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GENERAL STUDIES (TEST CODE : 1987)

Name of Candidate	Kanika		
Medium Eng./Hindi	English	Registration Number	1005490
Center		Date	

INDEX TABLE			INSTRUCTIONS
Q. No.	Maximum Marks	Marks Obtained	
1	10		1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code). उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)। 2. There are TWENTY questions printed in ENGLISH & HINDI इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं। 3. All questions are compulsory. सभी प्रश्न अनिवार्य हैं। 4. The number of marks carried by a question/part is indicated against it. प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं। 5. Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other than the authorized one. प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे। 6. Word limit in questions, if specified, should be adhered to. प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए। 7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off. उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।
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Total Marks Obtained:			
Remarks:			

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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.

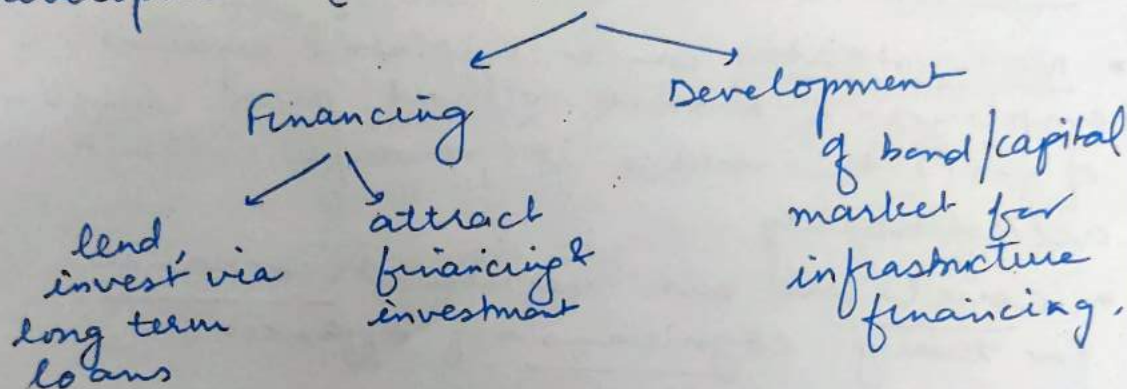
4.

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6.

1. The move to establish National Bank for Financing Infrastructure and Development (NBFID), to reverse the drag on India's growth potential will have its own set of challenges.

National Bank for Financing Infrastructure & development (NBFID) aims at :-



Functions of NBFID

- extending loans and advances for infrastructure projects, take over or refinance such existing loans etc.
- Organise / facilitate foreign investment
- dispute resolution and consultancy services.
- provide funds for National Infrastructure pipeline.
- Funding from
 - central govt
 - RBI
 - WB / ADB
 - via financial instruments etc.

As India moves on the path of structural changes in the economy, special development finance institutions may help in providing the required impetus, finances, expertise without affecting other aspects of the economy.

Challenges associated

- NO investigation can be initiated against employees of NBFID without prior sanction of govt, this makes it powerful without accountability.
- Courts will also require prior sanction for taking cognisance of offences.
- If unworthy loans are given, NBFID could turn into another bank with disproportionately high NPA's.
- ~~More with~~ Project delivery within stipulated time remains a challenge in India.
- Dispute resolution and clearances aspects also delay infrastructure development.

Along with ready/exclusive financing for infrastructure, focus needs to simultaneously be on timely completion and quality management to reap the benefits of infrastructure development, else NBFID could turn into another burden with double edged sword.

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प्रश्न संख्या
(Question No.)

2. Mega Food Parks were considered to be a game changer for FP Sector in India But their progress has remained stunted.
Discuss.

Mega Food Parks ^(MFP) provide for a modern infrastructure facility for food processing along with value chain from farm to market through a cluster based approach.

Currently 22 MFP are in operational in India
MFPs as game changer for Food Processing sector

- (1) MFP scheme is based on cluster based approach and provided for → well defined:
support infrastructure
defined agriculture, horticulture zones.
well established supply chain.
modern technology

- (2) Supply chain infrastructure consisting of collection centres, primary processing centres, cold chain etc.

- (3) could give a huge push to already emerging sunrise sector of food processing industry by providing forward/backward linkages to MSMEs in this sector.

- (4) Scope of employment generation and regional development honing the agriculture sector, thus doubling farmer's income.

Stunted Growth of Mega Food Parks

- (1) Promoters find it difficult to convince banks to provide loans.
- (2) Regional disparities: only 5 projects have started in North East.
- (3) Mandatory acquisition of 50 acre of land has been a hurdle.
- (4) Since its a relatively newer concept, smaller units are reluctant to move base.

Recent initiatives of the govt like
• Formalisation of micro food processing industries
Foscas initiative of FSSAI to give licenses
and one district one product approach can
very well complement the development of
food processing sector in India.

Along with Horticulture Clusture
development initiative, Mega Food Parks can
also take the help of cooperative societies
and develop a large functional unit.

3. Explain the working of Private Finance Initiative model. Also discuss its significance in the Indian context.

Private Finance Initiative (PFI) is a way of financing public sector projects through the private sector.

PFI help decrease the immediate burden on government and tax payers to come up with huge capital for major infrastructural projects.

Upfront cost handled by private company) → leased to govt and govt makes annual payments) → widely used in developed countries like US, UK

Significance for India

- (1) India's huge requirement for capital for infrastructural development can be supplemented via resource mobilisation from private sector.
- (2) PFI are outcome-based instead of input based public procurement. The

uncertainties and risks during project development are borne by private player.

∴ Incentive for technological upgradation and timely completion.

• Lessons for India

→ Indian agencies should develop capacities for project management and contract negotiations.

→ clearly report future liabilities & risks created with each PFI initiative

→ Encourage PFI in social sector like health & education infrastructure.

Various public private partnership models in India are loosely based on PFI models eg: Build Operate Transfer, Hybrid Annuity Model etc.

Adequate data collection, analysis and building efficiencies of govt agencies is the need of the hour. In this regard National Project and Program Management Policy Framework by NITI aayog & Quality Council of India is a well timed initiative

4. Significance of new Labour Codes in India, discuss challenges.

Consolidation of various labour laws under four major heads, recently done by Govt of India aims to simplify the sector; clearly demarcating rights of the labour and duties of the employer and hence increasing overall ease of doing business in India.

Labour Codes → on wages
→ on social security
→ on industrial relations
→ on occupational safety and working conditions.

Significance of new Labour Laws

- (1) Defines labour as anyone earning less than ₹ 15000 pm.
- (2) Defines 6 kinds of employment → permanent
→ apprenticeship
→ badli
→ temporary
→ Fixed Term employment etc.
- (3) Coverage: Size based thresholds are shall help firms in reducing compliance burden.
- (4) Retentionment: Establishments hiring more than 300 workers need govt permission for

for closure, layoff etc.

(5) Labour enforcement; which was otherwise suffering from poor enforcement, inadequate penalties etc.

(6) Trade Unions : Code on Industrial Relations provides conditions for sole negotiating union

(7) Delegated Legislation : Codes on Social Security provides for a social security fund for safety and security of labours.

Challenges

(1) Critics argue that these labour laws seek to promote informal / gig economy.

(2) Do not make social security provisions uniform for all firms.

(3) Retrenchment threshold has requiring govt permission, creates a barrier for firms to exit.

(4) Codes do not address the concerns of contract labour, minimum wages etc.

(5) Lack of clarity of definition of various for "platform" workers, "gig" workers makes loop-holes easy.

The need of the hour is immediate, and adequate & effective implementation of these labour codes establishing labour rights and employer responsibilities and duties.

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प्रश्न संख्या
(Question No.)

5.

PDS in India is not only a significance anti-poverty measure but also serves as a instrument of raising nutritional security. Discuss.

Ministry of Consumer Affairs, Food and Public distribution successfully ensure food security in the country by a network of fair price shops which provide cereals and other items at a subsidised rate to 50% of urban & 75% of rural population.

Evolution of PDS as an Anti-poverty measure

• 1950s → Universal → Revamped → 1970 → Targetted PDS → 1997 → 2002
Antyodaya households included.

• under Targetted PDS

BPL
(at 50% of cost for FCI)
↓
Antyodaya Households at (₹ 3, 2, 1)
↓
APL Households (at full economic cost of FCI)

• Some states follow universal PDS like Tamil Nadu

• Along with food, some states also provide non-food items for essential for daily usage.

PDS for nutritional security

- Distribution of fortified rice has been taken up on a pilot basis in some states.
- Pulses provide an excellent source of protein for vegetarian diet
- Some states also provide regional/local cereal crops in PDS.
- PDS has also proved to be a game changer for maternal health.

Despite its excellence, the PDS suffers from various challenges

- (1) India performs disproportionately poor in Global Hunger Index.
- (2) Excessive focus on wheat and rice instead of nutritious crops like millets and pulses.
- (3) Several exclusionary errors, ghost ration cards etc.

The initiation of Integrated management of PDS suggested by Partha Mukhopadhyaya Committee and subsequent roll out of one nation one ration card is an excellent step in ensuring antipersonal food & nutritional security via PDS in India.

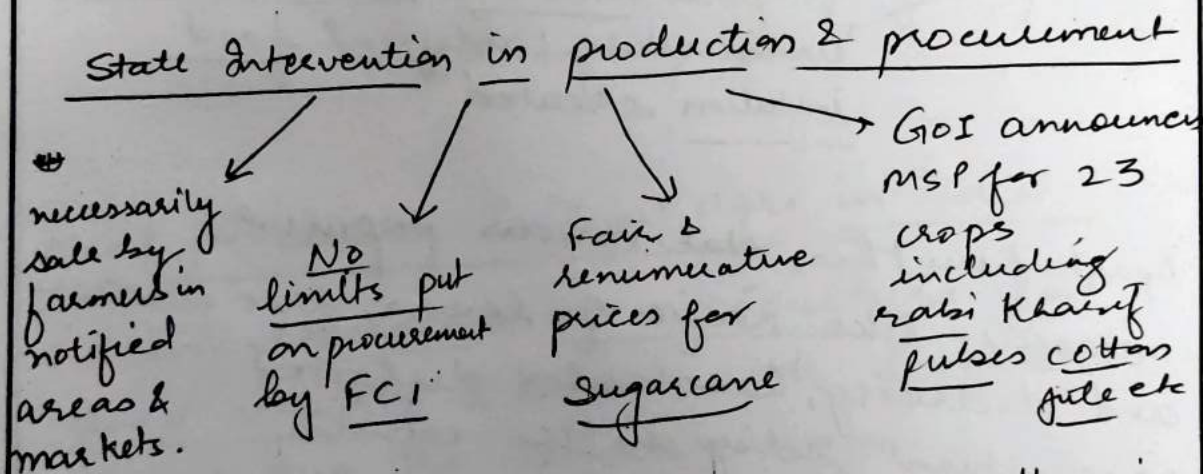
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प्रश्न संख्या
(Question No.)

6. It is argued that excessive state intervention in itself has created multiple hurdles in agri market system in India.
Explain with adequate evidence.

India being an agriculture dependent country guided by socialist tendencies; it is imperative to see withers state being the dominant player when it comes to agriculture marketing.



led to :- • skewed cropping pattern in favour of wheat & rice as MSP on the same is higher and more profitable.

- Regional disparities between states
eg BIMARU states vs Haryana & Punjab
- only 6% of farmers manage to sell their crop on MSP.

state intervention in storage and distribution

gvt puts
cap on
hoarding
of essential
commodities
under
essential
Commodity Act

Since
gvt is the
major
procursor,
most ware-
houses are
state
controlled

PDS
creates a dual
market of
subsidised
rates and market
rates.

hurdles created → stunted development of storage infrastructure
→ food wastage in FCI godowns
→ unnecessary / artificial food inflation created.

Apart from this, ~~state~~ various populist measures like waiver of loans, free water and electricity, have also distorted agricultural set up in the country.

Instead of provided monetary external aid, the focus should rather shift towards making agriculture self sufficient with the help of a functional cooperative culture, crop diversification, use of ICT tools in developing & both indigenous & export market for agriculture.

7. Identifying the need for a climate resilient agriculture in India. discuss how it can be achieved.

Climate resilient agriculture refers to crops and cropping patterns which are relatively more resilient to fluctuations in climate eg:

- heat resistant
- can bear water shortage
- disease resistant
- can bear wide range of temperature and humidity etc.

Need for climate resilient agri in India

- (1) Heavy dependence on agriculture for food security. ~~is cannot risk of~~ which is at risk due to climate change.
- (2) Monsoon dependent agriculture. Any fluctuations in rainfall pattern can have heavy repercussions.
example: on rice, wheat, cotton etc.
- (3) Recent report by Cotton 40 indicated that more than $\frac{1}{3}$ rd of cotton production in India is susceptible to growing changes in climate.

(4) Climate change also brings with increasing risk of diseases eg Bollworm, pink worm etc.

How to achieve climate resilient agriculture

(1) Green Revolution 2.0 which must focus on crop diversification, increasing farm biodiversity and decreases ~~the~~ changes chances of pest attack via natural methods.

(2) Shift focus towards → pulses
→ millets
→ legumes etc

which ~~are~~ require less inputs in terms of water, fertilizers ~~but can~~ and can bear wide range of temperatures.

(3) Shift rice cultivation to east & north east as an immediate measure to halt decreasing water table in Punjab Haryana.

(4) Focus on organic agriculture, community and farm forestry; and crop rotation etc to increase soil fertility and reduce risk via diversification.

Agriculture in India suffers from various populist measures which distort productivity. Schemes like National Mission on Pulses and Oilseeds, weather forecasting and farm inputs dissemination are step in right direction.

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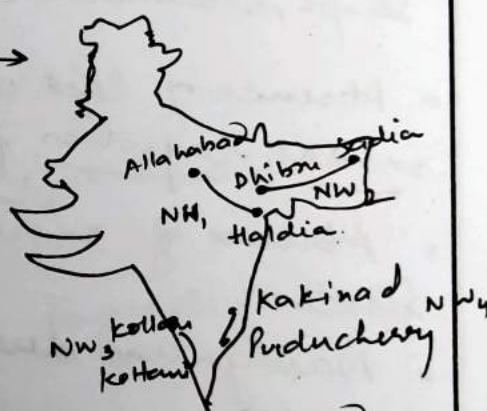
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प्रश्न संख्या
(Question No.)

8. Despite a vast coastline and a number of waterways, why has not India not been able to achieve its potential in bringing a significant modal shift from rail and road to waterways?

India spends 14% of its GDP as logistic cost. Share of waterways in freight movement is a mere 6%, (Roads 60%. Railways 30%) while in some countries it is as high as 50%.

- India's coastline ~ 7600 km
- National waterways →



Advantage of using waterways

- Time and Cost effective
- Less environmental pollution
- India has vast network of rivers and tributaries
- India's 70% trade by value happens via sea.
- Roads and railways have congested and have poor speed of freight & poor capacity
- Can access remote places etc.

Fig: Proposed waterways

challenges associated with waterways development

- Policy paralysis → Only one National waterway i.e. Allahabad to Haldia is fully functional at present
- Ecological problems → very less water in rivers due to diversion for irrigation
 - ↓
 - heavy silting and deposition reduce depth of streams/rivers.
 - ↓
 - Fear of loss of biodiversity due to pollution caused by ships, steamers etc.
- Absence of last mile connectivity and multi-modal logistics parks.
- Absence of enough fleet of containers and boats
- Navigation during night is not yet possible.

With the ever increasing pressure on roads and railways, India need to shift towards waterways, for both freight, mail and passenger movement to avail the benefits of network of Himalayan and Peninsular rivers. This will help Reduce logistic cost as well as increase connectivity.

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प्रश्न संख्या
(Question No.)

9. Highlighting its potential, discuss the challenges that are being faced in dairy sector in India. Also suggest some steps which can be taken in this regard.

India has the largest population of bovines, ~~and~~ second largest of cattle & one of the largest of goats, camels and other milch animals. Also therefore, India is largest producer of milk in the world.

Potential of dairy Sector in India

- can aid farmer's income and insure against crop failure.
- Milk is one of the main ingredients of Food processing sector.
- Dairy sector (at household level) is largely driven by women, so can lead to economic empowerment of women.
- By products of dairy sector provide input for agriculture sector eg Fertilizer, Cobar Gas etc.

Challenges associated with dairy sector

- shortage of fine breeds which have more productivity and are disease resistant
- Infrastructure bottlenecks → eg cowsheds, artificial insemination, market

Linkages

- Shortage of veterinary services in terms of doctors, clinics, etc. vaccination etc.
- Under developed cattle market and financial support
- Minimal focus on high quality camel/goat milk of export value.

Steps that can be taken

- Groundlevel implementation of National animal disease control programme for Foot & mouth diseases.
- Animal husbandary infrastructure development fund should promote infrastructure development at various levels.
- Food processing sector and Cooperative culture can also promote value addition to dairy sector.

The need of the hour is to make the available schemes more accessible and focus on capacity building via technological upgradation.

10.

It has been argued that remedying the exclusion of majority of women from access to and control of rural land in India is one of the most significant steps that could be taken towards enhancing the country's rural live lihoods. In this context, identify the challenges in access to land rights by women. What measures can be taken to strengthen these rights.

65% of agricultural labour are women in India while 75% of total rural workforce are women.

- Despite their contribution, only 12% women in India rural India ~~own~~ have ownership rights over land. • Hence most of the women ~~labour~~ workforce in India is not recognised as ~~labourers~~ ^{farmers} and are rather cultivators/ ~~for~~ labourers.

Challenges behind less land rights to women

- Land inheritance in India is not governed by a uniform constitutional law in India, rather it is guided by various religions / personal laws ~~eg~~
Hindus

- Cultural aspects hinder women's ownership of land in patriarchal societies.
- Women often voluntarily give up their rights fearing severance of ties with family.

Why women's land rights are good for the economy

- Women who own land tend to invest more in their children's education & on agricultural land. Chances of physical abuse also get reduced.

Measures to strengthen women's ^{land} rights

- Spreading more awareness about the Hindu Succession Amendment Act of 2005 which ensured equal share to women in ancestral property.
- Schemes related to agriculture should incentivise those who add women's ownership to rural land.
- Special incentives for "women farmers" can be brought in so that others follow step.

Education & empowerment of women are complementary to each other. Ownership rights to women will not only improve their socio-economic condition but would also reap benefits for the economy at large.

11.

There is an increasing recognition to move ahead to an effective medium term fiscal framework from the annual budget cycle, for political and economic sustainability of fiscal policy. Discuss.

The Budgetary Cycle in India corresponds with the annual financial cycle which gives estimates of expenditures & receipts of the government's finances.

• Along with Budget, the FRBM Act 2003 also mandates placing → Medium Term Fiscal Policy Statement

↓
Fiscal Policy Strategy Statement
↓
Macro Economic Framework Statement

• Recent reforms done in Budgetary cycle

↓
Advancement of Budget cycle to February 1

↓
merger of Plan-Non Plan Expenditure

→ merging rail budget with general budget

Issues with Annual Budgeting Process

(1) Inadequate adherence to "multi-year" perspective and missing "line of sight" between plan and budget.

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(2) Absence of correlation between expenditure and actual implementation during the financial year

(3) Ad-hoc project announcements which are not included in the budget are regularly made, during the year.

(4) Focus remains on input for projects, departments and schemes without adequate analysis of outcome and other financial risks involved.

(5) Expenditure pattern remains skewed with "budget rush" during the last quarter.

(6) Delay in implementation of projects and focus remain on short term goals.

Why move towards medium term fiscal framework

(1) To give effect to long term planning taking into consideration long output time for various infrastructural and capital intensive projects (ie long gestation period)

11. (2) To have enough space to accommodate need and time based schemes and projects announced throughout the year without effective fiscal mismatch.
- (3) To avoid sudden and frequent changes in various macroeconomic fundamentals like inflation, interest rate etc.
- (4) Medium Term Fiscal Framework (MTFF) with three year rolling plan can give proper scope for ~~for~~ planning related to larger import expenses eg. on petroleum, ~~been~~ strategising govt's subsidy bills.
- (5) MTFF can also help plan sources of revenue (both tax & non-tax) from and estimating appropriately on fiscal deficit and debt sustainability.

Hence, medium term fiscal framework can help the govt plan and strategise its revenue & expenditure without having to rush through various populist measures for economic and political sustainability.

12. Analyse the causes and consequences of growing economic inequality in India - Suggest measures.

India's Gini coefficient value hovers around 0.9 (1 being perfectly unequal) on Laffer curve.

Inequality has multiple dimensions, both vertical and horizontal.

Causes of Economic Inequality

- Agriculture dependency of 43% of population of India which contributes only 16% to GDP while service sector employs 23% population yet contributes to 55% to GDP.
- Regional disparities in terms of economic development eg: BIMARU states have rank the lowest on Gross State Domestic product as well as on Human Development Index.
- Social inequalities based on caste & gender also lead to economic inequality. eg: Green Revolution created wider caste disparities and led to caste-class continuum.

- Disparities in education which suffers from commercialisation, caste monopoly, class monopoly also makes it a privilege for a selective few leading to economic inequalities.
- Failure of welfare state → leads to economic inequality.
- Shift towards ~~ex~~ indirect taxation (regressive) → leads to inequality.

consequences of Economic inequality

- vicious cycle of social & economic inequality.


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graph LR; A[Social Inequality] --> B[Economic Equality]; B --> A;
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- Market becomes monopoly of the few and labour remains a mere commodity.
- Failure of the state to reap in benefits of demographic dividend.
- Security problems like Naxalism and Regionalism due to crises and inequality of development.
- Increase in incidence of Multidimensional Poverty and fall in human development.

- India moved rapidly from Low Income country to Lower Middle Income group but seems to have stagnated there.
- One finds world's largest billionaires in India and also largest population of child labour.

Measures needed

- Emphasis on progressive taxation instead of regressive one.
- Appropriate utilisation of Corporate Social Responsibility Funds.
- Expanding the manufacturing base to generate indigenous employment while simultaneously ~~take~~ making agriculture more productive.
- Rationalisation of subsidies and decreasing exclusionary problems.
- Improving avenues of skill development and vocational training.

Initiatives like Social Stock Index (Sebi) and Basic Necessities Index (NITI aayog) encouraging NGOs and civil societies to work for socio-economic development must be supplemented with an efficient cooperative culture making rural India self sufficient to decrease the ever rising economic inequality.

13. A number of initiatives have focused on MSME sector. Why focus on this? Identify measures. Further scope of Action.

MSME sector in India contributes to 30% of GDP and 45% of merchandise exports.

Recent steps taken for MSMEs

- ① Removing the difference between manufacturing and servicing sector MSMEs.
- ② CHAMPIONS portal for availing benefits of govt initiatives for MSMEs.
- ③ Vidyan portal for online registration
- ④ Credit guarantee scheme and liquidity infusion scheme under Atma Nirbhar Bharat Abhiyan.
- ⑤ World Bank has also provided assistance to MSME sector in India which suffered immensely due to COVID pandemic.
- ⑥ Govt procurement from MSMEs upto 25% of their annual ~~and~~ needs.

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प्रश्न संख्या
(Question No.)

Why focus on MSME sector

- largest employer after agriculture
- 14% are women led enterprises.
- 60% are rural based.
- ∴ Growth engine of the nation

Challenges pertaining to MSMEs

- Lack of adequate funds and timely finance due to lack of credit history and financial statements.
- Liquidity crunch and lack of technological know how
- Various regulatory controls in forms of approvals etc.
- high competition from cheap imports and India's Inverted duty structure
- Non-availability of skilled labour at affordable cost.

Steps to be Taken

- ① Increasing domestic manufacturing capabilities by leveraging proposed public procurement & projects.

- ② This should be accompanied by a simplified regulatory process.
- ③ cluster manufacturing should be promoted.
- ④ Making Indian products match Global standards.
- ⑤ Promote Zero effect Zero Defect manufacturing as envisaged in Make in India.
- ⑥ Promote horizontal expansion of MSMEs by including Tribal areas, local businesses and promoting Brand India.

Although collateral free assistance and sovereign credit guarantees to MSME will ease financial crunch, however govt should devise schemes in such a way that moral hazards and dependency culture can be averted.

More focus on e-commerce, use of ICT tools, digital economy and vocal for local can help MSMEs come up in every nook & corner of the country.

14. Critically analyse the suggestion of allowing large corporate and industrial houses to act as promoters of banks.

Historically, RBI has not been very liberal in providing bank licenses to private players. The last ones to get so were IDBI & Bandhan Bank that too for specific reasons.

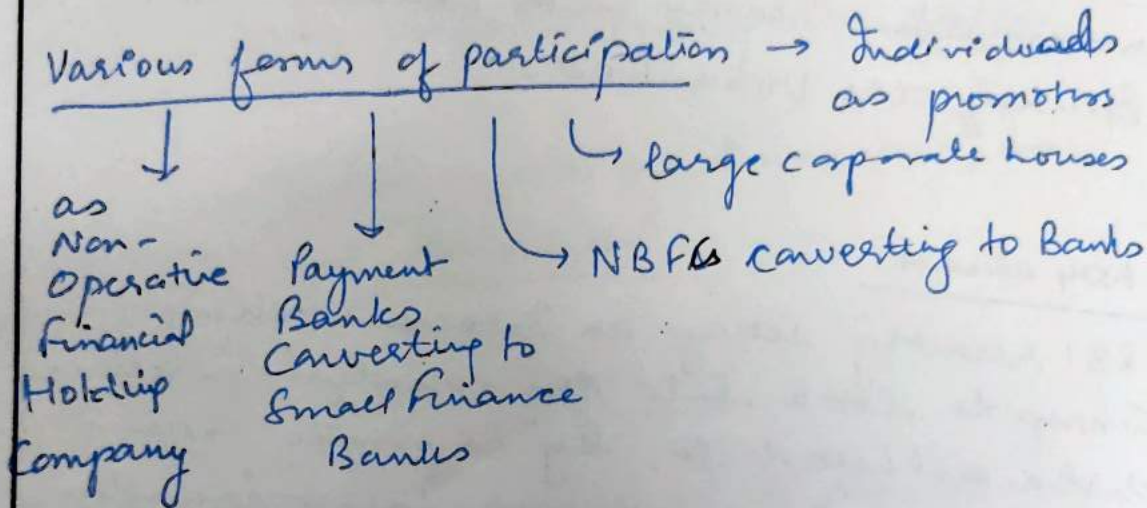
Advantages of bringing in priv. large corporate houses as promoters of banks

- Private partnership / investment / entry in government dominated Banking Sector will necessarily bring in competition in the sector.

- With more can increase financial inclusion by use of more innovative tools and increased banking.

- Will help the economy which is otherwise suffering the burden of ~~at~~ rising NPAs and crowding out of private sector.

- Can bring more capital and expertise
- with strained Govt. finances due to COVID, corporate as promoters can step in.



Concerns

- May raise issues of connected lending where promoters lend to unworthy but connected parties.
- May lead to circular lending where promoters would pool in to transfer funds to each other.
- NBFCs suffer from asset-liability mismatches and must be licensed as banks only if they match bank like standards like Cash Reserve Ratio, Statutory Liquidity Ratio etc.

- Hike in promoters' stake in long run may increase the ever rising economic lending.
- Such banks may not always adhere to norms like Priority Sector Lending and Banking the Unbanked.

Way ahead

RBI recently set up an Internal Working Group to look into the essential conditions to be adhered to, by corporate houses and other private players before formally entering to the banking system. It suggested

- harmonisation and uniformity in different licensing Guidelines
- Payment Banks & Small Finance Bank must have credible track record.
- only healthy and well run NBFs may be given licence
- strong corporate governance tools must be put in place before letting private players as promoters in Bank.

Recent failures on internal/external control eg PNB scam, Lakshmi Vilas Bank fraud etc have necessitated for more strict regulations and efficient use of IT & ICT tools.

15. Financial stability is generally the domain of monetary authority; however the fiscal policy of the govt. has the potential to either facilitate or undermine it - Analyse in context of India.

Financial stability in a broader sense means keeping the macro-economic fundamentals stable i.e. Inflation, Interest rates, liquidity etc.

Monetary policy refers to tools used by the RBI to maintain financial stability in the economy example: CRR, SLR, repo rates, etc.

Fixal ^{stability} policy: Domain of monetary Policy

(1) Tools used by RBI to infuse or soak up liquidity from the economy to stabilise inflation → Open Market Operations
(sale/purchase of govt securities)

(2) RBI helps maintain daily mismatches in demand & supply of credit with the banks eg: Liquidity Adjustment Facility, marginal Standing Facility

- (3) Monetary policy helps stabilise both bond yields and prices eg: Operation Twist
- (4) Monetary policy tools used by RBI held increase demand / savings by households / investors etc. by making necessary fluctuations in Repo / Reverse Repo rates.
- (5) RBI also checks that adequate monetary transmission happens in the economy to keep micro economic fundamentals in check.

How does fiscal policy facilitates?

Monetary and Fiscal policy of an economy work hand in hand to complement each other. In general, fiscal policy is counter-cyclical in India to stabilise the effect of economic cycles of boom and bust. Progressive taxation, fixing inflation targets along with RBI (Monetary Policy Committee), set fixing various tax rates etc. facilitates fiscal stability across sections of economy. Debt sustainability efforts also helps efforts of monetary policy.

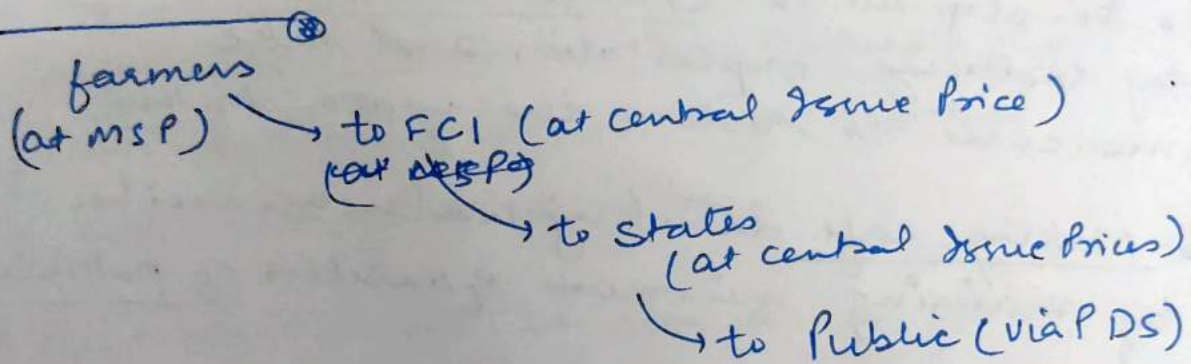
How can fiscal policy undermine

Populist policies of the govt can mass the efforts of monetary policy in maintaining macro economic fundamentals eg: Farm loan waiver, ever increasing fiscal deficit etc. Fiscal policy can also, at times intrude with the independence of RBI to undermine the effects of monetary policy tools. Unrealistic measures like insurance subsidies, unworthy lending and unsecure borrowing can also undermine fiscal stability in the economy.

In India therefore, a close coordination of fiscal and monetary policy remains inevitable while simultaneously maintaining relative independence of RBI as well as public welfare aims of fiscal policy the government. Inflation upto a level ⊕ stable growth ⊕ adequate demand ⊕ savings ⊕ foreign capital inflow; all of it requires both fiscal & monetary policy efforts.

16. Discuss - Issues plaguing crop procurement in India. Measures to strengthen procurement.

Under provisions of National Food Security Act & Public Distribution System govt of India procured most of the agriculture produce in the country at various support prices like MSP.



Issues plaguing crop procurement

• Support price related issues

→ Govt of India announces MSP for 23 crops (rabi, kharif, cash crops). However, MSP for wheat & rice are more remunerative. Hence, disturbed cropping pattern, aided with disadvantaged farmers who produce other crops (eg perishable crops etc). Only 6% of farmers manage to sell crops at MSP.

- Infrastructural issues
→ large part of procurement takes place in APMC mandis dominated by traders, cartels and middlemen.
- Regional disparities
→ MSP has benefitted wheat / rice growing areas more than others thus creating disparities between rich farmer lobby of Punjab & Haryana & poor farmers of UP, Bihar etc who then go for distress sale.
- Procurement process distorts market for agriculture produce. Added to this PDS created dual market of subsidised food + open market.

Measures to strengthen procurement framework

- Focus should shift ~~from~~ to Green Revolution 2.0 which emphasises on pulses & millets moving away from wheat and rice.
- Agriculture measures like NAM should be made more accessible to small and marginal farmers to be able to sell his produce anywhere in the country.

U.P.S.C.

प्रश्न संख्या
(Question No.)

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• measures related PDS

Shanta Kumar Committee 2015 recommended diversification of items provided in PDS so as to ~~can~~ shift focus on procurement of crops other than conventional wheat & rice.

• PM. AASHA

→ Price deficiency Payment to farmers who are not able to sell at MSP. The difference is paid via direct benefit transfer.

→ Price Support System for physical procurement of oilseeds, pulses & Copra

→ Allowing private sector on a pilot basis in procurement system.

The need of the hour is to seriously pay attention towards the skewed cropping pattern in the country and shift attention towards climate smart agriculture, nutritional crops, crop diversification of crops and also increasing farmer's income (Ashok Dalwai committee). Procurement system can very well benefit from digitisation, online management of procurement cycle etc.

17. E agriculture ? how ICT can help ?
Initiatives taken.

E agriculture refers to use of digital tools to enhance all aspects of agriculture system right from crop production, procurement, storage, marketing etc.

Info. & Communication Tech. in Agriculture

① Crop production

- various weather forecasting tools (eg Krishi Megh App)
- online tools to help farmers with the information of right crop season, input availability (eg DD Kisan)
- ICT to spread info. on various govt initiatives taken for agriculture sector.
- online purchase of seeds, fertilizers, tools etc.

② Crop marketing

- Initiatives like National Agriculture market can help expand the market for farmers i.e. One Nation One Agriculture Market.

- Initiative like BEAM (of Bombay Stock exchange) and Agri'dex (of mxx) help strengthen and develop spot & future market in agriculture.

③ Agriculture Insurance & subsidies

- Farmers can now apply via self certification at M-KISAN app to avail the benefit of PM KISAN scheme.
- PM KISAN used Direct Benefit Transfer ~~via use of~~
- Farmers can avail information regarding various insurance schemes best fit for their produce via use of Internet sources.

④ Agriculture Exports

- Online filing for organic produce licence can help agricultural ~~market~~ ~~was~~ exports to various countries.
- Information dissemination regarding various sanitary & phytosanitary measures to be taken up to make agricultural produce match international standards.

⑤ AGRISTACK initiative of govt of India aims at creating a one step solution for all agricultural data related to farmers, subsidies various agriculture tools in a digital mode.

⑥ ICT measures taken up in PDS are also making it more efficient. eg:
Annaditan Portal manages all data related to intra state movement of migrants & purchase via PDS.

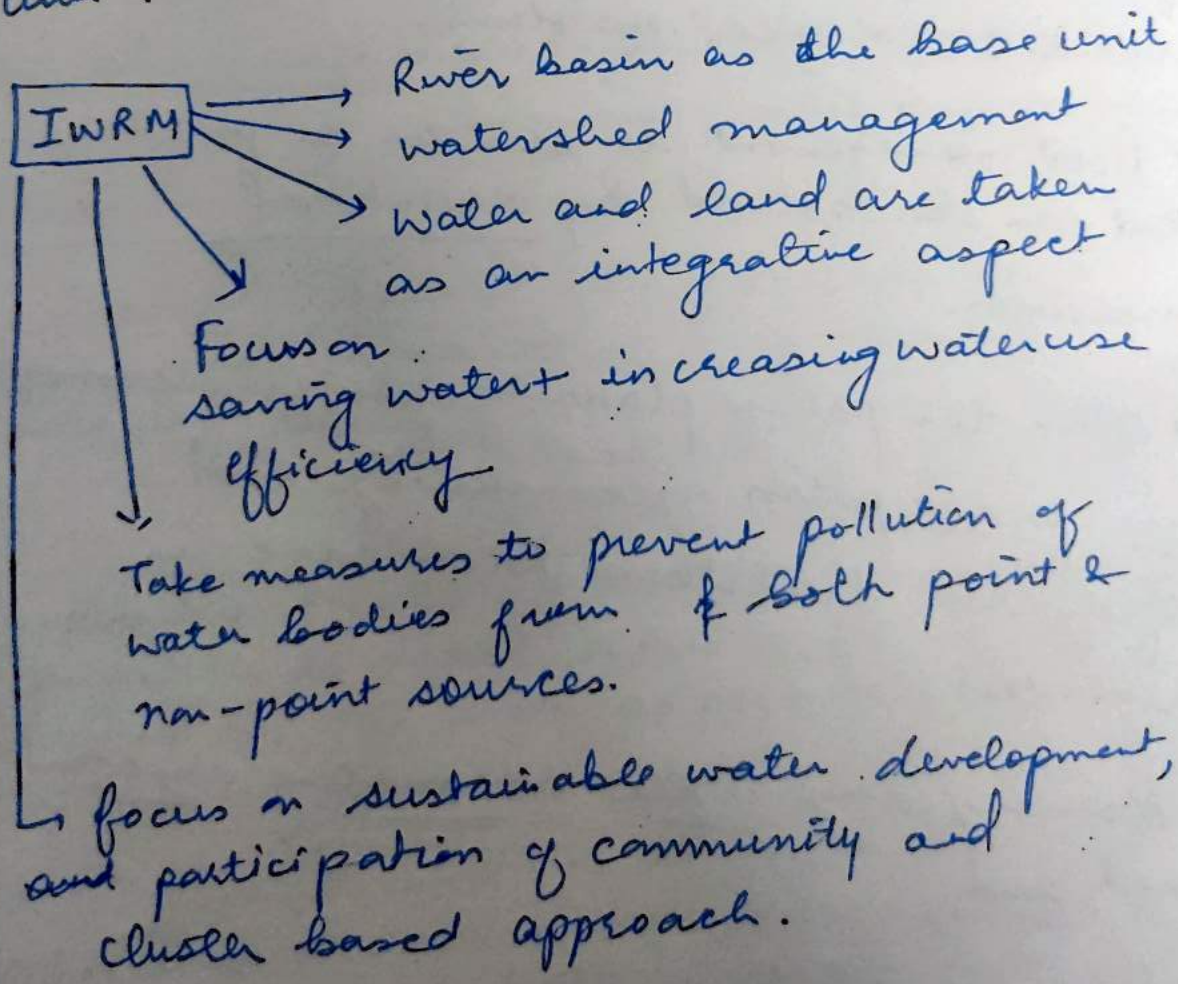
Data lying in silos is of no use, but data when used efficiently can lead to Industrial Revolution 2.0. Hence use of Information & Communication Technology to improve the condition of agricultural sector in India is inevitable in contemporary times.

Retaining youth in agriculture and spreading digital literacy among farmers can help them become self sufficient at every stage of production.

18. Explain - Int. water Resource Management.
Discuss - how can it address gaps.

National water Policy 2012 brought in the
Concept of Integrated water Resource
Management (IWRM).

IWRM refers to managing water and
land resources in an integrated manner
taking river sub basin as the basic
unit.



U.P.S.C.

प्रश्न संख्या
(Question No.)

Problems with current system of water management

- Focus on water and water bodies as an exclusive, disjoint aspect of ecology suffers from a wholistic approach. Instead land, water & related resources need to be developed in a coordinated manner.
- Too much focus on irrigation, building large dams, obstruct the natural flow of water bodies thus creating several social & ecological problems.
- flood management is seen as a problem that can be solved by structural measures.
- often the policy planning suffers from non-participation of ^{local} community and often the traditional knowledge is neglected.
- Absence of any water accounting system and and

How IWRM helps address the gaps

- Inter-basin transfers from surplus to deficit areas.
- Focus on maintaining Minimum water flow of a portion of river to meet ecological needs.
- Development in Ground water resources by reducing exploitation and take measures to restore the water table.
- Making safe drinking water accessible by maintaining minimum qualities of potable water.
- Flood management via focus on non-structural measures like forecasting, warning zone etc.

Recently M/o Jal Shakti has constituted a committee to draft New water Policy chaired by the water expert Mihir Shah. The plan to establish a National Bureau of water use efficiency is the right step. Other steps to restore water resources can be restoring natural water harvesting methods, budgeting & restructuring of water subsidies etc.

19. Skillup the Indian population faces a 3E Employment employability and Education. Discuss. Suggest interventions req. to effectively manage this challenge.

Focus on skilling the Indian population; which has the advantage of being the youngest in the world began with a structural policy focus with the Skill India mission of 2016.

3E challenge

(1) Education

- with approx 75% literacy rate, which is heavily skewed against women; India still needs to work on universal compulsory education.

- ^{India's} GER in higher education is far behind various countries of South East Asia.

- Infrastructural deficit in terms of research institutes, higher education colleges, presence of regional disparities etc.

- Commercialisation of education making it monopoly of the few.

- Large disparities in STEM sector based on gender.

way out

- Synergies Industry-education mismatch.
- Timely implementation of National Education Policy.
- Increase focus on vocational education.
- Focus should also shift towards imparting Industrial Training & Skills.
- Focus towards tribal education and women in STEM should increase.
- Use of technology & digital tools to make education more accessible.

Employment

Challenges

- heavy dependence of India's population on agriculture (43%).
- mismatch in number of educated youth and demand in the market.
- large in formal sector and decreasing formal education.

gender

& caste disparities.

way out

- increasing India's manufacturing base to increase employment opportunities.
- providing flexibilities to industries to employ on various lines.

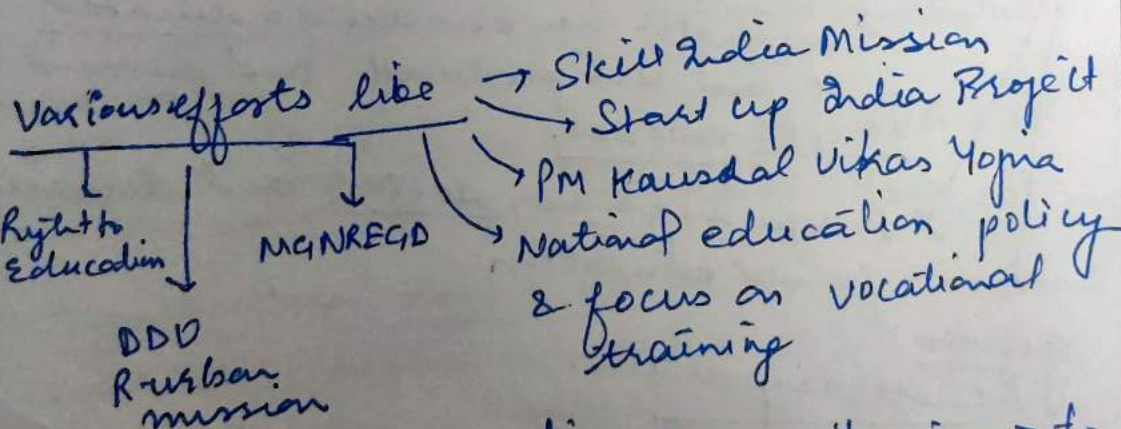
Employability

Challenges

- India Public Labour Force Survey indicates that out of all those employed only 14% have received some kind of training.
- lack of skills in educated youth.
- curriculum of colleges is such that it does not ~~indeed~~ provide employability.
- mismatch in input & output of education in terms of knowledge & human resource.

way out.

- emphasise on training programmes
- skilling should be more focused.
- industry led education curriculum
- more internship/apprenticeship programmes.

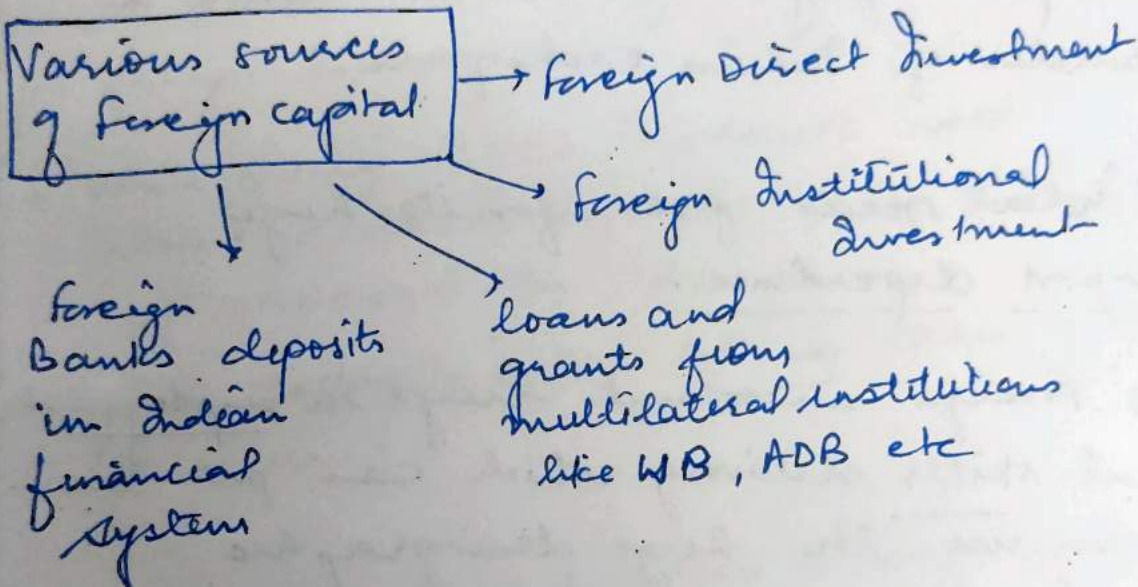


are steps in right direction. Necessity is → to implement these policies on grass root level to make education more inclusive, accessible and market/economy oriented.

20.

Examine the importance of foreign capital in a developing country like India.

Foreign Capital refers to sources of capital and investment which come have its origin outside India.



Foreign capital bring with it, not just forex but also

- investment
- employment
- skills
- technology
- Innovation

In a developing country like India, which needs huge finances for its domestic growth and development-foreign capital is inevitable.

Importance of foreign capital for India

- (1) Foreign capital is a kind of non-debt financing for India wherein foreign capital investment in infrastructure, development project etc do not create a burden of Indian exchequer.
- (2) India needs forex for its huge import dependence.
- (3) Foreign investment brings in employment and skills delivery which can put in good use the huge demographic dividend of India.
- (4) Foreign capital → domestic manufacturing base expands
↓
Contributes to GDP growth.
- (5) Rising burden of fiscal deficit also makes foreign capital necessary for domestic growth. Prevents crowding out for pub sector. Helps to reduce current Account Deficit.

(6) Improves domestic competition and thus also compels govt and industry to bring in reforms for Ease of Doing Business.

- UNCTAD in its world Investment Report ranks India as 9th favourable country for foreign investment.

- While during COVID Pandemic world investment reduced by 40%, in India FDI increased by 16%.

- India today ranks 4th in terms of forex reserves.

Concerns with heavy dependence on Foreign Capital

- FII are also sometimes called Helicopter money (easy come easy go)
- FDI use the local resources and derive out profit to outside India
- can lead to inflation if not regulated
- Global black money can circle through this means via India.

With increasing avenues for foreign capital attraction in India, govt should also must simultaneously focus on increasing domestic capability for manufacturing to reap overall benefits.