VISION IAS

www.visionias.in

GENERAL STUDIES (TEST CODE : 1405)

Name of Candidate	Ayasha Shaikh		
Medium Eng./Hindi	english	Registration Number	417781
Center	Dewas	Date	15/2/20 .

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	10	
2	10	
3	10	
4	10	
5	10	
6	10	
7	10	
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 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

1. The effectiveness of microcredit has come under question in recent times due to multiple reasons. Discuss in the context of India. **(150 words) 10**

विविध कारणों से हाल के दिनों में सूक्ष्म-वित्त की प्रभावकारिता सवालों के घेरे में आ गई है। भारत के संदर्भ में चर्चा कीजिए।

Microcredit is providing loans at low principle.

Ways to increase microcredit

- SHG-Bank linkage programme
- Priority sector lending
- Regional rural banks.

Reasons for ineffective microcredit :

1) Domino effect that causes large loss due to small financial loss as capital is also small.

2) NPAs and wilful defaulters are on rise due to schemes like farm-loan waiver.

3) No regulation of case in the SHG split money reallocation makes them vulnerable.

4) The main creditors of them are farmers ~~which~~ who are highly monsoon dependent on income.

5) Collateral re-financing is very difficult as creditors often resort to multiple lending on same collateral.

Way forward:

1) Political intervention in lending needs to be controlled.

2) Structural reformation of micro-finance by regulatory bodies, NABARD is needed for loan compliance.

3) RRB needs to be strengthened and inclusion through white label ATM is needed. In order to limit crisis like PMC bank, microcredit facilities need to be strengthened for bottom-up approach.

2. For minimising distribution losses in the power sector, public private partnership (PPP) and input-based distribution franchisee models can provide the solution. Discuss. **(150 words) 10**

विद्युत क्षेत्रक में वितरण घाटा कम करने के लिए, सार्वजनिक निजी भागीदारी (PPP) और आगत-आधारित वितरण फ्रेंचाइजी मॉडल समाधान प्रदान कर सकते हैं। चर्चा कीजिए।

Power-sector especialy DISCOMs are running at loss - mainly due to distribution losses.

Distribution losses

- electricity theft
- low efficient transformer
- Use of copper cables that have high resistance
- heat loss and corona loss

due to old machinery transmission.

Ways in which PPP & input-based distribution franchise models can help: (IBDF)

1) Proper electronic metering and billing can help in examining electricity theft.

2) Private investment in transformer rejuvination can increase transforming ratio and efficiency

3) IBDF can help in vertical integration of distribution companies and efficient resource allocation

4) Acknowledging use of Aluminium cables by private investors especially aluminium manufacturers can help cause efficient distribution.

Way Forward:

1) Before allocation of distribution to private investors, as seen in Maharashtra, draft rules should be overlayed to address issues of both consumer and seller.

Thus, to achieve 100% electrification target by 2025, diversification for efficient distribution is needed.

VISION IAS™

3. What is gender budgeting? Give an account of the issues due to which gender budgeting has not been a fruitful exercise in India. Also, suggest measures required to address these issues. (150 words) 10

जेंडर बजटिंग क्या है? उन समस्याओं का विवरण दीजिए जिनके कारण जेंडर बजटिंग भारत में लाभदायक नहीं रही है। साथ ही, इन समस्याओं का समाधान करने के लिए आवश्यक उपायों का भी सुझाव दीजिए।

Gender Budgeting (GB) is gender based assessment of budget in incorporating gender perspective at all levels of budget process.

In India, GB has ~~noot~~ not been much efficient due to:

1) Unsynchronised budget cycle: Allocation of fund and its usage has become uncomplementary. for ex: 60% Nirbhaya fund is left unused.

2) Lack of proper accounting of ministries: MWCD has been termed as toothless tiger ~~for~~ when coming to principle functioning

3) Many stakeholders for same allotted fund like MHRD, MWCD, Police reform.

4) Lack of data on gender bias

Measures to address:

1) Outcome based budgeting can be used for efficient allocation

2) Transparency in allotting and usage of fund through e-governance.

3) Usage of SHGs like SEWA, NGOs should be done for gender data.

4) Formation of women chamber to issue proper voice to gendered issues as done by MP Smriti Irani in project SURE.

The India ranks 102 on global gender index and thus needs holistic outlook to gendered issue with proper equality as assigned by Article 14.

4. Highlight the issues faced by the corporate bond market in India and suggest reforms required in this regard. (150 words) 10

भारत में कॉर्पोरेट बॉण्ड बाजार द्वारा सामना किए जाने वाले मुद्दों को रेखांकित कीजिए और इस संबंध में आवश्यक सुधारों का सुझाव दीजिए।

Corporate Bond Market since 1991 reforms has been mainly in undergrowth stage.

Importance of CBM

- Helps raise fund in infrastructure and other mega projects.
- Reduces government spending need on infrastructure
- invests ideal money of public on venture for nation building.

I Issues with CBM

1) Narrow investor base accounting for mainly banks, insurance companies, mutual funds.

2) Cashing off ~~no~~ bonds before maturity.

3) Little liquidity due to limited buyers.

4) Majority of bonds issued are placed privately

for investment rather than public issue.

Reforms needed to revive CBM

1) Boosting credit rating by of companies through suggestions provided by Credit Guarantee Enhancement Corporation.

2) Issue of CBM on public issue through IPO and stock market.

3) Advertising CBM for investment measures as done for mutual funds.

4) Encouraging infrastructure PPP model by CBM through municipal bonds. for region centric buildup

Thus, for filling the vacuum between execution and need, private sector is essential and their need can be fulfilled through CBM.

5. In light of the renewed focus on strategic disinvestment in recent times, examine the rationale behind it and also discuss the concerns raised against it. **(150 words) 10**

हाल के दिनों में रणनीतिक विनिवेश पर नए सिरे से ध्यान केंद्रित किए जाने के आलोक में, इसमें निहित औचित्य का परीक्षण कीजिए तथा साथ ही इसके विरुद्ध व्यक्त चिंताओं की भी विवेचना कीजिए।

Disinvestment is selling of partial or full government shares of public goods to private sector.

Causes of disinvestment

- continuous loss making enterprise
  Ex: Air India
- Principle of subsidiarity
- Increase efficiency of PSUs and decrease monopoly
  Ex: BPCL.

Arguments in favour of disivestment:

1) Loss making enterprises end up using government's capital and restricts its usage.

2) Make government earn capital that can be further used for diversification.

3) Increases efficiency and reduce political interv-ention in Public Sector

4) Decreases monopoly of government and promote wealth creators and pro-business policies.

Arguments against disinvestment

1) Revenue receipt of government shrink drastically, affecting its expenditure

2) Encourages pro-crony capitalism and excessive profit making.

3) Can cause labour exploitation by private investor.

4) Government may use the capital received for own debt financing causing two way loss.

The issue of strategic disinvestment should be discussed with all stakeholders keeping long term and short term goals alligned.

6. While identifying the need for providing social security to gig workers, highlight the challenges that exist in this regard. **(150 words) 10**

गिग श्रमिकों को सामाजिक सुरक्षा प्रदान करने की आवश्यकता की पहचान करते हुए, इस संबंध में विद्यमान चुनौतियों पर प्रकाश डालिए।

Gig workers are temporary, part time workers as opposed to traditional hired workers.

Gig economy in India

- Ex.: Ola drivers, Zomato delivery person
- higher unskilled workers.
- need no qualification strictness and help informal sector.

Need for providing social security :

1) Lack of stringent laws in hiring and firing of employees.

2) Hiring procedure is by an app that can even have fake documents.

3) It has largely become informally formal sector due to no income security, labour clause, working hours as highlighted by

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

Ola, Uber driver strike in Delhi and Mumbai

Ways to address issues:

1) Job working hours should be properly defined with bonus on 'extra time'.

2) Commission rate between service provider and worker should be defined.

3) Amount of weight that single delivery boy can carry should be regulated as per norms.

4) PF and pension for gig workers should be announced by measures as done in PM-KISAN.

India's unemployment is at 45-year high and gig-workers will be attracted towards it. Therefore uncertainities should be defined and regulated. ~~Hor~~ in the sector.

7. Do you think that multi-year budgeting is the need of the hour in India?
(150 words) 10

क्या आप मानते हैं कि भारत में बहु-वर्षीय बजटिंग समय की मांग है?

Multi year budgeting is adopted by many developed countries such as Australia.

It involves integration of annual fiscal plan with medium term of plan process. For ex.: aligning today's environmental needs with long term ~~f~~ Bonne challenge.

Pros of multi year budget.:

1) Gives an insight of long term goals of a government thus strengthening financial investment motive and democratic institutionalisation.

2) Improves accountability of government in terms of fiscal responsibility and transparency

Cons of multi-year budget :

1) Uncertainities like natural a calamity ~~can~~ requires quick action and can be in opposite pre-defined motive.

2) Cost for ensuring transparency and data collection is very high and require major technological innovation in AI & and machine learning.

In order to adopt multi-year budgeting, regulation is very much needed and in order to ~~chan~~ examine its durability in Indian context, small sections of budget can be tested around multi-year budgeting.

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

8. What are the issues faced in financing of infrastructure in India? Give an account of the steps taken by the government to resolve these in recent times. **(150 words) 10**

भारत में अवसंरचना के वित्त-पोषण में आड़े आनी वाली समस्याएं क्या हैं? हाल के दिनों में इनका समाधान करने के लिए सरकार द्वारा उठाए गए कदमों का विवरण दीजिए।

Infrastructure in India comprises of electricity, water, Road, Pipelines. Both public and private financing of infrastructure is falling because of following issues:

1) Structural delays in project like land and ~~###~~ environmental clearance disinterest investment

2) Low return and political interference on re-acquisition of funds

3) Overpowered bureaucracy gets engaged in delay of project articulation

4) Low efficiency of workers take more time for same works to be performed and therefore more funds.

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

Governments step's to resolve investment :

1) Proposed National Infrastrure Investment Pipeline worth ₹ 102 crore .

2) Ease in angel tax investors norms.

3) Establishing credit enhancement for infrastructure and Housing project. [Economic survey 2019-20]

4) Cut of corporate tax rate from 30% to 22% in 2019.

Way forward :

1) To have $ 5 trillion economy by 2025, $ 1.2 trillion investment on infrastructure is required.

Thuss Kelkar committee recommendation on PPP model should be used.

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

9. Investment in social infrastructure is key to engineer an inclusive and sustainable growth in India. Discuss. (150 words) 10

सामाजिक अवसंरचना में निवेश भारत में समावेशी और संधारणीय विकास की योजना बनाने के लिए अत्यंत आवश्यक है। चर्चा कीजिए।

Social infrastructure helps in human development. They comprise of schools, hospitals, parks, etc.

Need for investment in social infrastructure

1) Social infra. in India is highly outdated and outnumbered. For ex: Bed to patient ratio in India 0.9/1000 while recommended is 2.9/1000.

2) Investment can help in quantitative and qualitative rejuvenation. For ex: Smart classes in government school

3) Will help reduce out of pocket expenditure of poor section and help in inclusive growth.

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

4) Help development of upcoming generation and thus, sustainably grow the society and economy.

Challenges :

1) Structural challenges like corruption, fiscal discipline of government.

2) Functional challenges of continuity and lack of teachers, doctors, land leasing.

3) Organisational challenges of fund collection, receiver and allotment.

India ranks 93rd on human development Index and needs better investment on social infra. which can be done by government, society and private partnership.

VISION IAS™

10. It is imperative that the present system is re-engineered and a transition towards Outcome Budgeting is made for effective Public Finance Management in India. Discuss. **(150 words) 10**

यह आवश्यक है कि भारत में प्रभावी लोक वित्त प्रबंधन के लिए वर्तमान प्रणाली को पुनर्व्यवस्थित किया जाए और परिणाम बजट की दिशा में संक्रमण किया जाए। चर्चा कीजिए।

Outcome Budgeting is way of funding on expected results.

Need of outcome Budgeting

- fixes accountability of government
  - more result oriented rather than outlay oriented
- helps analyse non performing areas and better financial management.
- helps in setting qualitative ambition.
  - aid better scheme management.

Present system of Budget in India and its drawbacks

- Article 112: annual financial statement laid in by Parliament
- Budget allocation discussed and voted.
- Many allocations are guillotined or used closure motion and left unaddressed.

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

Challenges in outcome budget

1) Additional cost for mapping of targets and data allocation.

2) Accuracy for fund allocation is low due to digital illiteracy, inefficient working groups.

3) Time constraint as budget has to be prepared annually and data synthesis of vast geography of India is itself challenging.

4) At ground level, even social auditing is not done regularly, greatly limiting data efficiency.

Thus, outcome based budgeting will be a welcoming move to fix ~~democra~~ participatory democracy and should be adopted with dilution of data collection bottlenecks.

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

11. There have been indications of sluggish growth in labour intensive industries in India in recent times. Analyse the reasons behind this trend. What can be done to reverse the trend? **(250 words) 15**

हाल के दिनों में भारत के श्रम गहन उद्योगों में मंद वृद्धि के संकेत मिले हैं। इस प्रवृत्ति के लिए उत्तरदायी कारणों का विश्लेषण कीजिए। इस प्रवृत्ति को व्युत्क्रमित करने हेतु क्या किया जा सकता है?

Manufacturing industries are mainly labour intensive and they have seen a growth level of just 0.6%. (2019) - Economic Survey (2019-20).

Importance of manufacturing industry in India:

1) Account for 16% GDP.

2) Provide employment to about 10% of workforce labour.

3) Is direct link between primary sector and ~~secondary~~ service sector.

4) Enhances India's position in Global Value Chain.

Reason for sluggish growth rate :-

1) Low demand due to high unemployment and inflation (especially ~~headline~~ core inflation).

2) Huge effect of intermediary value chains due to US-China trade war, India-Pakistan trade hold, US-Iran war.

3) No major innovation disinterest buyers.

4) Cascading effect of low growth and unemployment as shown in fig 11.1.

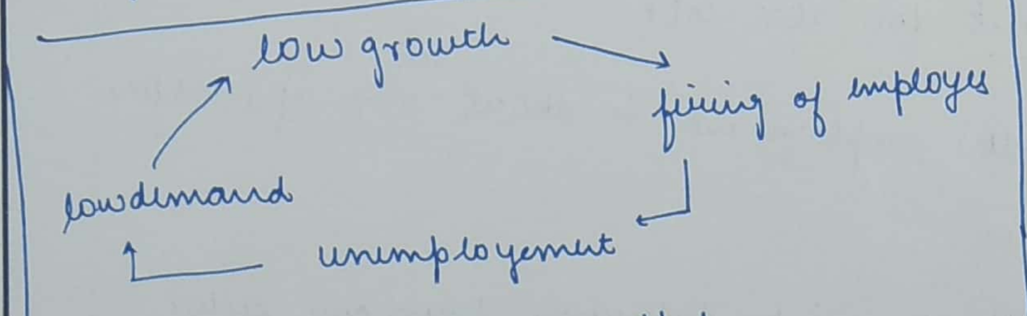

Fig 11.1. : cascading effect.

5) Irregular policy measures, especially in automobile sector. For ex.: BSIV and BSVI norms, electric vehicles confuse the investor.

Way forward

1) Proper draft guidelines should be issued before major policy changes and discussion with every stakeholder should be done.

2) Integrating 'Make in India' with 'Assemble in India' to be done.

3) Research and development in automobile sector be promoted, especially in technical field like engineering.

4) Boosting raw material availability through dedicated mineral corridors.

The ~~following~~ above measures should be taken along with increasing investment through FDI, FPI in order to achieve ambitious target of 25% GDP share of manufacturing sector by 2025.

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

12. While some associate increased penetration of technology and industrialization with increase in inequality in India, the reasons for the same lie somewhere else. Discuss. **(250 words) 15**

यद्यपि कुछ लोग प्रौद्योगिकी और औद्योगीकरण की पैठ में वृद्धि को भारत में असमानता में वृद्धि के साथ संबद्ध करते हैं, तथापि इसके कारण कहीं और निहित हैं। चर्चा कीजिए।

Gini cofficient of India is 0.384. and recent Oxfam report on inequality state that 1% of rich population in India accounts for 70% of India's wealth.

Reasons for inequality

1) Uneven distribution of resources. There is a virtual north-south divide in India while south is ahead in terms of human development.

2) Inefficient redistributive justice such as MGNREGA and allocation of funds.

3) Overbureaucratization leads to "grass without roots" development (A.K. Gadgil committee)

4) Lack of skilled ~~development~~ labours projects unemployment. According to PLFS Survey, only 13% workforce receives training.

5) Overburdening of agricultural sector and low land holding capacity decreases yield per person.

6) Non-inclusive developmental models that are based on resource allocation rather that outcome allocation.

7) Other health issues such as expenditure on health, drug usage, also push families to poverty line.

Government's efforts for equal growth.

- unemployment: MGNREGA, Skill India.
- financial help: PM-KISAN, Fasal Bima Yojana, Pension scheme.
- PDS: one nation-one ration card. food fortification.
- Health: Ayushman Bharat, AQI.

Way forward:

1) Proper allocation of budget benefits should be done through increase in transparency and efficiency of bureaucrats and government.

2) Investment on social infrastructure should be done for resolving out of pocket expenditure. for ex: Mohalla clinics in Delhi.

Thus, for an inclusive growth, protection of informal sector should also be done.

13. It has been argued that a fiscal stimulus can help revive the Indian economy and deal with the current slowdown. Discuss in context of prevalent situation. **(250 words) 15**

यह तर्क दिया जाता है कि राजकोषीय प्रोत्साहन भारतीय अर्थव्यवस्था को पुनर्जीवित करने और वर्तमान स्लोडाउन (गिरावट) से निपटने में सहायता कर सकता है। वर्तमान स्थिति के संदर्भ में चर्चा कीजिए।

Indian economy's growth rate has slowed down from 7.1% to 5.6%. (Economic survey 2019-20).

Government has resort to fiscal stimulus (or easy money policy) + by following ways:

- 110 bps cut in repo rate by MPC
- corporate tax rate cut from 30% to 22%.
- ease in angel tax investors
- Pension scheme for old and farmers.

Ways in which fiscal stimulus is advantageous:

1) Increase money supply in market and help resolve demand side constraints

2) Decrease lending rates of banks and thus promote new business ventures.

3) Encourage wealth creators and job givers for easy money policies. by which unemployment can be followed.

4) Attract investors through FDI, FPI.

5) Increase purchasing ~~value~~ power of public and help in savings.

Drawbacks of fiscal stimulii

1) Has a top-down approach mode and takes time to reach public ~~of~~ relief.

2) Inflation in CPI is rising at 7.1% while WPI is decreasing, easy money policy ~~has~~ can increase inflation

3) Corporate tax rate cut does not mean redistributive justice, can increase income

disparity (India's gini coefficient is 0.384).

4) Already Capital is cheap and monetary policy ~~does~~ will not have higher returns as compared.

5) Investment due to structural constraints like government intervention, inefficiency is low. It does not address such issue.

Way forward:

1) Analysis of both policy and market should be done as both inflation and unemployment is rising.

2) Qualitative easing should also be done.

Therefore, in order to have constant growth rate monetary policy and qualitative intervention for managed fiscal stimulus is required currently.

14. While public private partnership (PPP) in Indian Railways should be encouraged, there is a need to manage the transition to PPP model carefully. Discuss. **(250 words) 15**

यद्यपि भारतीय रेलवे में सार्वजनिक निजी भागीदारी (PPP) को प्रोत्साहित किया जाना चाहिए, तथापि PPP मॉडल की दिशा में संक्रमण को सावधानीपूर्वक प्रबंधित किए जाने की आवश्यकता है। चर्चा कीजिए।

In Budget 2016-17, there the idea of PPP model for Indian Railways was encouraged based on allocation of 4R - Resource, responsibility, risks and rewards.

Need for PPP model in Indian railways

- inefficiency
  - Railways has gone under loss at 5 year high.
- monopoly of government
- principle of subsidiarity
- government own fiscal discipline
  - restricts fund allocation.

Advantages of PPP in Railways

1) Private players will encourage efficiency

of both human resource and natural resource in Railways.

2) Decrease burden on government and help in efficient public goods reallocation

3) Increase qualitative perspective of railway system from catering, waste management to maintainence of railway line.

4) encourage wealth creators and pro-business in Indian economy as compliemented by economic survey 2019-20.

5) Modernise Indian railway as seen in airport management and Tejas express.

Disadvantage:

1) ~~A~~ In order to increase profit, direct increase in fare charge can be seen.

2) Heavy investment will be needed that can be incurred through wage

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

cut.

3) Shrink ~~cap~~ revenue earning of government and hence its spending too.

4) Environmental effects due to extra capitalist model / pro crony models can prove to be backfired.

About 70% of freight is carried by railways and therefore regularisation and balance of privatisation and public governance is required by discussion with every stake holder.

15. A worrying trend for Indian economy has been the decline in private investment in the past few years. Highlight the reasons behind it. What steps should be taken to revive private investment in the economy?

(250 words) 15

विगत कुछ वर्षों में निजी निवेश में गिरावट, भारतीय अर्थव्यवस्था के लिए एक चिंताजनक प्रवृत्ति रही है। इसके लिए उत्तरदायी कारणों पर प्रकाश डालिए। अर्थव्यवस्था में निजी निवेश को पुनर्जीवित करने के लिए क्या कदम उठाए जाने चाहिए?

According to CMIE data, there has been 5% decline of private investment and is continuously declining.

Need for private investment → fills the gap between government's expenditure and requirement

→ maintains the virtuous cycle of growth.

→ India needs $1.2 trillion investment to reach 5 trillion $ economy.

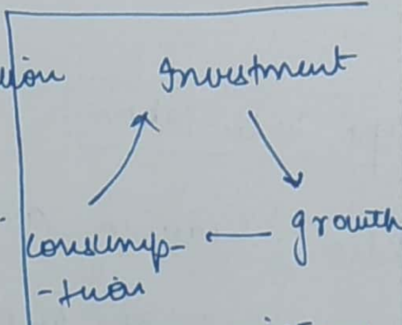

Fig 15.1 virtuous cycle of growth.

Reasons behind low investment

1) Low return due to cheap capital.

2) Delay in enforcement of projects due to

land leasing laws, environmental clearance.

3) Sluggish land clearance : It takes about 3 months to 1 year for land clearance according to ease of doing business report.

4) Uncertainity in government policies and rules.

5) Complex tax structure and regular government intervention.

6) Strict CSR rules does not atract further investment.

Steps to be Taken

1) Public hearing and rights claim should be done at first instance for speedy clearance.

2) Company adjudication Tribunal should be encouraged in time bound manner

Don't write anything this margin

3) Liberalised policy regulation of government for enough space for business and workers right.

4) PPP model should be encouraged.

5) Policies for efficient outcomes be made. for green channeling of CSR norms and its ease.

Thus, ~~an~~ in order to attract investment policies attracting the same should be encouraged.

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

16. Urban Cooperative Banks (UCBs) in India are in need of urgent reforms addressing their regulatory, structural and operational issues. Discuss.

(250 words) 15

भारत में शहरी सहकारी बैंकों (UCBs) हेतु उनकी नियामकीय, संरचनात्मक और परिचालन संबंधी समस्याओं को दूर करने वाले तत्काल सुधारों की आवश्यकता है। चर्चा कीजिए।

UCBs in India have undergone major repercussion due to various issues as seen in PMC bank crisis.

I Regulatory issues

1) Dual regulation of RBI and co-operative Registrar. This causes difficulty of strict regulation as highlighted by PJ Nayak committee

2) PCA framework of RBI is not applicable to co-operative banks.

3) Borrower can be shareholder in UCBs

Structural issues

1) Working both as bank and co-operative society it either leads to over lending as seen in Madhavpur Bank crisis.

2) Strict regulation is absent in terms of ~~struct~~ scheduled and non-scheduled UCBs

3) Cross-holding of various UCB banks.

Operational issues :

1) Tough competition from commercial banks.

2) Low deposit base, as only 4% deposits & 3% outstanding loan was given by UCB in 2018.

3) Under-reporting of NPAs.

Way forward :

1) Creation of umbrella organization for co-operative banks as recommended by R. Gandhi Committee should be done.

2) limiting cross-holding of accounts of other UCBs

3) co-operation between regulatory bodies (RBI & co-operative registrar) through data sharing and committee formation should be done.

4) Regular auditing, strict NPA guidelines be issued by mutual co-operation of regulatory bodies.

Banks are lifelines of credit in an economy and should be strengthened ~~the~~ to core through fixing accountability.

17. Identify the factors that have facilitated digital financial inclusion in India. Mention the steps that have been taken by the government in this regard. What are the challenges that remain going forward? (250 words) 15

उन कारकों की पहचान कीजिए जिन्होंने भारत में डिजिटल वित्तीय समावेशन को सुगम बनाया है। इस संबंध में सरकार द्वारा उठाए गए कदमों का उल्लेख कीजिए। ऐसी कौन-सी चुनौतियाँ हैं जो लगातार बनी हुई हैं?

About 34% of India has ~~mo~~ access to internet and India ranks 44th in digital competitive Index 2019.

Factors that facilitated digital financial inclusion are :

1) Digital India campaign promoted internet usage.

2) Demonetisation promoted ~~p~~ digital payment gateways.

3) Low internet cost of telecom sector. had helped in grassroot level digitisation.

4) ~~Made~~ make in India initiative has attracted smartphone companies like Samsung that

reduced cost of smartphones.

5) Aadhar based quick sim availability facilitated connectivity.

6) Promotion of 4G spectrum, and SC guidelines for no call drop. enhanced service provided by Telecom sector.

7) Further, no MDR rate on Rupay card and UPI has helped use of digital transaction.

Challenges:

1) Gender divide in internet usage → while 74% men have internet knowledge not more that 30% of women have same.

2) Internet shutdown: according to Software freedom law Centre data there were more than 100 shutdown in India costing about $ 1.2 billion loss to economy.

3) India has slowest 4G speed and transition towards 5G will further deteriorate it

4) Digital illiteracy can cause money theft by fraud calls and OTP sharing.

5) Data leakage as seen in Aadhar and medical reports can cause identity theft.

Way forward

1) Digital literacy camps should be promoted through NGOs and other organisation

2) Policy guidelines for data storage and localisation should be strengthened.

In order to have $ 5 trillion economy, financial inclusion is crucial, ~~but~~ along with strengthening trust in digital financing

18. Why is participation in Global Value Chains (GVCs) important for India? Highlighting some of the concerns associated with GVCs, suggest some measures for India to reap benefits from participating in them.

(250 words) 15

वैश्विक मूल्य श्रृंखलाओं (GVCs) में भागीदारी भारत के लिए क्यों महत्वपूर्ण है? GVCs से संबद्ध कुछ चिंताओं को रेखांकित करते हुए, भारत के लिए इनमें भागीदारी से लाभ प्राप्त करने के कुछ उपायों का सुझाव दीजिए।

Global value chains is an integral part of globalisation where an intermediate process of product formation is in different countries. India through 'Make in India' and 'Assemble in India' camp programme is being part of GVC.

Importance of GVC for India
- India has cheap labour as compared. This will increase employment.
- will increase forex reserve and help strengthening rupee value.
- Help fight the unemployment
- diversify portfolio of Indian economy.

↳ help ~~to~~ achieve target of 25% gdp contribution target of manufacturing sector of <u>Make in India</u>.

Concerns of GVC:

1) Reduce <u>government regulation</u> in terms of labour law protection

2) Increase <u>intervention of MNCs in formulation</u> of policies in pro-business modules rather than pro-growth / development.

3) <u>Uncertainity</u> in labour laws and cost.

4) <u>Increased</u> threat of BEPS and Tax evasion.

5) Tax reduction for GVCs promotion may reduce revenue of government and increase its <u>fiscal deficit</u>.

6) <u>Security</u> threats by <u>terror financing</u> through GVCs

Way forward:

1) Strict labour laws and simultaneous pro-business wealth creation balance is needed as underlined by eco. survey 2019-20.

2) Regular policy checks and deals of reciprocatory territory should be done to check tax evasion.

3) Regular auditing and finance management of MNCs should be proposed.

4) Regional resource industries should be promoted for inclusive and substantive growth.

Thus, an equilibrium between wealth creators and its employees has to be maintained for GVCs through government intervention.

19. What is the significance of state finances for macro-economic stability in India? Also, highlight the issues with states' fiscal management in India.
(250 words) 15

भारत में समष्टि-आर्थिक स्थिरता के लिए राज्य वित्त का क्या महत्व है? साथ ही, भारत में राज्यों के राजकोषीय प्रबंधन से संबद्ध मुद्दों को भी रेखांकित कीजिए।

In order to stabilise economy, state often resort to measures of regulation or self financing.

Significance of state finance for macro-economic stability

1) Increases financial inclusion of people.
2) Helps in stabilising purchasing power parity by direct intervention which can further stabilise demand.
3) Direct benefit transfer through finance channels help in financial stability and reduces leakage.

4) Increase beneficiary and performs function of welfare state.

5) Fills the vaccum of un-governed masses left by other regulatories like banks.

Challenges with fiscal management.

1) FRBM Act guides state to reduce the fiscal deficit to about 3%.

2) Policies such as farm loan waiver cost heavy to state finances.

3) Asymmetric federalism in India with tax sharing has major constraint.

4) ~~t fc~~ 14th Finance commission recommended tax share to be increased from 32% to 42%, 15th finance commission did not further change

it

5) Natural calamities like drought in Maharashtra, floods in Kerala and non - allocation of ~~dif~~ natural disaster fund further stresses the state financing.

The state financing can prove both beneficiary and harmful as highlighted by economic survey 2019-20 and should be regulated with proper synthesis of state finance commission with finance commission of India.

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

20. Though Code on Industrial Relations, 2019 is aimed at reducing labour dispute as well as ease of doing business, it also restricts the collective bargaining power of the workers. Comment. (250 words) 15

यद्यपि औद्योगिक संबंध संहिता, 2019 श्रम विवादों को कम करने और साथ ही ईज़ ऑफ़ डूइंग बिज़नेस पर लक्षित है, तथापि यह श्रमिकों की सामूहिक सौदेबाजी की शक्ति को सीमित भी करती है। टिप्पणी कीजिए।

Code on Industrial Relations, 2019 integrated 44 labour laws into 4 codes: on wages, industrial relation, social security and safety, health and working conditions.

Key Provisions of code:

1) Setting up of re-skilling fund" for skill development and training.

2) Fixed term employees will get all statutory benefits on a par with regular employees.

3) Trade union will be recognised only when 75% workforce support.

4) Government officers has power for adjudication

of disputes involving penalty as fines.

5) It allow companies to hire workers on fixed term contract for any duration.

Significance in reducing labour dispute & business ease as:

1) Two member tribunal for important cases and rest by single member will ensure faster recovery.

2) Formation of negotiating union will be tougher.

3) Ease of labour laws will promote further business.

4) Re-skilling fund will help enhance already underskilled labour force and thus reduced structural unemployment.

Problems with the code :

1) Proposal of minimal floor wage at ₹178 will be starvation wage and will cause labour exploitation.

2) It will promote 'hiring and firing' norms thus increasing uncertainity in formal sector.

3) Bargaining capacity of labour will be greatly reduced by strict trade union recognition norms and promote pro-crony capitalism

4) Code has provision for 'employee children below 15yrs' which can be used for child labour legalisation.

Thus, in order to achieve a holistic growth, labour law has to be synchronised with business laws.