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GENERAL STUDIES (TEST CODE : 624)

Name of Candidate	ARTIKA SHUKLA		
Medium Hindi/Eng.	English	Registration Number	9582
Center	Old Rajender Nagar	Date	31/5/15

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 है।
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 that 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

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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?

Liberalisation

The balance of payment crisis of 1991 eventually led to India approaching the IBRD for loans. In return, India had to bring in the economic reforms leading to liberalisation, privatisatn & globalisatn.

Liberalisation is the process of freeing the economy of excessive restraints leading to more efficiency.

Sectors:

Liberalisation was brought about by the Indian government in a series of steps in different sectors:

1.) Industry — Industrial delicensing.
2.) Tax — The taxation ~~to~~ structure was simplified.
3) Trade — Many tariffs & quotas were either reduced or abolished.
4) Foreign exchange — FDI was allowed to bring in technology.

Effects on Indian Economy:
positives: ① With advent of industrial delicensing → production increased.
② More FDI → more inflows → Current account deficit decreased.
③ Efficiency & output was increased.
④ Overall led to greater economic growth.

Effect on Employment generation:

With advent of liberalisation, ~~put~~ private sector as well as foreign companies could now enter the Indian Market → led to more capital intensive usage of technology → labor was displaced → forced into unemployment.

2) With increasing mechanisation of industry & agriculture → the displaced labor force was forced to ~~d~~ get deprived.

3) has led to Reduced Employment Elasticity. has been steadily declining from 1990s to this day.

Way forward:
Hence, liberalisat^n has brought both positive & negative effects. Reduced employment elasticity is one such negative fallout in face of better growth, output and efficiency. following steps have been taken in this regard:

1. More focus on employment intensive industries, ex- Tourism.
2. Prime Minister's 'Make in India' & 'Skill India' programmes → to make youth employable.
3. ~~focus on~~ Multipronged focus on health, education of youth → to make them employable & help India harness its demographic dividend. ex:- Many ~~NO~~ NGOs – SEWA, + programmes like HIMAYAT, UDAAN, ROSHNI → are focused on increasing employability

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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।

A2:- PM. Jan Dhan Yojana → is a financial inclusion programme which aims to have one bank account in every household of the country + increase rural financial literacy and credit delivery.

The programme has been instrumental in opening several bank accounts, however, a problem uniformly noticed is that people have not been using it.

Steps to make this programme an adequate vehicle of financial inclusion could be:

(1). Improving financial literacy: - with help of bank correspondents or NGOs or volunteers, people in rural areas need to be made aware of the various benefits → bank account, credit delivery, insurance, reimbursements.

(2). Decentralised approach :

a participatory, bottom up approach assessing needs of people + generating demand among them could be adopted.

(3). Transparent rules : Citizens ~~may~~ as well as service providers to be made aware of transparent rules & regulations regarding opening bank accounts.

(4). Maintaining accountability : Whether the opened accounts are being used or not must be ensured by some accountability mechanism.

(5). Capacity building of banks : Banks

should not be overburdened. Their normal activity must not be hampered.

In conclusion, we can say that a multi pronged approach across various sectors involving increasing financial literacy, generating demand, making people aware alongwith capable & efficient service providers with stringent transparency and accountability measures → could lead to achieving the elusive goal of financial inclusion.

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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 राजकोषीय 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?

3. Successive finance commissions have come up with different methods to balance fiscal discipline & regional disparities. On the one hand, they have tried to increase resources to poor states & criticised by richer ones or vice versa.
Also, maintaining fiscal discipline alongwith devolving ~~tax~~ to states has been a contentious issue.

14th finance Commission:

Centre has recently accepted the 14th finance commission recommendations. Some of which are:

1. Increase in share of States from divisible pool - 42% ~~32~~ (from 32%)
→ for vertical equality
2. for Maintaing horizontal equality → 2 new indicators have been added: 2011 population + forest cover.
whereas fiscal discipline has been dropped off.
3. Grants to local bodies linked to performance.
4) Decrease in many Central assistance schemes in order to mantan fiscal deficit.

Analysis: ~~According to the Economic Survey of India 2014-15~~; this new recommendation:

1) has increased States share → States fiscal autonomy increased.
2.) The distribution proposed is progressive, i.e. more backward states gain more

3) Among General Category States → UP stands to benefit the most & among SCG → Jammu & Kashmir → benefits most.
thus contributes to horizontal ~~equal~~ equity.

4.) Many CAS schemes have been curtailed while Central assistance
↳ ex:- BGRF has been decreased in some.

The above analyses shows that 14th Finance Commission has increased States fiscal capacity + autonomy → given more fiscal space to them. Also, in order to maintain fiscal discipline, it has balanced this with curtailment of many CAS schemes.
– thus balancing fiscal discipline c̄ regional disparity. What is now needed is sufficiently enhancing States capacity to handle these resources + bringing progressive reforms like GST etc → ~~to~~ for overall growth of economy.

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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।

Indian economy can be divided into Organised & Unorganised sector.

Unorganised sector :

1). contributes the major portion.
2) Around 93% of our labor force ~~economy~~ is in unorganised sector
3). Comprised of workers employed in - domestic help, daily wage labourers, ~~urban~~ migrants etc.

Importance in Indian economy :

(1). Contributes to major GDP. contributed from industrial / agricultural sector.
(2). Major job creator → ~~the~~ employment generator of the economy.
(3). Provides livelihood to major chunk

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(>90%) of our labor force.
(4) Contributes to exports.
(5). Major driver of overall growth of different sectors.

Challenges faced:

(1). No social security available to unorganised sector.
(2) No pension.
(3). No gurantee of jobs.
(4) pervading unsecurity.

(5) No labor laws apply here hence condition of worker remains poor.

Steps taken by government:

(1). The new government has recently launched 'Atal Pension Yojana' → a pension scheme specifically for the unorganised sector where a person gets 1000, 5000, etc/Month after age of 60 depending on his minimum contribution.

(2) Regularising labour laws to make more accomodative for unorganised sector.

(3) Enabling transition to organised sector by creating more job opportunities there.

(4) Providing social security schemes to bring the sector into the manfold.

What is required is a strong political will & efficient implementation alongwith respect for rights of the Indian worker, whether in organised or unorganised sector

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।

5. Labour reforms are, the most basic & important step in taking the overall economy higher.

→ Labour reforms, alongwith proper health, education & skilling of youth could lead us to reap the ~~dividends~~ benefits of Demographic dividend in India.

Importance: Labour sector in India has been suffocated by a multitude of different labor laws.

- hinder regulation
- disrupt accountability → lead to procedural inefficiencies.

hence, there an urgent need to reform the labor sector.

The following steps have been taken:

1) Shram Suvidha portal : A unified e-labour portal to make all procedures relating to approvals & inspections online.

2) Making online submission of inspection reports time bound.

3) Allowing simple, self certified online filing of returns.

4) Amending the Apprenticeship Act → to make it more responsive to needs of industry & youth.

5) Apprenticeship Protsahan Yojana: whereby govt agrees to pay 50% of cost of training.

6) Several steps have been taken to simplify the multiple labor rules

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– into 5 separate headings only – relating to Industry, Social Security, Wages, Employment etc.

7) Recent passage of amended labour laws by Rajasthan govt → acts as example.

8). Simplifying the labour inspection regime.

9. ~~e Biz : To bring 14 clearances to one platform.~~

The above steps show that the government is bent to reform the labour sector with well meaning steps. If a combined with proper education & skilling of our youth → it may lead to realisation of the goal of reaping our demographic dividend.

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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 ?

A:-

MUDRA Bank → is an initiative of the current years budget which has the following objectives:

1) Refinance the Microfinance Institutions which finance the local businesses

2). Priority to be given to SC/ST/OBC households. (62%)

3). To overall contribute in enhancing the enterprenuerial skills of the rural skilled & jobless sector.

4) To bring inclusive growth by particularly serving interests of the marginalised communities.

With the credit corpus of 20,000 crore & additional corpus of 3,000 crore, the MUDRA

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Bank is being hailed as a game changer in the ~~Rtt~~ Microfinance sector. If implemented efficiently, it does seem to have potential to bridge in gaps & truly provide a fillip to the local enterpreneurs looking for funds.

However, there are multiple schemes & institutions already working for this purpose — ex:- SIDBI, RRBs all work to provide credit to the rural or enterpreneurial sector. Plus, a plethora of schemes exist to give priority to SC/ST households in dispensing credit.

Hence, unless the above scheme is implemented efficiently c̄ stringent accountability measures → it might end up being just one of the many schemes designed for the same purpose.

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

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।

A: India has a coastline of around 75,000 kms - spanning both east & west boundaries. There are numerous minor & major ports in India.

However, many technical difficulties exist & thus, despite having such magnificent coastlines, Indian shipping & port facilities have not performed at par c̄ the world.

Problems:

(1) Indian ports are small. Large ships cant dock here. Hence, large ships first unload cargo at Sri Lanka

★ (7). Indian shipping infrastructure is beset c̄ problems evident also in Chabahar in Iran and in Sittwe in Myanmar.

before entering here.

(2) Turnaround time in India is greater than most other countries.

(3) Many forms, clearances have to filed at ports → cumbersome & delay.

(4). No varied research facilities available in the country for shipping.

(5). Indian ships need Indian flags & manpower → lack of trained Manpower.

(6) High cargo capabilities only at Gujrat & Kerala.

★ All in all, Indian shipping & port industry tended to be inefficient & cumbersome. Govt has taken several steps in recent years for it:

(1). Sagarmala project : Integrated development of coasts and

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(इस भाग में कुछ ना लिखें)

ports and shipping facilities to make the ports coastal hubs of the country.

(2). Upgradation of port facilities.

(3) 2 new ports to be set up at:

Sagar, WB
Durgarajapatnam, AP } Will add 100 MTPA capacity.

(4). Aim to ~~a~~ add 2500 MTPA by end of 12th FYP.

(5). New research institutes to be opened at Rajasthan, Chennai.

(6) An MoU c̄ Ford to have cars delivered through Ennore port.

(7) An MoU c̄ China on learning technical expertise to develop ports, coastal economic zones.

(8) Steps to ~~con~~ connect ports c̄ inland destination points through roads & railways. With such measures, we can hope to witness a vibrant and developing shipping industry in India soon.

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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" हैं न की "मेक इन इंडिया"। आलोचनात्मक विश्लेषण करें।

A:- Make in India initiative is an initiative of the Union govt to make India the manufacturing hub of the world.

With declining contribution of manufacturing to GDP (18%), it was realised that singular focus was needed on this sector to bring it up. Hence, this initiative has been the focus of the government's agenda and several steps have been taken to ensure it.

Steps include:

I) Improving ease of doing business:
- making clearances online,

streamlining of procedures, more efficient regulatory procedures.
Maximum governance c̄ Minimum government.

(2) Make in India initiative :→ making sure the youth is employed in manufacturing → making India hub of manufacturing.

(3) Skill India: Skilling the youth population through Deen Dayal Upadhyay Gramin Kaushal Yojana, ITIs, NSDC certification etc.

(4) Bringing in labour reforms.
- simplified procedures, Apprentice Protsahan Yojana, amending the Apprenticeship Act.

However, there has been an increasing concern over what to be made & for whom. The RBI governor, recently said, that we must Manufacture goods for India → i.e. increase our domestic demand & consumption base. We should not blindly follow China's example by manufacturing only for exports: Reasons for this are:

1) Weak global demand.
2) political crises in West and Central Asia → demand will further decrease.
3) Eurozone economic crisis will also adversely affect demand.
4) falling commodity prices → Chinese economy slowing.

hence, keeping the above in mind, it is prudent that we Make not only in India but also for India → i.e. for domestic consumption & overall growth & not just export led.

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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?

A9.- Railway has been an efficient & cheap mode of transport for passengers. however, it has been losing its freight shares to road transport because:

1). Cross subsidisation: freight rates artificially high to compensate for low passenger fares.

2). Inefficient & cumbersome to transport ~~freight~~ cargo.

3) Same track ~~o~~for ~~a~~ freight and passengers → inefficiency and delays.

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(इस भाग में कुछ ना लिखें)

4) Bureaucratic hassles & red tapism rampant. → totally government owned.

5) Increasing instances of pilfrage, spillage & wastage of cargo → Lack of accountability.

High Speed freight corridors are expected to increase the efficiency & overall competitiveness of the Railway sector by:

1) Freight and passenger differentiated → better speeds.

2) better efficiency in passenger trains → will bring in more revenue → More can be spent on improving this sector.

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bring

3). Will More profit by economies of scale, large scale movement of goods.

4.) Speedy implementation will lead to more efficiency
↓
5) Better linkage with industries and better transfer of food procurement → Overall growth of economy.

Hence, if the high speed freight corridors are implemented, it will lead to better efficiency & competitiveness in this sector. However, caution has to be taken over environmental concerns, land issues for development and overall cost to the government.

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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।

Q10:- Fiscal deficit refers to the difference between the total income & total expenditure of the government. It is an extent of the governments borrowings.

Current scenario:

1.) The current fiscal deficit has been constrained around 4% and aims to come down to 3% of GDP by next year.

2.) however, this decline has mainly come through reduction in expenditure → as Government has slashed expenditure in various social sector schemes

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& sectors such as higher education, health, MNREGA.

There are two ways to reduce fiscal deficit:

1) Reduce expenditure
2) Revenue Maximisation.

Even though expenditure reduction reduces fiscal deficit in short run, in the long term, the social infrastructure continues to suffer. hence, we must look for ways to Improve Revenue collection.

Challenges:

1). Multiple taxes, difficult to collect.
2) Increasing taxes leads to tax evasion.
3) Difficult to coordinate Central & State taxes.
4) Several exemptions exist.

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Way forward :

1) Introduction of GST → a simplified, comprehensive tax regime will increase compliance + revenue generation in long term.

2) Widening of tax base and reducing rates → will decrease evasion.

3). Curbing efforts to generate black money → recently passed ~~Mo~~ Black Money Bill.

4) Stringent punishments for tax evasion, hiding foreign assets or Money laundering.

5). Bring Direct Tax Code.

Proper implementation of PMLA, Black Money Bill & introduction of GST → would lead to Revenue Maximisation in the short to medium term and decreased fiscal deficit in the long run.

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।

A11:- Offshore Rupee Bonds: are financial instruments used to mobilise resources for domestic sectors in foreign markets.

Role in internationalisation of Rupee:

1.) help in spread of Indian currency in foreign markets.

2.) Increased foreign currency in India.

help in increasing rupee availability in I/L markets, stabilisatⁿ of exchange rates & internationalisation of rupee.

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

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?

A12: India, since times long back, has had a very vibrant & flourishing small enterprises sector. However, with passage of time, this sector has been gradually reducing in size or even shrunk in some areas.

factors responsible for this change could be:

1). Lack of government support
small industries invariably need government support in funding as well as infrastructure development.

2). Liberalisation, privatisation & globalisation

→ led to the world being converted to a single market. The small industries could not cope up with the increased competition, hence, shut down.

3) Lack of expertise and skills: due to scarcity of proper training ~~in~~ to those employed in this sector, the lack of expertise & skills has taken a toll of production value.

4) Lack of resources: inadequate funding, lack of information about market structure.

5) Unorganised: These industries lack proper market linkage, efficient forward & backward supply chains → leading to decreased efficiency & growth.

Steps taken by govt:

1) Creating an enabling Market:
ex- TRIFED is a tribal cooperative organisatn that helps tribals get remunerative prices for their products.

2). Enabling NGOs & SHGs to impart skill training:
for ex- SEWA (Self Employed Women Association) → training women in J&K in handicrafts, sewing, tailoring etc.

3). Government has been instrumental in creating an overall structure of enabling environment by promoting products of MSMEs, facilitating credit delivery, establishing market linkages alongwith overall development of the sector.

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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।

A13. – GST (Goods & Services Tax) is a proposed tax reform – It is a comprehensive indirect tax levy on manufacture, sale and consumption of goods & services. It is basically a tax on Value-addition & the final tax will be borne by the consumer.

Differences c̄ present system:

1) Comprehensive, simplified tax.
2) Single tax all over India.
3) Will subsume Sales tax, excise tax, VAT, CENVAT, octroi etc.

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Benefits to economy c introduction of GST :

1). Simplified tax structure → better tax compliance, less evasion.

2) Single all India market → less distortions → better international competitiveness.

3) Will widen the tax base & increase the tax-GDP ratio

4) Prevention of cascading effect of taxes → finally, less tax to be paid by consumer → More savings → More growth.

5) Will cut down on Exemptions, hence increase Revenue generation — ↓ fiscal deficit – ↑ growth

6.) Will also serve to Remove the negative protectionism of domestic goods compared to imports.

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Issues in implementation :

1) States have to be compensated. Many states believe their tax collection might reduce when GST is implemented → compensation decided at 2% as of now.

2). Logistical problems → how to decide internationally competitive rate. ~~ta~~

3) Issue of regional disparities.

4). Inclusion of what goods & services in GST → currently liquor outside the purview of GST.

Overall, the introduction of GST would lead to a simplified, comprehensive, exemptions less tax structure ushering in transparency in revenue collection + increased growth & prosperity of economy if above issues can be solved.

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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।

414: The new way of GDP estimation by CSO has projected India as the world's fastest growing economy. However, concerns have been raised regarding its method as current ground realities do not show India growing at such phenomenal pace.

Issues:

1). New GDP estimates have taken base year as 2013-2014.

2) GDP calculated at Market prices not at factor cost.

3). Inclusion of corporate sector in leather industry & agriculture through MCA 21 database.

The above changes have resulted in ~~an~~ gigantic increase in the GDP estimations.

They do serve to build investor confidence & increase the palpable positivity of growth in the country. However, ~~care~~ we must also cautiously figure out the underlying assumptions or discrepancies resulting in these new figures.

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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।

Savings rate in Indian economy has traditionally been regarded as a measure of self sufficiency of households. however, in recent years, there has been a steady decline in this trend.

factors responsible for this:

1). Rising inflation.

2) Decreased incentives for savings owing to low bank interest rates.

3) Growth of economy - leading to more expenditure on value added goods or branded products.

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Change in Composition:

→ Savings have changed from basically saving account to other more differentiated forms. People save for their children's future, retirement, marriage & death. The relative composition of each has been changing.

Measures to improve & better channelise:

1.) Spreading awareness:

→ intensive campaigns to increase consumer awareness to benefit of savings.

2.) providing different options:

– different options for household savings like – Kisan Vikas Patra, new Gold Monetisation

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scheme are attractive methods to channelize household savings better.

3) Incentivise savings by attracting interest rates or tax exemptions.

The above steps may help to channelise household savings better → they could be the much needed source of funds for the country's ambitious infrastructure plans.

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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?

A16 - The Government recently increased the ~~gap~~ cap for FDI in Insurance sector to 49% → this was hailed as a long awaited, progressive step in the insurance sector.

Benefits of this move:

1.) Will help foreign companies enter insurance sector
↓
better Management.
↓
More efficiency.

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2) foreign companies are allowed to insure the insurance companies in India (Re-insurance) → improved efficiency.

3) Will ~~ar~~ increase inputs in this sector → in long term; insurance funds could be used as long term inputs in infrastructure projects.

Overall, increasing FDI in insurance in this sector would improve efficiency & overall competitiveness of the sector.

However, certain criticisms have been levelled against this move → regarding increased competition ~~of~~ for Indian insurance companies & hence, their future. However, if this step is efficiently ~~improved~~ implemented, the benefits of the move might exceed its fallouts in the long term.

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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?

A17:- "Dedicated freight corridors" (DFCs) refers to the dedicated movement of rail coaches carrying freight loads in certain stretches of the country.

DFCs are recently being viewed as an important component of "Make In India". because of the following reasons:

1.) ~~Ded~~ DFCs would require stretches of rail laid down in specific stretches of the country
→ labour intensive +
use of manufacturing.

2) ~~Manufactured~~ DFCs would entail making power, coal, rail integration → boost to Manufacturing.

3) DFCs would lead to increased linkages between sources of production & source of consumption → fillip to Manufacturing industry.

Overall, presence of a vibrant, efficient & transparent system of transportation of freight would lead to giving an impetus to Manufacturing sector by creating more demand of goods, increasing employability, better linkages & overall growth of economy.

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Issues causing slowing of implementation :

1) Lack of political will.
2) Caught up in bureaucratic hassles & red tapism.
3) Lack of funds available in the project.
4) Lack of technical expertise. There has been an MoU c̄ China to tackle this issue.
5) Land acquisition, environmental degradation + ~~to~~ issues regarding ~~loss~~ lack of raw materials & linkages.

The above issues need to be solved expeditiously if India has to progress by building dedicated freight corridors.

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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?

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

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 ख़त्म करने के सम्बन्ध में पी. जे. नायक समिति की अनुशंसाओं का आलोचनात्मक मूल्यांकन करें।

Q19. There have been various committees & recommendations regarding reforms in public sector banks. ex:- PJ Nayak Committee, Bimal Jalan Committee, Nachiket Mor Committee.

The PJ Nayak Committee has given recommendations to dismantle the government's stakes in nationalised banks:

Governance Reforms:

1.) Government dilute its stakes so as to give the banks full autonomy over its powers & functions.

This is an important step towards reforms as it is generally seen that

↓

Increasing government interference in day to day functioning of banks.

↓

leads to nepotism

Decreased ~~allocation~~ operational integrity

↓

Decreased efficiency & overall degradation of the sector. Hence, dismantling govt's control → is expected to bring in

1) More autonomy
2) better technical & management capabilities.
3) better decision Making
4) Improved efficiency.

(2). Creation of independent directors → will bring of integrity on board transparency & lead to increased credibility in performance and decision making.

(3) Separating the posts of Chief Executive Officer & Managing Director : to bring better accountability of decisions.

(4). Govt has suggested setting up a Bank Boards Bureau: to select directors as long as an independent body with characters of eminence + Integrity has not been created.

The over arching objective of the Committee's recommendations has been to decrease Government's say in day to day functioning & appointment of key authorities to increase the overall competitiveness, efficiency and decision making prowess of the sector.

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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।

A20;- Smart grids → energy-efficient grids to ensure a stable & reliable ~~e~~ power supply in the country.

Smart grids refer to ~~et~~ power grids that work on concept of adequate power supply alongwith utilisation of solar energy to provide power. They can be very useful in the Indian scenario:

1). Stable: Major problem in Indian cities is an unstable power supply.

Smart grids

could help provide stable power to households, thus, reducing fluctuations → increasing smooth power functioning.

2) Reliable: An unreliable power supply is widespread in the Indian energy sector. Smart grids, they effectively managing grid & off grid, ↑ solar input → could be a vehicle of reliable power supply.

3) Safe: Smart grids are based on the fact that there can be no short circuiting → hence, effectively safe for the population.

4) Affordable: There have been reports on affordability → relatively cheap → increased reach to poorer sections.

Many new concepts such as net metering, solar rooftop generation, have been figuring in the Indian energy sector.

In the short term, our goal must be to secure resources for the present, explore alternatives in ~~non~~ renewables for future, increase efficiency across sectors while preparing for the transition from fossil fuels to renewables in the long run.