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GENERAL STUDIES (TEST CODE : 1059)

Name of Candidate	Shweta Anupam		
Medium Eng./Hindi	English	Registration Number	57549
Center	Karol Bagh	Date	9/01/19

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	10	
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17	15	
18	15	
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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 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।

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

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1. Highlighting the issues faced in BOT and EPC models of infrastructure investment, explain how HAM can address these. (150 words) 10

अवसंरचना निवेश के BOT एवं EPC मॉडल के समक्ष आने वाली समस्याओं पर प्रकाश डालते हुए व्याख्या कीजिए कि HAM इनका किस प्रकार समाधान कर सकता है।

We have experimented with various PPP models in the past including BOT (Build Operate Transfer) and EPC (Engineering Procurement & construction) model. However both these models have been fraught with various issues.

Issues in BOT model

1. Poor quality of construction
2. Time and cost overruns
3. Lack of accountability of the private sector.

Issues in EPC model

1. As private sector does not collects ~~funds~~ tolls/fees, there is lack of incentive to construct better.

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(2) Issues in government procurement
(3) Issue with design.

The HAM (Hybrid Annuity Model) can help solve many of these issues faced by previous PPP models. It involves a 60:40 cost provision ratio in which payment is made to private 3rd party (which constructs the project) after seeing the quality and performance of the project.

Its benefits:—
(1) It incentivizes private sector (responsible for construction) to perform better as fee payment is linked with performance
(2) Avoids time and cost overruns.
(3) Reduces pressure on government to provide funds at once thus leading to improved credit condition.

2. The measurement of the extent of formal sector and formal employment is yet an unsettled matter in our economy. Comment. Also, mention the steps which the government has taken to improve its extent.

(150 words) 10

औपचारिक क्षेत्रक और औपचारिक रोजगार के विस्तार का मापन हमारी अर्थव्यवस्था में अभी भी एक अनसुलझा मामला है। टिप्पणी कीजिए। साथ ही, इसके विस्तार में सुधार हेतु सरकार द्वारा उठाए गए कदमों का उल्लेख कीजिए।

There are varying definitions for measuring formal sector and formal employment which leads to inconsistency and lack of a clear picture of employment data in our country.

For example, Economic Survey 2017-18 gave two parameters for measurement of formal sector employment:-

(1) Social Security → 31% formal employment

(2) Tax-paying → 53% formal employment.

Various other estimates put formal employment at around 10% - 15%. These inconsistencies make it difficult to gauge the actual formal employment and prevented policy action for same

Steps by government to increase the extent of formal sector

① Social security measures

→ EPFO, ESIC

→ Recently government decided to pay full 12% of employee's contribution instead of earlier 8.33% in EPFO.

② Entrepreneurship promotion

→ Stand-up India → to promote entrepreneurship among weaker sections

→ MUDRA Yojana → to provide easy loans to MSMEs & entrepreneurs

③ Skilling initiatives

→ Skill India Mission → to skill 300 million people by 2020.

3. The investment rate in India has gradually declined after a historic high in the mid 2000s. Examine the reasons behind this trend. Discuss the steps required to revive investment for a sustained growth. (150 words) 10

भारत में निवेश दर, 21वीं सदी के प्रथम दशक के मध्य में एक ऐतिहासिक उछाल के उपरांत निरंतर घटती रही है। इस प्रवृत्ति के पीछे निहित कारणों का परीक्षण कीजिए। निरंतर वृद्धि हेतु निवेश को पुनर्जीवित करने के लिए आवश्यक कदमों पर चर्चा कीजिए।

After reaching a peak of around 35% in mid 2000s, India's investment rate has been continuously falling and currently stands at 29%.

Reasons for this fall:-

1. Increase in household savings rather than saving in formal financial institutions like banks.
2. Preference of to cash, gold etc. over mutual funds, savings scheme etc.
3. Global slowdown witnessed after the 2008 Recession
4. Lower interest rates being provided by banks & disincentivises savings in banks. ~~E~~ Interest rate for FD (Fixed

Deposit) has continously decreased.

Steps to revive investment climate

(1) Incentivesing banks to provide better interest rates to consumers

(2) Better use of innovative instruments like Mutual funds, Pension funds etc.

(3) fast resolution of stressed assets of banks. ~~these~~

(4) Proper implementation of IBC (Insolvency and Bankruptcy Code) to improve the credit climate of country.

(5) Better regulatory structure for NBFCs.

The Economic Survey 2017-18 pointed out that investments rather than savings will be the real enabler of economic growth for India. We must heed to this advice.

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4. Strengthening the policy and institutional ecosystem supporting inclusive growth needs to be a top policy priority to thrive in the Fourth Industrial Revolution. Discuss. (150 words) 10

चौथी औद्योगिक क्रांति में सफल होने के लिए समावेशी विकास को प्रोत्साहित करने वाली नीति एवं संस्थागत परिवेश के सुदृढ़ीकरण को शीर्ष नीतिगत प्राथमिकता बनाये जाने की आवश्यकता है। चर्चा कीजिए।

The fourth Industrial Revolution, termed as Industry 4.0, is unfolding across the world. It will mark major changes in the ~~for~~ production cycles and supply chains.

To thrive in and to benefit from Industry 4.0, India needs to take certain measures to improve its performance in inclusive growth as inclusive growth is a pre-requisite for proper exploitation of Industry 4.0.

Measures to be taken

Policy measures:-

(i) Including inclusive growth as an

Important policy agenda in policy documents and action plans.

(ii) Steps to remove regional disparities :-

→ focused attention on North-East and other areas lagging behind in development

→ Rectifying urban-rural divide through schemes like PURA, AMRUT etc.

(iii) Enhanced women participation → through enabling schemes like Stand-Up India.

Institutional measures

(i) Skilling institutions with focus on skilling in new technologies like IOT, AI, Big Data.

(ii) Improving higher education ecosystem with proper emphasis on vocational training

(iii) Setting up a separate department for implementing policies related to Industry 4.0.

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5. Explaining the role of human capital in economic development of a country, highlight the challenges and opportunities related to human capital formation in India. (150 words) 10

किसी देश के आर्थिक विकास में मानव पूंजी की भूमिका की व्याख्या करते हुए, भारत में मानव पूंजी निर्माण से संबंधित चुनौतियों एवं अवसरों पर प्रकाश डालिए।

The concept of human capital means people as valuable assets for powering economic growth and development of a country.

Human capital is important for economic development of a country as:-

(i) form the workforce which is engaged in entire process of production and supply.

(ii) Taking decisions for boosting economic growth

(iii) Entrepreneurship leading to ~~formation~~ creation of new jobs thus boosting demand and growth.

(iv) Adoption of new technologies which make production process more efficient

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Challenges of human capital formation in India

① Low literacy levels
② Abundance of low-skilled / unskilled labour
③ Lack of synergy between industry and academia leading to graduates not having requisite skills.
④ Poor health / malnutrition : affects abilities of workers.
⑤ High levels of poverty.

Opportunities

① Demographic dividend : Majority of our population (63%) is going to be between 15-59 years.
② Increased focus on education and skilling by government.
③ Policies like Make in India, Skill India Mission etc.
④ Ageing population in other countries like Japan.

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6. In the context of major challenges that have restricted industrial growth, there is need for a new industrial policy to enable the industry to fulfill its role as the engine of growth and shoulder the responsibility of adding more value and jobs. Comment. (150 words) 10

औद्योगिक संवृद्धि को बाधित करने वाली प्रमुख चुनौतियों के संदर्भ में, उद्योग को संवृद्धि के वाहक के रूप में अपनी भूमिका के निर्वहन एवं अधिक मूल्यवर्धन और रोजगार में वृद्धि का उत्तरदायित्व संभालने में सक्षम बनाने हेतु एक नई औद्योगिक नीति की आवश्यकता है। टिप्पणी कीजिए।

Indian economy witnessed a unique transition from primary to directly tertiary sector (services). There our manufacturing sector (industry) could never fully mature and continues to be faced with several lacunae.

Challenges faced by industrial sector :-

(1) Low-skilled / unskilled workforce
(2) Lack of adoption of new technologies like IoT, Big data etc.
(3) Use of outdated equipments and production techniques.
(4) Credit crunch
(5) Lack of linkages with academia and research.

To effectively deal with these challenges, it is essential that India adopts a new industrial policy.

Features of the New Policy:-

(1) Focus on adoption of new cutting edge technologies like IOT, Big Data, AI etc.

(2) Skilling of workforce through skill institutions and vocational training at school/college level

(3) Improved IPR regime to meet global standards

(4) Explore new sectors where we have export-competitiveness

(5) Focus on SEZs, industrial clusters etc for focused industrial growth.

To fully leverage its demographic dividend, India needs to adopt a new, modern-suited industrial policy.

7. Discussing the reforms that contributed in improving India's ranking in the World Bank's 'Ease of Doing Business' index, identify the challenges that still remain in the overall environment of doing business. Suggest some concrete steps that India can take to further improve its performance on the index. (150 words) 10

विश्व बैंक के 'इज ऑफ डूइंग बिज़नस' सूचकांक में भारत की रैंकिंग को बेहतर बनाने में योगदान करने वाले सुधारों पर चर्चा करते हुए, व्यवसाय करने के समग्र वातावरण में अब भी विद्यमान चुनौतियों की पहचान कीजिए। भारत द्वारा इस सूचकांक पर अपने प्रदर्शन को और अधिक सुधारने के लिए उठाए जा सकने वाले कुछ ठोस कदम सुझाइए।

India saw a huge jump in its Ease of Doing Business Index Rankings -> from 130 to 100 in 2017 and from 100 to 77 in 2018.

Reforms that contributed to this jump

1. Implementation of GST
2. Easing of construction permits
3. Removal of multiple ~~borders~~ barriers across borders leading to time and cost efficiency
4. Better protection of minority investors

Challenges that remain

1. Starting a new business : continues to be fraught with many problems

(2) The taxes imposed on businesses (corporate tax) continues to be high
(3) Getting clearances especially environmental clearances is difficult

Steps that can be taken further

(1) Reform in GST administration through better implementation and truly realizing 'One Nation, One Tax'.
(2) Easing of trade across borders
(3) ~~More~~ Reforms for MSME sector
→ better access to credit
→ Improved licensing regime.
(4) Faster and streamlined process for obtaining clearances.

To achieve our vision of getting a top 30 rank in the Index by 2020, these reforms will go a long way.

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8. Special Purpose Vehicles (SPVs) are fast becoming an important avenue for channelising funds for projects in infrastructure sector. Explaining the concept of SPVs, highlight some of the benefits and risks associated with them. Also, suggest measures to manage the risks identified.

(150 words) 10

विशेष प्रयोजन वाहन (स्पेशल पर्पज व्हीकल्स: SPVs) तेजी से अवसंरचना क्षेत्रक में परियोजनाओं हेतु निधियों (फंड्स) को दिशा प्रदान करने वाले महत्वपूर्ण मार्ग बनते जा रहे हैं। SPVs की अवधारणा की व्याख्या करते हुए उनसे संबंधित कुछ लाभों एवं जोखिमों पर प्रकाश डालिए। साथ ही, चिन्हित जोखिमों को प्रबंधित करने हेतु उपाय सुझाइए।

SPVs (Special Purpose Vehicles) are bodies that are created specifically for the implementation of a particular project.

Benefits of SPVs :-

1. ~~Help~~ in providing focused attention and faster achieving of target
2. Less bureaucratic hurdles and red-tapism
3. Experts can be roped in
4. Time and cost efficiency

Risks associated with them

1. Conflicts with existing bodies which leads to project stalling.

(2) States may feel loss of autonomy
(3) SPVs often have a limited notion and fail to take overall economy in the regard
(4) Nepotism in appointments.

Steps to deal with these risks
(1) Coordination with existing bodies so that their respective expertise can be used.
(2) Convergence of SPVs meant for a particular sector.
(3) ~~Fast~~ dissolution of SPVs whose work has been completed.
(4) Improved and transparent recruitment process.

SPVs can help in speedy implementation of infrastructure projects. Their ~~expe~~ usage must be institutionalised

9. Providing social security, especially to those working in unorganised sector, is an important requirement to achieve the goal of inclusive growth. Discuss. (150 words) 10

सामाजिक सुरक्षा प्रदान करना, विशेषकर उन लोगों को जो असंगठित क्षेत्र में कार्यरत हैं, समावेशी विकास के लक्ष्य को प्राप्त करने के लिए एक महत्वपूर्ण आवश्यकता है। चर्चा कीजिए।

Social security encompasses pension and gratuity benefits, healthcare insurance, maternity benefits, leaves and others which are essential for overall welfare of workers and employees.

Social security is an important component in the vision of inclusive growth. It helps provide dignity, security and healthy living conditions to workers, all of which are important prerequisites for inclusive growth.

In India, unorganised sector comprises more than 85% of total employment. The absence of social security schemes for the unorganised sector is thus detrimental to the interests of a large chunk of India's population.

How can social security for unorganised workers help in achieving inclusive growth:-

① Old age benefits → thus ensuring that they can retire without worries.

② Workplace benefits, which are important for overall growth and job satisfaction of workers.

③ Dignity → through provision of mandated holidays, health benefits etc.

④ Savings of money spent by workers on availing these facilities in lack of social security.

Social security for unorganised workers is a sine-qua-non for inclusive growth.

10. NBFCs can play a critical role in strengthening our SME ecosystem and contributing to economic development. Comment. Also, discuss the need to build a regulatory framework to address the challenges that NBFCs face.
(150 words) 10

NBFCs हमारे SME परिवेश को सुदृढ़ करने एवं आर्थिक विकास में योगदान करने में एक महत्वपूर्ण भूमिका निभा सकती हैं। टिप्पणी कीजिए। साथ ही, NBFCs द्वारा सामना की जाने वाली चुनौतियों का समाधान करने हेतु एक नियामक ढांचा तैयार करने की आवश्यकता पर चर्चा कीजिए।

NBFCs or Non-Banking financial Institutions are also called Shadow Banking. They deal in providing credit, loans and many other financial facilities.

NBFCs play a very important role in our overall economic development and also facilitate the MSME sector as:-

① Credit supply to MSME sector -
② Important Instruments for savings and investments - e.g. Mutual funds, Pension funds.
③ Provide credit to infrastructure, housing, construction sector etc.

(7) boost overall economic activity and supplement banks in various activities

Challenges faced by them
(1) Lack of short-term credit supply from banks and other institutions.
(2) Riskier alternatives to banks e.g. recent IL&FS crises
(3) Lack of public trust and confidence.
(4) Weak regulatory mechanism.

As most of problems faced by MSMEs stem from their weak regulation, it becomes imperative to implement a strong regulatory framework for them.

→ It will help to avoid ~~spid~~ episodes like the IL&FS crises
→ Will decrease the risk associated with them.
→ Will increase public confidence.

11. In the light of increasing NPAs and frauds, the twin balance sheet problem has grown immensely. Comment on the issue and analyse the potential of the Insolvency and Bankruptcy Code to be a game changer for Indian economy's health and long-term growth. (250 words) 15

NPAs एवं धोखाधड़ी की बढ़ती घटनाओं के चलते, दोहरा तुलन पत्र (ट्विन बैलेंस शीट) की समस्या में अत्यधिक वृद्धि हुई है। इस मुद्दे पर टिप्पणी कीजिए तथा भारतीय अर्थव्यवस्था की दशा और दीर्घकालिक संवृद्धि के लिए दिवाला एवं दिवालियापन संहिता के एक गेम चेंजर होने की क्षमता का विश्लेषण कीजिए।

Indian economy is currently grappling with the twin balance sheet problem wherein the balance sheets of companies is stressed due to increasing losses and low profitability and the balance sheets of banks are stressed due to bad loans and NPAs and frauds like the ~~PNB~~ PNB scam

Factors that have led to Twin balance Sheet Problem

① Ill- health of PSUs
→ improper management and governance
→ mounting losses
→ high competition from the private sector

② Increasing NPAs in sectors like Power, Telecom, Construction etc.

③ Corporate frauds and scams
→ e.g. Vijay Mallaya and Nirav Modi scam
④ Government's pressure on public sector banks to lend to some ill-advised sectors/ companies.
⑤ Lack of credit information and improper following of norms before giving loans.

In light of the twin balance sheet problem, the government came up with the Insolvency and Bankruptcy Code (IBC) for faster resolution of stressed assets.

Potential of IBC in tackling the NPA problem
→ Definite time limit → It provides for a time limit of 180 days (extendable by 90 days) ~~within~~ within which resolution proceedings have to be completed.
→ It appoints Insolvency Professionals who will formulate the resolution plan

which will be voted upon by the Committee of Creditors.

→ It puts limit on self-bidding, i.e. owners/ directors placing a bid for their company.

→ It provides for a proper adjudication framework in form of Debt Recovery Tribunal and appellate authority too.

The IBC can be a game changer for the Indian economy and can vastly improve the credit portfolio of banks.

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12. Public Sector Enterprises formed the backbone of industrial development after independence, but with changing times, their role has also changed. Discuss. Also, comment on the need to adopt a multi-pronged strategy to deal with the issues that they are facing. (250 words) 15

स्वतंत्रता के उपरांत सार्वजनिक क्षेत्रक के उद्यम औद्योगिक विकास की रीढ़ बने, लेकिन बदलते समय के साथ उनकी भूमिका भी बदल गई है। चर्चा कीजिए। साथ ही, उनके द्वारा सामना की जाने वाली समस्याओं से निपटने के लिए एक बहु-आयामी रणनीति अपनाये जाने की आवश्यकता पर टिप्पणी कीजिए।

In the years immediately after independence, a great thrust was place on self-reliance. For this purpose, Public Sector Enterprises in various sectors like power, communication etc were formed.

Why were Public Sector Enterprises stressed upon?

(1) Capital → It was felt that private sector lacked the requisite capital to invest in capital-intensive sectors.

(2) Equity → Private sector, it was felt, worked on profitability rather than equity considerations.

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(3) Strategic importance of some sectors like railways and defence. Thus they couldn't be handed over to private sector.

However in the recent years, especially after the liberalisation reforms in 1991, ~~and~~ the private sector has been growing in importance and the public sector enterprises have gradually shrunk, to a smaller place.

Reasons for changing role of public sector

(1) ~~Liberalising~~ LPG Reforms
→ Licence Raj and quota system have been liberalised
→ Foreign companies were being allowed to open their branches in India

(2) Deregulating FDI norms
→ have been allowed in almost all sectors, mostly through automatic route.

(3) Increasing competence of private sector →
examples of successful companies like
Reliance, Infosys etc.

(4) Issues faced by public sector enterprises (PSEs)
→ Declining profitability
→ Mismanagement and poor governance
→ Lack of expertise

Thus a multi-pronged approach is needed
to revive the Public sector Enterprises
in form of :-

(1) Governance Reforms : Instead of allowing
nepotism, experts must be roped in
to manage these enterprises.

(2) Profitability : The sick PSEs must be
divested fast and the good-performers
must be incentivised to continue better.

(3) Human Resource Management : The
recruitment process needs to be
streamlined and disguised unemployment
needs to be dealt with.

13. For a developing country like India, the sectoral allocation of scarce resources is a critical factor determining pace and quality of development. Discuss. (250 words) 15

भारत जैसे विकासशील राष्ट्र के लिए, दुर्लभ संसाधनों का क्षेत्रकों को आवंटन वस्तुतः विकास की गति और गुणवत्ता का निर्धारण करने वाला एक महत्वपूर्ण कारक है। चर्चा कीजिए।

India supports around 15% of the world's population but has only 4% of freshwater resources. Moreover, with growing population and increasing economic growth, the demand of all resources is going to increase further.

We thus need to have a strategy of resource efficiency or resource management for proper allocation of our ~~scarce~~ scarce resources and to fulfil our developmental needs.

Advantages of a Resource Efficiency

(1) Sustainability → It will ensure that the lives of future generations are not

compromised by our today's actions.

(2) Equity → It will ensure equitable distribution of resources thus fostering inclusive growth.

(3) Ecological considerations → It will ensure that we don't degrade the environment in our quest for more resources.

(4) Planned development → It will prevent misuse / over-allocation of resources to some sectors at the expense of others.

Steps for improving resource efficiency

(1) EIA (Environment Impact Assessment) and SIA(Social Impact Assessment) is a must before any major project

(2) Resource efficiency strategy must be inculcated in our plans / Niti Aayog's Action Agenda

(3) Conservation Plans to be formulated and implemented for scarce resources like water

(4) Formulation of an Expert Committee/ Task Force for laying ~~days~~ down the roadmap to resource efficiency.

(5) Penalising actions that wilfully waste resources

(6) Awareness and literacy campaigns for ~~for~~ conservation and sustainable use of resources.

(7) Energy efficiency measures to prevent overuse of energy.

Resource efficiency is a necessity for India to continue on its development path in a sustainable, equitable and inclusive manner.

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14. Highlight the importance of MSME sector in India's economy. Also, identifying the challenges, suggest some policy recommendations to ensure their sustenance and competitive growth. (250 words) 15

भारत की अर्थव्यवस्था में MSME क्षेत्रक के महत्त्व पर प्रकाश डालिए। साथ ही, चुनौतियों की पहचान करते हुए उन्हें संपोषित करने और उनके प्रतिस्पर्धात्मक वृद्धि को सुनिश्चित करने के लिए कुछ नीतिगत अनुशंसाओं का सुझाव दीजिए।

The MSME sector is often termed as the 'drivers of Indian economy' due to the important role it plays in our economy.

Importance of MSME sector

1) Employment - It provides employment to around 30% of our population.

2) GDP - forms a huge share of our GDP and economic growth.

3) Inclusion / Social empowerment

→ MSMEs provide employment to weaker and marginalised sections like SCs, STs etc.

→ As women constitute 1/4th of their workforce, they help in gender empowerment as well.

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(4) Take forward the mission of 'Make in India'

Challenges faced by MSME sector
(1) Capital → face capital crunch as banks are reluctant to give loans to them
(2) Workforce → have a shortage of trained and quality workforce
(3) lack of adoption of modern technology
(4) Outdated machinery and processes which lead to low productivity
(5) Difficulty in getting environmental and land clearances.

The government has taken various measures to improve the MSME sector. However further steps need to taken like:-
(1) Access to formal capital → by incentivising banks to lend to MSMEs.

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(2) Prior training / Mid-career training of workforce

(3) Establishing test beds for adoption of new technology

(4) Promote research to improve manufacturing competitiveness. ~~and at~~

→ Industry - academia linkages also need to be strengthened.

(5) Promoting weaker sections and women to open MSMEs / entrepreneurship

MSMEs are the vehicles of economic growth and concerted policy actions need to be taken to improve their profitability and competitiveness.

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15. In the inclusive development index of World Economic Forum (WEF), India stands very low. Discuss briefly the issues associated with living standard, environmental sustainability and protection of future generations from further indebtedness in India, on which the ranking is done. (250 words) 15

विश्व आर्थिक मंच (WEF) के समावेशी विकास सूचकांक में, भारत अत्यंत निचले पायदान पर है। भारत में जीवन स्तर, पर्यावरणीय संधारणीयता एवं भावी पीढ़ियों को और अधिक ऋणग्रस्तता से संरक्षित करने से संबंधित मुद्दों, जिनके आधार पर यह रैंकिंग की जाती है, की संक्षेप में चर्चा कीजिए।

India's poor performance in the Inclusive Development Index of World Economic Forum raises serious questions regarding the path of development that it has embarked on.

Areas of concern

(1) Living Standard

→ 73% of the wealth of our country is owned by top 1% population.

→ Large urban-rural disparity

→ Lack of basic amenities like food, shelter, clothing, education to a large chunk of population.

→ Regional disparities → between North-East and rest of India etc.

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② Environmental Sustainability
→ Loss of forest cover due to construction of multi-purpose projects
→ Improper EIA (Environment Impact Assessment).
→ Threat to biodiversity

③ Protection of future generations
→ Improper Resource efficiency, which is leading to fast decline in available resources.
→ Increasing pollution in water bodies making them unfit for use
→ Increased emissions of Green House Gases like CO_2 which will lead to a warmer earth for future generations.

Our development path must take into account equity, sustainability, inclusiveness and need of future generations in the

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16. Under-employment rather than unemployment is the key problem facing India today. Elaborate. Also, suggest measures to counter this problem. (250 words) 15

वर्तमान में भारत के समक्ष मुख्य समस्या बेरोजगारी नहीं अपितु अल्प-रोजगार है। सविस्तार वर्णन कीजिए। साथ ही, इस समस्या के प्रत्युत्तर हेतु कुछ उपाय सुझाइए।

Unemployment stands at a worrying 5% today in India. However more than unemployment, we are facing the problem of underemployment.

Underemployment refers to employment below one's capacity. It is even more dangerous than unemployment because it creates a fake perception of being employed while preventing individuals from reaching their full potential.

Reasons for prevalent under-employment

(1) Education → The education being imparted is not according to demands of industry. Thus youth are forced

to take low-paying informal jobs.
(2) Lack of jobs in formal sector which leads to increased informal employment
(3) Low skills ~~and~~ among workforce making them unemployable
(4) Lack of acquaintance and training in emerging technologies like Big Data, AI, IOT etc.
(5) Lack of industry - academia - research linkages
(6) Agriculture sector → accounts for 40% of employment with majority being seasonal and casual labourers

Measures to counter under-employment
(1) Skilling initiatives → both at school/university level as well as industry level.
→ the existing ITIs, skill institutes etc. need to be leveraged.

(2) Vocational training to be made a part of education curriculum.

(3) Industry - academia linkages to better gauge the demand of industries and train students accordingly.

(4) More formal sector job creation through stress on entrepreneurship and social protection.

(5) Increased adoption of emerging technologies at workplace.

Tackling the nascent problem of under employment is necessary for us to reap the benefits of demographic dividend.

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17. A near stagnant tax to gdp ratio for the country since decades reflects not only non-fruition of efforts to increase it but also underlying structural issues with tax regime. Comment. (250 words) 15

राष्ट्र के लिए कई दशकों से कर-GDP अनुपात का लगभग स्थिर रहना, न केवल इसको बढ़ाने हेतु किए जाने के प्रयासों के फलीभूत न होने, अपितु कर व्यवस्था में अंतर्निहित संरचनागत समस्याओं को भी प्रतिबिंबित करता है। टिप्पणी कीजिए।

India's tax to GDP ratio has remained stagnant at around 17% for many decades now. This has been despite various schemes of the government to improve the same.

The stagnant tax-to-GDP ratio is a culmination of both two major factors - deficiencies in the existing tax regime and failure of government efforts to improve the tax scenario.

Deficiencies in existing tax regime

(1) Very high levels of corporate tax which incentivise tax evasion.

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(2) Progressive taxation system - incentivises tax frauds to remain below a benchmark for low tax payment

(3) Large number of indirect taxes and levies at local and state level

(4) GST has not yielded full results yet. Moreover many items like alcohol are outside its ambit.

(5) Lack of proper enforcement mechanism which lets people get away with tax evasion

Non-fruition of government efforts

(1) Improper implementation of GST

(2) Demonetization, aimed at curbing black money and tax evasion, failed to yield intended results.

(3) Despite bringing down levels of corporate tax, there hasn't been a very high increase in tax returns.

However, it would not be correct to say that none of government's measures have yielded results. GST has the potential to be a game-changer. Moreover, there has been an increase in direct and indirect tax collections in past 1-2 years which show a favourable sign.

We need to improve our tax administration. It will lead to increased incomes for government which can then be used for social sector benefits.

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18. The need to overhaul the current budget making process can be gauged from the fact that it neither undertakes broad-based consultations, nor is adequately transparent nor effective in estimating and allocating the demands of various stakeholders. Examine. (250 words) 15

वर्तमान बजट निर्माण प्रक्रिया में आमूल परिवर्तन करने की आवश्यकता का अनुमान इस तथ्य से लगाया जा सकता है कि न तो इसका परामर्श का आधार व्यापक है, न ही पर्याप्त पारदर्शी है एवं न ही यह विभिन्न हितधारकों की मांगों का आकलन और आवंटन करने में ही प्रभावी है। परीक्षण कीजिए।

A budget is a policy statement that lists out the expected expenditure and revenue of a government for the upcoming fiscal year. India's budget-making process is marked by various lacunae which necessiate a reform in the process.

Issues with the current process

→ ① Not adequately representative

→ formulated by a handful of Cabinet ministers

→ No public discourse on the necessity of upcoming schemes and expenditures announced in Budget.

→ The Budget is not put in public domain as a draft document before its finalisation

→ Even the Parliament can also suggest amendments to the Budget which seldom lead to any major policy changes.

② Lack of Transparency

→ The amount allocated for various projects/schemes is often random. There is seldom evidence to justify the amount of expenditure.

→ Very broad figures of expected revenues and expenditures which don't always match ground realities.

→ Lack of discussion on the amounts exceeded in the previous budgets and reasons for the same.

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(3) Inefficiency in gauging the demand

→ Needs of various stakeholders (minorities, women, youth) are often ill-addressed.

→ Mis-allocation of funds for some scheme/project which may not actually be beneficial.

→ Inadequacy in balancing conflicting interests of stakeholders.

Thus, there is a need to overhaul the budget-making process to make it more inclusive, representative, transparent and demand-aligned. Gender budgeting also needs to be included as an important component in this exercise.

19. Adhering to fiscal discipline is considered as a hallmark of sound financial management by government. Elaborate. To what extent does the Budget 2018 incorporates fiscal discipline vis-a-vis competing targets of the government?

(250 words) 15

राजकोषीय अनुशासन के पालन को सरकार द्वारा स्वस्थ वित्तीय प्रबंधन की एक कसौटी माना जाता है। सविस्तार वर्णन कीजिए। 2018 का बजट किस सीमा तक सरकार के प्रतिस्पर्धी लक्ष्यों एवं राजकोषीय अनुशासन को समाविष्ट करता है?

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20. The role of international trade in achieving a quicker pace of economic development is well recognized. What are the benefits of international trade for a developing country like India? Highlight the challenges that India faces in improving its share in world trade. (250 words) 15

आर्थिक विकास की द्रुत गति को हासिल करने में अंतर्राष्ट्रीय व्यापार की भूमिका को व्यापक मान्यता प्राप्त है। भारत जैसे विकासशील राष्ट्र के लिए अंतर्राष्ट्रीय व्यापार के क्या लाभ हैं? विश्व व्यापार में अपनी भागीदारी बढ़ाने में भारत द्वारा सामना की जाने वाली चुनौतियों पर प्रकाश डालिए।

Exports are the ~~carrier~~ major carriers of a nation's growth. China's meteoric rise in world economy was hinged mostly on its exports and increased International trade.

International trade holds great potential for India as:-

① Improving balance of payment and reducing current and capital account deficit

② Boosts to manufacturers

→ will lead to increased economic growth.

→ provide employment to millions of youth.

(3) Increased economic growth and GDP due to more production for export purposes

(4) Leveraging our expertise in services sector by export of IT services

(5) Increased foreign reserves which can be used for currency stability and purchase of oil.

(8) Import of key necessities
→ oil - we are not self-reliant in oil production
→ critical inputs and raw materials which are used at later stages of manufacturing

Challenges faced by India :—

(1) Low export competitiveness which makes our products costly.

(2) Quality regime of other countries leads to rejection of Indian exports.

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Eg- India's milk exports rejected by New Zealand

(3) International competition from Vietnam, Bangladesh and China.

(4) Lack of enabling policies for exporters

(5) Lack of trained workforce and poor adoption of new technologies.

(6) Inverted duty structure & make exports less competitive.

We need to improve the quality and competitiveness of our exports to fully leverage the benefits that a changing world order has to offer.