It relieves him of agricultural debt hence increasing
Capacity to take risk.

→ It prevents suicides which are mainly due to indebtedness

→ It sometimes aids ^{in case of} failure of crop insurance scheme.

⇒ on fiscal.

→ Banks balance sheet cleanup leading to more lending

→ Encourages more institutional financing.

→ Short term measure but long term relief from indebtedness.

Farm loan waiver alternative.

on farmer.

→ It helps mainly big farmers.

→ NOT all farmer take loan from banks, mostly from money lenders.

→ Disturbs credit culture i.e. repayment of credit cycle.

→ A temporary ^{package} ~~package~~ to agriculture Bns.

on fiscal.

→ High fiscal pressure resulting in cutting of expenditure in other schemes

→ Banks may not lend to defaulting farmers.

→ People borrow just before election resulting in mis managing.

Farm loan waivers to solve agricultural crisis needs to

be innovative →

i) Kerala has a loan repayment set which covers money lender.

ii) schemes like Rythu Bandhu & Kalya could help in increasing disposal income.

iii) Move towards zero Budget natural farming needs to be encouraged

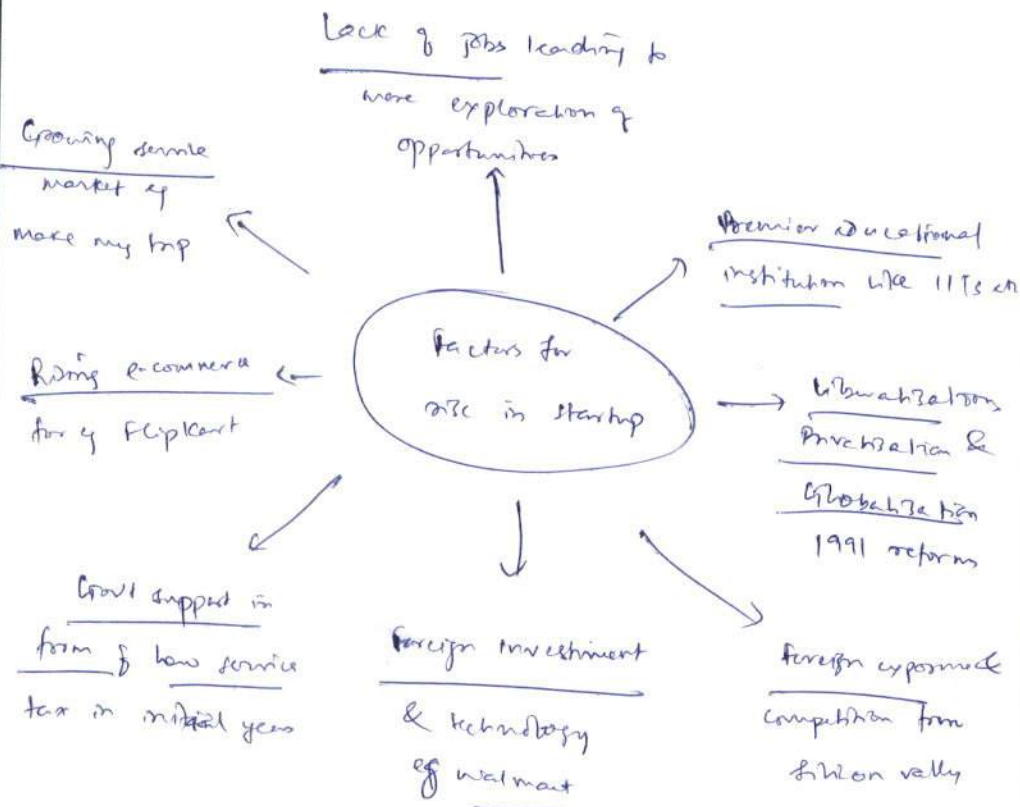
iv) M.S. Swaminathan formula for MSP needs to be adopted.

14. Highlight the factors responsible for rise in the number of start-ups in India in recent years. Analyzing the challenges in the existing start-up ecosystem, suggest some measures to resolve them. (250 words) 15

विक्रम वर्षों में भारत में स्टार्ट-अप की संख्या में वृद्धि के लिए उत्तरदायी कारकों पर प्रकाश डालिए। वर्तमान स्टार्ट-अप पारिंत्र की चुनौतियों का विश्लेषण करते हुए, उनका समाधान करने हेतु कुछ उपायों का सुझाव दीजिए।

Ans

Currently India is one of the fastest growing market for startups in India. with rising population, literacy & skills, startup as a form of self employment & an rise of CCD, Minimize etc.



Challenges

- Very high failure rate due to capital issues and funding of 1 out of 10 succeeds.
- lack of growth due to lack of expertise in startup professionals due to improper skills
- Issues like Angel tax which create regulatory burden
- Issue of office space due to high land rates
- Indian social mentality of job security & craze for government service.
- Inadequate policy support & platform which hinder growth
- High taxation & arbitrary regulation on services.
- Most are service based requiring good technical expertise & not labour oriented.
- Buy purchased by foreign MNCs.

Measures to resolve them:

- ↳ Removing angel tax issue and finding other way to
reduce curb on ho of block money.
- ↳ Providing incubation space & support through IITs, NITs
etc.
- ↳ Providing tax incentives & avenues for listing on stock
exchange to raise capital
- ↳ Making system more end-user by raising awareness on
startups.
- ↳ Promoting labour intensive startups for employment
generation.
- ↳ Opening avenues like space & defence for their growth.

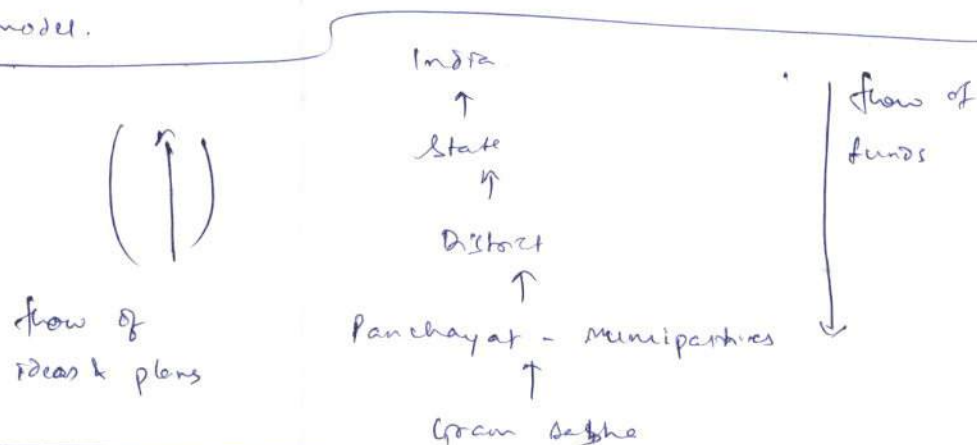
~~Way forward~~

With schemes like Startup India, Standup India,
NITI aayog's women entrepreneurship forum, especially for
marginalised sector, startups have got a boost but a long way to
go.

15. Discuss the idea of participatory budgeting and its significance for India. Also, identify the challenges in mainstreaming participatory budgeting in India. **(250 words) 15**

पार्टिसिपेटरी बजटिंग के विचार और भारत के लिए इसके महत्व की विवेचना कीजिए। साथ ही, भारत में पार्टिसिपेटरी बजटिंग को मुख्यधारा में लाने के समक्ष आने वाली चुनौतियों की पहचान कीजिए।

Ans - Participatory budgeting refers to budgeting of schemes & projects for welfare & growth in a bottom up model.



Features of participatory budgeting

- Bottom up approach for planning starting from Gram Sabha
- Starts - Takes local needs into factor
- Better utilization of resources
- People targeted targeted planning

Significance

- ↳ With more than 4 lakh villages, top down approach cannot take care of all needs
- ↳ Growing disparities between regions & rise region demands region based scheme
- ↳ Pockets of area like tribal area & schedule area have diverse needs
- ↳ To make administrator accountable when people are part of it they will be more aware
- ↳ Budgetary allocation often mistargeted & insufficient to take care of local needs
- ↳ Middleman issues & corruption hamper local growth
- ↳ Auditing will be easier in form of social audit
- ↳ It will improve transparency in public information & works.

Challenges in mainstreaming participatory budget

- * Centralisation of power of centre with respect to state & of state with panchayats
- * Lack of funds, function & functioning to decide on the program
- * Dominance by a few caste groups results in virtual exclusion of lower caste & marginalised
- * Attitude of Bureaucracy i.e. "we know all" attitude
- * Lack of funds i.e. at central level because of large number of demands
- * Weak social equality & justice delivery.

with 73rd & 74th amendment & program like

Rashtriya Gram Swarajya Abhiyan, efforts have been made

towards this but more needs to be done in form of

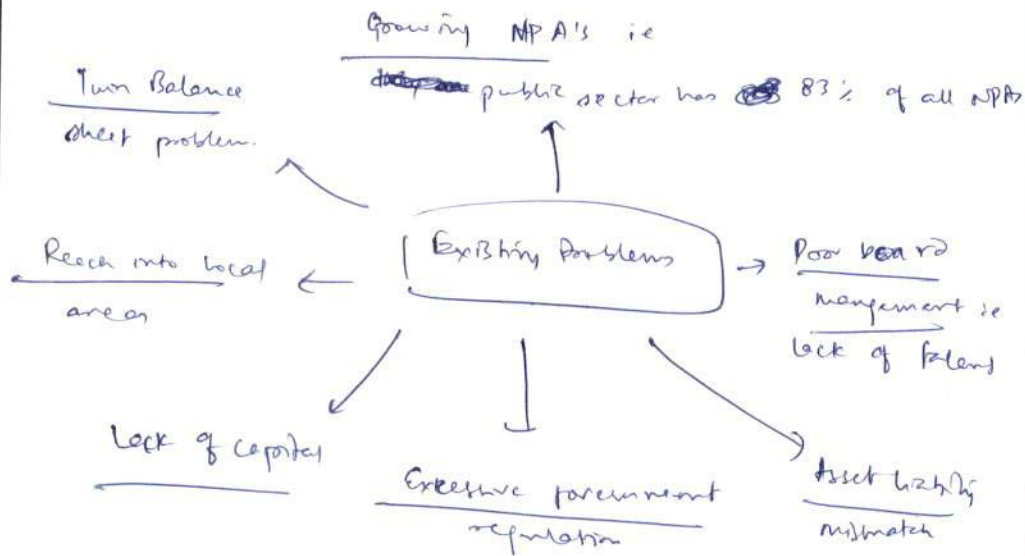
using e-governance & technology.

16. Can the consolidation of banks help in stemming the existing problems in the banking sector? Discuss. (250 words) 15

क्या बैंकों का समेकन बैंकिंग क्षेत्रक में वर्तमान समस्याओं से निपटने में सहायता कर सकता है? चर्चा कीजिए।

Ans

Recently, in 2017 SBI was merged with
5 SBI's banks. In 2018, Bank of Baroda, Dena Bank
& Vijaya Bank were merged on basis of Alternative
Mechanism.



Consolidation of banks positive.

↳ It will reduce NPA by merging of good banks
& bad banks

- ↳ It will introduce scale of operation, newly merged BOB bank will be third largest in country
- ↳ It will rationalised work force & increase efficiency
- ↳ It will increase penetration of ~~banks~~ banks in areas unreached.
- ↳ With merger & consolidation, better management could be brought
- ↳ Improved prudence in lending & investment
- ↳ Better capital infusion to stem NPAs & pull bank out of PCA framework.

~~But this is~~

But more is needed - apart from consolidation

- ↳ Individual NPAs need to be brought down.
- ↳ Bank Board Bureau appointments for all banks

- Motivating people to join banking sector to attract talent by higher salaries
- Separating credit rating agencies to curb the credit rates which are usually influenced
- More stricter regulation to curb siphoning of funds & corruption
- More stricter audit to prevent issue like PNB fraud.

Way forward:

- Recommendation of PT Nayak committee to reduce ~~share~~ share of government below 50% could be implemented
 - Approval need of Birlo ~~Bank~~ Committee
 - * to recruit more independent directors
 - * Increase pay
 - * Alert stakeholders regularly
- could be implemented.

17. There is a high cost of compliance as well as complexities associated with existing labour laws at centre and state levels. Discuss. What steps have recently been taken by the central government to address these challenges? (250 words) 15

केंद्र और राज्य स्तरों पर वर्तमान श्रम कानूनों के साथ अनुपालन की उच्च लागत के साथ-साथ जटिलताएँ भी जुड़ी हुई हैं। चर्चा कीजिए। इन चुनौतियों से निपटने के लिए केंद्र सरकार द्वारा हाल में क्या कदम उठाए गए हैं?

Ans

There are more than 40 laws on labour

itself in the central statute book on wages, industrial

relations, dispute & social security, and occupational safety.

This automatically leads to high compliance cost & complex process.

High cost of compliance & complexity.

→ large ~~more~~ number of laws

→ outdated from times of 1950s to

→ focus more on worker & no balance between employer & employee

→ Plethora of legislations & codes to regulate business

→ various department for removal of clearances

→ Corruption is also rampant.

→ Labour unionism hampers business.

Way needed → labour law consolidation.

→ To raise skill level of workers

→ To change laws to incorporate effect of technology

→ To make more investor friendly & labour secure

→ To consolidate them

Recent steps

→ Code on wage bill

→ Code on Industrial Relation

→ Code on Occupational Safety

→ Code on Social Security

→ Petroleum & Explosive safety organisation (PESO)

→ Ministry of labour employment was setup

→ Ministry of Skill & Entrepreneurship created.

→ Pradhan ~~का~~ Mantri Shree Yogi Yojana for
unorganized labor

→ Reduces the EPF contribution from employer to boost
employment

Way forward

→ Developing investor confidence through consistency
between labor & investor

→ Giving boost to make in invest to generate
employment

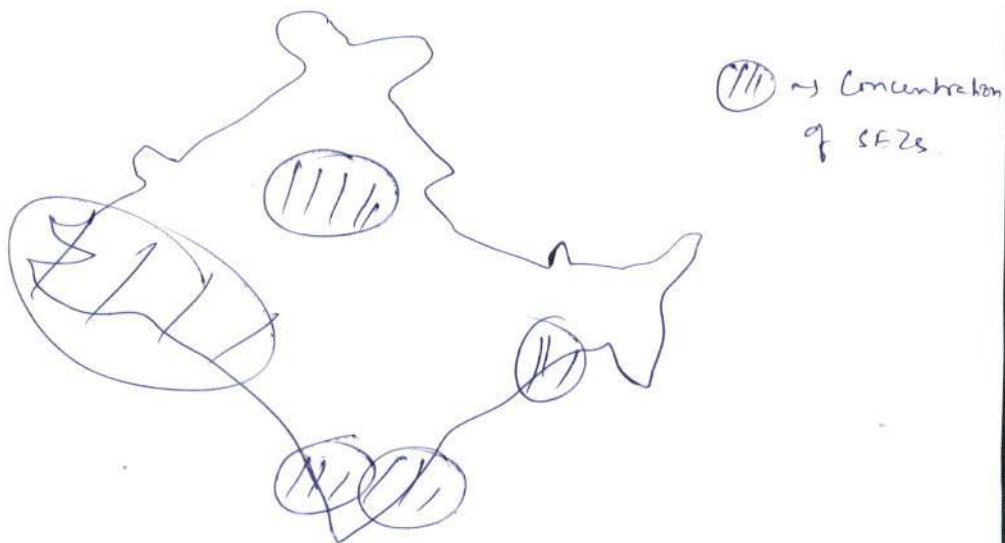
→ Single window clearance for better prospects of
business

→ Simplifying form & compliance measures to
boost tax revenue & labour laws compliance.

18. Why have Special Economic Zones (SEZs) in India not been able to achieve the desired objectives? In this context, suggest some measures to revive SEZs in India. (250 words) 15

भारत में विशेष आर्थिक क्षेत्र (SEZs) वांछित उद्देश्यों को प्राप्त करने में सक्षम क्यों नहीं हो पाए हैं? इस संदर्भ में, भारत में SEZs को पुनर्जीवित करने के लिए कुछ उपायों का सुझाव दीजिए।

Ans
Special Economic zones are area of land which are treated as a foreign territory for all economic purposes although they are on the country's own land.



Challenges in fulfilling objectives

→ Objectives → to boost export employment

Challenge Regional concentration near ports and coastal area and major urban centres.

→ Objective To boost export
Challenge Investment is poor & export tariff still high

→ Objective To develop underdeveloped area
challenge Issue of land acquisition from states
 such as odisha, west bengal

→ Objective To increase growth
Challenge They attract duty free product & consumed
 within India.

→ Objective Diversify growth
challenge Still some major companies only have invested
 i.e. Reliance own's 80% + SEZs.

Measures to revive SEZ:

→ Stream line land acquisition from states to increase investment

→ Increasing area of FDI investment in defence & space

- one stop clearance for all issues like clearance
- more tax incentives & removing import duty to boost
production
- making it more ~~prod~~ labour intensive & not service
based
- providing dedicated ports & connectivity infrastructure for
SEZs from Sagarmala
- using PPPs to develop SEZ areas for direct hardware

Way forward:

- Recommendation of Baba Kaljani Committee
- * To make SEZs → EEE * Employment & Economic
Enclave
- To increase ~~investment~~ jobs instead of investment
- To focus more a service for incentive & earning
domestic input.

19. Why has the contribution of manufacturing sector, as a percentage of the GDP, remained stagnant in the recent years? In this context, analyse the achievements of National Manufacturing Policy, 2011 with regards to its intended objectives. **(250 words) 15**

विगत वर्षों में GDP के प्रतिशत के रूप में विनिर्माण क्षेत्र का योगदान स्थिर क्यों रहा है? इस संदर्भ में, अपने लक्षित उद्देश्यों के संबंध में राष्ट्रीय विनिर्माण नीति, 2011 की उपलब्धियों का विश्लेषण कीजिए।

Ans

In 1991 manufacturing sector after reforms contributed to GDP was almost 11%. Today it is close to 25% but since

2005 onwards it is almost stagnant.

Reasons for stagnation

→ No shift from rural agriculture to modern industry to take rural work force

→ slow urbanisation which itself is a catalyst for manufacturing

→ Inward looking policies such as tariff quotas which restricted competition

→ Poor efficiency leading to slow growth

→ Government regulations which curbed firm entry & flexible employment

→ labour laws which had resulted in increasing
compliance & complexity leading to low investment
in manufacturing.

→ late reform i.e. in 1991 vs China in 1978
Pakistan in 1988

→ No focus on export so low export & low international
competitiveness

→ land acquisition for zones in SEZ leading to more
pull back of investment

→ trade unionism deterring investors.

National Manufacturing policy 2016

Objective.

- To boost manufacturing
- To setup national manufacturing zones
- To increase employment
- To boost export competitiveness

- To give flip to investor-labour relation
- to proper domestic consumption.

National manufacturing policy faced setbacks

Okay as still we have problem growth, growing employment.

New policies like make in india show that previous policy of 2011 failed to an extent to generate employment & economic growth.

20. One of the goals that a developing economy aspires for is to bring down the Incremental Capital-Output Ratio (ICOR). In this context, what are the constraints that underlie the efficient conversion of savings rate to investments in the Indian economy? Also suggest some measures to improve this efficiency. **(250 words) 15**

एक विकासशील अर्थव्यवस्था जिन लक्ष्यों की आकांक्षा रखती है उनमें से एक वृद्धिशील पूंजी-उत्पादन अनुपात (इंक्रिमेंटल कैपिटल-आउटपुट रेश्यो: ICOR) में कमी लाना है। इस संदर्भ में, भारतीय अर्थव्यवस्था में बचत दर के निवेश में कुशल रूपांतरण के समक्ष आने वाली बाधाएँ क्या हैं? साथ ही, इसकी कुशलता में सुधार हेतु कुछ उपायों का भी सुझाव दीजिए।

Capital output ratio refers to the $\frac{\text{input}}{\text{output}}$ and leading output performance. If capital input \uparrow then output \downarrow or capital \uparrow . If capital output ratio \downarrow , then output \uparrow i.e. $\frac{\text{output}}{\text{capital}} \uparrow$.

Constraints to convert saving rate into investment

- less developed capital market i.e. stock exchange, mutual fund
- most saving in unproductive asset like gold & ornaments
- saving mostly in government schemes such as NSSF & Post office which goes to government only

- Cost of fund in saving in banks
- Poor financial penetration ~~due to~~ leading to
less ~~market~~ saving
- Lack of insurance penetration
- Hoarding & block money
Means to improve this.
- To boost financial transaction via technology
such as BHIM & UPI
- IT assessment mandatory to curb block money
- Attractive interest rate for savings in bank
- Propelling financial inclusion
- Awareness generation:
To decrease capital output ratio will lead to
more output in less capital increasing efficiency.

