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GENERAL STUDIES (TEST CODE : 851)

Name of Candidate	PADMINI NARAYAN		
Medium Hindi/Eng.	ENGLISH	Registration Number	39860
Center	RN-NATIONAL TRUST BUILDING	Date	07/07/2017

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	12.5	
2	12.5	
3	12.5	
4	12.5	
5	12.5	
6	12.5	
7	12.5	
8	12.5	
9	12.5	
10	12.5	
11	12.5	
12	12.5	
13	12.5	
14	12.5	
15	12.5	
16	12.5	
17	12.5	
18	12.5	
19	12.5	
20	12.5	

Total Marks Obtained:

Remarks:

INSTRUCTIONS

1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
   उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
2. There are TWENTY questions printed in HINDI and ENGLISH.
   इसमें बीस प्रश्न हैं तथा हिन्दी और अंग्रेजी दोनों में छपे हैं।
3. All questions are compulsory.
   सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
   प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए है।
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. Alignment Competence
2. Context Competence
3. Content Competence
4. Language Competence
5. Introduction Competence
6. Structure - Presentation Competence
7. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

Answer all the questions in NOT MORE THAN 200 WORDS each. Content of the answers is more important than its length. All questions carry equal marks.

12.5X20=250

1. While India has made great strides in removing the barriers to the entry of firms, talent and technology, less progress has been made in relation to exit. In this context, discuss the causes of and costs associated with impeded exit in India.

यद्यपि भारत ने बाजार में फर्मों, प्रतिभा और तकनीक के प्रवेश में आने वाली बाधाओं को हटाने में काफी प्रगति की है, किन्तु व्यापार से बाहर निकलने के संबंध में कम प्रगति हुई है। इस संदर्भ में, भारत में व्यापार से बाहर निकलने की बाधित प्रक्रिया के कारणों एवं संबद्ध लागतों की चर्चा कीजिए।

The 'Economic Survey 2015-16' mentioned about the 'Chakravyuh Challenge' or the problem of exit. The causes of impeded exit in India have been identified as:

(1) Labour Costs - Stringent labour laws have made lay-offs extremely difficult, time-consuming and complex.

(2) ~~No proper~~ Complicated Laws - When a firm becomes bankrupt or is unable to continue in its line of business, the process of liquidating assets or restructuring of the business is extremely complicated. This is due to myriad laws being applicable ~~and some~~ like SARFAESI Act, Debt Recovery Tribunal Act, etc.

(3) Lack of Expertise - Dealing with bankruptcy laws or restructuring requires ~~to~~ expertise in the particular sectoral laws, regulations and domain knowledge. There is a dearth of agencies, professionals or lawyers dealing in

this sphere.

4) Societal Impact - Exiting a business is not only viewed as a business decision but one with a social consequence as well. Thus rules and regulations make it difficult for a business to exit operations.

Costs Associated with Impeded Exit in India

1) Labour Compensation - Eg. VRS package.

2) Litigation Costs

3) Time Delays in exiting.

4) Inefficient Use of Resources which are stuck in the business.

5) Ineffective Liquidation of Assets

6) Opportunity Cost.

The Government of India has taken a welcome step to resolve this problem by enacting the Insolvency and Bankruptcy Code, 2016 and establishing the Insolvency and Bankruptcy Board of India.

2. What were the major objectives and measures initiated by the New Economic Policy of 1991? Examine the major achievements and limitations of these reforms in the last 25 years.

1991 की नई आर्थिक नीति के प्रमुख उद्देश्य और इसके द्वारा किए गए उपाए क्या थे? पिछले 25 वर्षों में इन सुधारों की प्रमुख उपलब्धियों और सीमाओं का परीक्षण कीजिए।

The 'Balance of Payments Crisis' of 1991 led to the reform processes initiated by the New Economic Policy of 1991. The major objectives ~~initiated~~ were:

(1) ~~To a~~ Short-Term Stabilisation of the Economy

Due to profligate spending during 1980s, by the Government, India had only two week's worth of ~~f~~ import cover. IMF provided a loan to stabilise the situation.

(2) Long-Term Structural Reforms

This was aimed at opening up the Indian economy ~~was~~ for trading, restructuring PSUs and government expenditures ~~for~~ to ~~f~~ avoid such scenarios in the future and taking India from a socialist to a mixed economy.

Measures Undertaken

(1) Liberalisation - Ending License Raj & Quota

(2) Privatisation - Encouraging private sector to undertake business in various sectors hitherto reserved for the Government.

(3) Globalisation - Opening up the country for

imports and exports.

Major Achievements

(1) Economic Growth has steadily increased after the implementation of these reforms making India one of the fastest growing economies of the world.

(2) World - Famous Services Sector Growth
The IT & ITeS sector's growth in India has been commendable. India has earned a name for itself in services exports.

(3) Competitiveness of Indian Industry has increased due to competition from abroad.

(4) Increased Variety of Goods and Services leading to greater freedom of choice and consumer welfare.

(5) Increased Efficiency in Government Expenditure and industry operations of private sector

(6) Opening up of new opportunities in private sector

(7) Cultural and Societal Interaction with the world has led to assimilation of different attributes of other cultures.

Limitations of Reforms

(1) Proportion of population dependent on agriculture is still huge despite decline in the sector's contribution to GDP.

(2) Absence of development of a strong industrial base. Manufacturing sector's contribution remains low.

(3) Failure to increase exports' share in the world market.

(4) 'Trickle-down effect' or distribution of wealth in the society towards lower income groups did not happen. Poverty rates are still high.

(5) Health and Education sectors to capture demographic dividend of India require huge amount of expenditure and effective implementation.

(6) Efficiency and Technological Innovations are required to increase agricultural productivity.

Thus, LPG reforms have had positive effects on our country. However, the Government and Private Sector need to continue their progress to achieve the 'New India' vision laid by PM Modi.

3. What do you understand by Green Finance? Explain its importance and discuss the issues related to use of Green Finance in the context of India.

ग्रीन फाइनेन्स से आप क्या समझते हैं (हरित वित्त)? इसके महत्व को समझाइए और भारत के संदर्भ में ग्रीन फाइनेन्स का उपयोग करने से संबंधित मुद्दों पर चर्चा कीजिए।

GREEN FINANCE

Green Finance refers to capital used to finance environment-friendly and sustainable development projects. It can be in the form of 'Bonds' (or debt instruments) or 'Equity'.

Importance

(1) Green finance is required for reducing the 'impact of climate change' in 'adoption and mitigation' efforts.

(2) It is required for 'climate-proofing' agriculture, especially in India as Indian agriculture is rain-fed and highly vulnerable to the vagaries of monsoon.

(3) Green Finance is also needed for projects to change 'Energy Mix' in the country and development of 'alternative fuels'.

(4) Required for promotion of 'sustainable use of resources'.

(5) Required for 'Research & Development' activities to find new technology.

(6) Required for industries to restructure their operations to a more sustainable structure.

Issues Related To Use of Green Finance

1. Risks associated with implementation of such projects.
2. Lack of domain knowledge and
3. Lack of technological expertise
4. High Cost of Investment with Unpredictable Returns

The human-induced climate-change has already led to the beginning of a new epoch - the Anthropocene. We have to ensure the sustainable use of resources and contain climate change and Green Finance is a sine qua non for this purpose.

4. What do you understand by informal sector? How is the status of workers in this sector different from that in the formal sector? Enumerate the steps taken by the government to improve the condition of workers in the informal sector in recent times.

अनौपचारिक क्षेत्रक से आप क्या समझते हैं? इस क्षेत्रक में श्रमिकों की स्थिति औपचारिक क्षेत्रक से कैसे भिन्न है? हाल के दिनों में अनौपचारिक क्षेत्रक में श्रमिकों की दशा में सुधार करने के लिए सरकार द्वारा उठाए गए कदमों को बताइए।

~~The Government of India has enacted different tried to change the labour laws with~~

The complex labour laws in India have led to an unintended consequence of impeding the transition of firms from the informal to formal sector in India.

Informal Sector

These are small firms, employing few people which are not registered with the Government. They do not follow labour laws, environmental laws, regulations and ~~may~~ are outside the tax net.

Difference between Status of workers in Formal and Informal Sectors

FORMAL	INFORMAL.
1) Governed by labour laws.	1) Not governed by labour laws.
2) Covered by Social Security net - EPF, NPS etc.	2) Not covered by social security net.
3) Safe working conditions	3) Unsafe working conditions
4) Have grievance-redressal mechanisms	4) No grievance-redressal mechanisms.

5) Get proper employee benefits as mandated by law.	5) Denied employee benefits.
6) Higher Compensation	6) Lower Compensation.

Steps taken by the Government

The Government has initiated a number of reforms in recent times to improve the condition of workers in informal sector

(1) Encouraged formalisation by reducing complex labour laws.

(2) Incentivising provision of social security benefits by relaxing norms.

(3) Simplifying labour laws.

(4) Made the process of ensuring compliance with labour laws easy.

Thus, the Government has undertaken a variety of measures ~~to~~ for the welfare of workers in the informal sector.

5. Examine the advantages of direct cash transfer of subsidies over other mechanisms of disbursing them. In this context, bringing out the role of JAM Trinity, identify the challenges in its implementation and suggest possible solutions to address them.

सब्सिडी वितरण के अन्य तरीकों के स्थान पर उनका प्रत्यक्ष नकद अंतरण करने के लाभों का परीक्षण कीजिए। इस संदर्भ में JAM ट्रिनिटी (जैम त्रयी) की भूमिका को स्पष्ट करते हुए इसके कार्यान्वयन में आने वाली चुनौतियों की पहचान कीजिए और उनको हल करने के लिए संभावित समाधानों का सुझाव दीजिए।

The Government of India has introduced the 'Direct Benefits Transfer' (DBT) Scheme in ~~pe~~ fertiliser subsidies, LPG subsidies, etc. with considerable success.

Advantages of Direct Cash Transfer of Subsidies ~~with~~

1. Effective Targetting of Beneficiaries
2. Reduced Leakage through corruption
3. Removal of Intermediaries
4. Efficiency and Reduction in Delays.
5. Improved monitoring of implementation.
6. Reduced 'Exclusion Errors' and 'Inclusion Errors'.
7. Streamlining the subsidy burden on the Government due to reduced leakage.
8. Increased effectiveness due to reliability of direct cash transfer and reduction in time delays.

Role of JAM Trinity

The Economic Survey 2015-16 elaborated on the use of 'Jan-Dhan - Aadhaar - Mobile' Trinity to resolve the issues in subsidy provision by the Government.

Benefits are:

(1) Jan-Dhan accounts ensure that the subsidy is reaching the intended beneficiary. These zero-balance accounts also help bring the poor into the 'formal savings' economy. Also, provision of other financial services - insurance, loans, etc. is facilitated due to contact with the formal banking system.

(2) Aadhaar is an effective and fool-proof authentication system.

(3) Mobile Penetration in India is high. Hence, information, education and communication activities can be effectively undertaken.

Challenges in Implementation & Possible Solutions

(1) Ensuring Last Mile Connectivity to banks.
Solution - Awareness generation, use of

Banking Correspondents, increasing presence of ~~virtual~~ 'Rural Bank ATMs', utilising technology for innovation.

(2) Infrastructural ~~E~~ Issues

Solution - Ensuring connectivity of internet, provision of biometric readers, etc.

(3) Privacy Issues

Solution - Ensuring cyber-security mechanisms are robust when dealing with Aadhaar data

(4) Behavioural Impediments

Solution - Using mass media campaigns and involving Panchayats and district administrations to induce behavioural change to adopt 'JAM'.

(5) Ensuring mobile connectivity

Solution - Focusing on technological innovations.

JAM trinity can be an effective mechanism for transforming the 'benefits transfer' process by the Government, if implemented effectively and efficiently.

6. What are various types of irrigation systems in India? Explain the benefits of micro-irrigation over the conventional irrigation systems. Also discuss the bottlenecks in the adoption of this technology.

भारत में सिंचाई प्रणाली के विभिन्न प्रकार क्या हैं? पारंपरिक सिंचाई प्रणालियों की तुलना में सूक्ष्म सिंचाई के लाभों की व्याख्या कीजिए। इस प्रौद्योगिकी को अपनाने में आने वाली बाधाओं पर भी चर्चा कीजिए।

Indian agriculture is primarily rain-fed. This makes the irrigation systems extremely important to reduce the vulnerability of farms to the vagaries of nature.

Types of Irrigation Systems in India

(1) Canal Irrigation
(2) Tube-Well Irrigation
(3) Micro-Irrigation
(4) Drip-Irrigation.

Benefits of Micro-Irrigation over Conventional Irrigation Systems

(1) Reduced wastage of water.
(2) Reduced soil erosion
(3) Reduced leaching of nutrients
(4) Effective targetting
(5) Increased efficiency.
(6) Reduced cost of water and fertilisers
(7) Efficient use of water, fertilisers and pesticides.
~~(8) Effice~~

Bottlenecks in Adoption of this technology

1. ~~Increased~~ High Cost of new technology.
2. Access to new technology.
3. Behavioural Impediments - Resistance to change.
4. Training and Extension Services not available.
5. Lack of awareness.
6. Lack of infrastructure.

Micro-irrigation methods must be encouraged by the Government through IEC activities, involving Kisan Vigyan Kendras, Panchayati Raj Institutions and providing financial assistance to achieve 'More Crop Per Drop' and 'Har Khet Ko Pani'.

7. Discuss the scope and significance of food processing industry in India. Also elaborate upon the upstream and downstream requirements of the food processing industry in India.

भारत में खाद्य प्रसंस्करण उद्योग की संभावनाओं और महत्व पर चर्चा कीजिए। साथ ही भारत में खाद्य प्रसंस्करण उद्योग की अपस्ट्रीम और डाउनस्ट्रीम आवश्यकताओं पर भी प्रकाश डालिए।

Food Processing Industry in India

Indian population is primarily dependent on agriculture (around 56%) for its livelihood. Food processing industry can help bridge the income gap ~~in terms of~~ by

1) increasing employment.
2) utilising export potential
3) opening up new markets
4) opening new avenues for income
5) diversifying agricultural activities
6) increasing modernisation.

Upstream Requirements for Food Processing

1) Access to technology.
2) Financial Assistance.
3) R&D expertise
4) Process for setting up of food processing plants needs to be simplified.
5) Reliable supply of inputs. Can be undertaken through 'Contract Farming'.

Downstream reqquirements of Food Processing

1) Proper distribution channels

2) Marketing of food products needs to be ~~encouraged~~ effective.

3) Sanitary measures need to be adhered to.

4) Hygienic Packaging.

Food processing industry has the potential to be a 'game changer' in revolutionising agriculture, making it profitable, efficient and competitive and enhancing private sector participation. This will also help in meeting the goal of doubling farmers' income by 2022.

8. What are 'differentiated' banks? Examine the role that they can play in furthering financial inclusion in India.

'विभेदित बैंक' क्या हैं? भारत में वित्तीय समावेशन को आगे बढ़ाने में उनकी संभावित भूमिका का परीक्षण कीजिए।

Differentiated Banks

Differentiated banks are those which focus on providing specific banking or financial services rather than the entire gamut of banking services provided by a full-fledged bank. They target specific groups.

Example: ① Payments Bank - catering to payments and remittances.

② Small Finance Banks - catering to small farmers, small & medium enterprises.

Role of Differentiated Banks in furthering Financial Inclusion

① Providing last-mile connectivity

② Customizing services and products for intended beneficiaries.

③ Development of rural areas as an externality.

④ Development of small firms, micro & medium enterprises through provision of finance and insurance.

(5) Increased access to formal financial system by small savers leading to increased resources for lending to small farmers, businesses, etc.

(6) Social impact by inclusion of women and vulnerable sections of the society.

(7) Increased employment and opportunities.

Financial inclusion can lead to financial empowerment and help in raising the quality of life of people.

9. Explaining the importance of ports in economic development, identify the reasons for the poor performance of the port sector in India. How is the Sagarmala Project an important step in the direction of realising the potential of this sector?

आर्थिक विकास में पत्तनों के महत्व की व्याख्या करते हुए, भारत में पत्तन क्षेत्रक के खराब प्रदर्शन के कारणों की पहचान कीजिए। सागरमाला परियोजना इस क्षेत्रक की क्षमता को वास्तविकता में परिणत करने की दिशा में एक महत्वपूर्ण कदम कैसे है?

India has always been an important trading nation since ancient times. Ports have always been an indispensable component of international trade as it is cost-efficient and can facilitate bulk cargo trade between countries through shipping.

Reasons for Poor Performance of Port Sector

(1) Inefficient management of ~~poorts~~. ports

(2) Less private sector participation

(3) Less investment in technology upgradation

(4) Less investment in coastal area development

The Sagarmala or 'String of Pearls' project is an extremely laudable step to

(1) encourage 'Port-led Development'.

(2) Focus on modernisation and upgradation of technology.

(3) Streamlining management
(4) Increasing coastal area development
(5) Focusing on multi-modal connectivity
(6) Focusing on evacuation and connectivity to the hinterland

(7) This will help in facilitating the progress of ~~po~~ coastal economies and increasing employment as well. (Coastal Economic Zones)
India must utilise its 7,100 km long coastline to its advantage and the Sagarmala initiative is an integrated and holistic strategy to achieve this.

10. What is MSP and why is it important? Examine the need of rationalizing the MSP policy in India.

MSP क्या है और यह क्यों महत्वपूर्ण है? भारत में MSP नीति को युक्तियुक्त बनाने की आवश्यकता का परीक्षण कीजिए।

MSP - Minimum Support Price. The minimum support price is the price at which the Government procures agricultural produce from the market. It is decided by the 'Commission on Agricultural Costs & Prices'.

~~Importance~~

Importance

MSP acts as benchmark rate of agricultural produce in mandis. In the APMC - regulated mandis, the MSP is an indicator of the price of agricultural produce and forms the basis of market prices.

Need of Rationalizing the MSP policy in India

1. The MSP is intended to be a buffer for farmers in case their produce is not sold in the marketplace. But it has an unintended effect of guiding the market prices.
2. Since MSP ~~is~~ provides little margin, the scope of negotiation by farmers is reduced.

(3) Sometimes, MSP is not in alignment with the policies. Eg. MSP of water-guzzling crops is more than drought-resistant crops, even in drier regions.
This leads to a) mis-alignment with local contexts and situations,
b) inefficient use of agricultural resources.
c) Misplaced signals.

(*) Thus, the Government must rationalise the MSP policy in India. It can utilise market-based surveys or 'e-NAM' data for this purpose.

11. Explain the objectives of fiscal policy. Differentiate between expansionary and contractionary fiscal policy. Also mention the limitations of fiscal policy as a tool for macroeconomic management.

राजकोषीय नीति के उद्देश्य समझाइए। विस्तारवादी और संकुचनवादी राजकोषीय नीति के बीच अंतर स्पष्ट कीजिए। साथ ही समष्टि अर्थशास्त्रीय प्रबंधन के उपकरण के रूप में राजकोषीय नीति की सीमाओं का उल्लेख कीजिए।

Objectives of Fiscal Policy

1. Efficient utilisation of budgetary resources.
2. Effective allocation to sectors in accordance with vision and policy of the Government.
3. Effective management of government debt, revenue & expenditure

Expansionary Fiscal Policy

When the Government increases public expenditure either to supplement private consumption or to kickstart it after a recession. This leads to increased liquidity.

Contractionary Fiscal Policy.

When the Government reduces its expenditure on infrastructure or consumption to reduce liquidity in the market, it is following a contractionary fiscal policy.

Limitations of fiscal policy as a tool for macroeconomic management

1. Increased debt burden in case of expansionary policy which has to be serviced.
2. Reduced allocation for important sectors like

health, education in case of rising debt or contractionary fiscal policy.

3) Governments tend to spend more during recessions to provide a boost to the economy beyond its capacity.

4) Economic shocks like 2007 crisis expose the vulnerability in fiscal policy as a tool for macroeconomic management.

Thus, fiscal policy must be used after rational analysis. 'Counter-cyclical fiscal policies' are being followed by developed countries in recent times but India should analyse its own position and decide accordingly.

12. Explain the key issues in infrastructure financing in India. What steps have been taken by the government to address these issues?

भारत में अवसंरचना वित्तपोषण से जुड़े प्रमुख मुद्दों की व्याख्या कीजिए। इन मुद्दों को हल करने के लिए सरकार द्वारा क्या कदम उठाए गए हैं?

Infrastructure forms the bedrock for economic development and growth. Transportation, communication networks, electricity, ports, railways, etc. are the 'arteries of growth' in an economy.

Key Issues in Infrastructure Financing

1. Long gestation periods
2. ~~the~~ Huge Cost of Investment
3. Impediments to monetisation
4. Lack of alternative mechanisms for raising money apart from banks eg. Bond market.
5. Mismatch between project tenure and loan repayment tenure due to delays in project clearances, regulatory approvals
6. Lack of efficiency in project implementation
7. Rising NPAs of banks due to increased burden ~~the~~ of loans during previous investment

cycle for infrastructure development before 2007. The recession led to losses and project being stalled but put a heavy burden on corporate balance sheets which are unable to service their debt obligations.

(3) Due to the above, the banks are hesitant to lend to newer borrowers due to rising costs of provisioning and losses, thus stifling credit to the economy.

Steps taken by Government to address these issues are

(1) Facilitating resolution of NPAs
- S4A, Indradhanush Scheme, SDR mechanism.

S4A - Sustainable Structuring of Stressed Assets

SDR - Strategic Debt Restructuring Mechanism.

(2) Aligning project finances with implementation tenures - 5/25 scheme.

(3) Developing alternative modes of finance
- Bond markets

(4) Setting up National Infrastructure Investment Fund (NIIF)

13. Enumerating the objectives of land reform policy in post-independence India, critically examine its implementation and achievements.

स्वतंत्रता के बाद के भारत में भूमि सुधार नीति के उद्देश्यों को बताते हुए, इसके कार्यान्वयन और उपलब्धियों का समालोचनात्मक परीक्षण कीजिए।

~~Objectives of land reform policy in post-independence India~~

~~(1) To~~

At the dawn of independence, the land system in India was characterised by the presence of intermediaries like Jagirdars, zamindars, etc. who had no interest in improving the quality of land and agriculture but only in the collection of rent.

Land Reforms in post-independence India aimed at

(1) Providing 'Land to the tiller'
The cultivator would be the owner of the land. Hence, he would be incentivised to invest in increasing productivity and quality.

(2) Increasing Equity - by introducing 'Land Ceiling' policy which would redistribute excess land to tenants.

(3) Reforming land system to ensure increasing agricultural productivity.

Implementation

Some states like West Bengal and Kerala attained huge success in implementation of land reforms.

But there were issues in its implementation

(1) Land-owners evicted tenants and claimed to be self cultivators.

(2) Big farmers took to courts and in the meanwhile transferred land in the name of their close relatives.

(3) Farmers exploited loopholes in the legislation to escape ~~a~~ land reforms.

(4) Sharecroppers and landless labourers could not benefit.

(5) Landholdings in India are small and fragmented.

(6) Lack of commitment of State Governments.

Achievements

(1) To a certain extent helped in redistribution of resources to the poorer farmers.

But ~~as~~ overall, the implementation of land reforms could not achieve the desired benefits due to the above-mentioned ~~regio~~ reasons in majority areas of the country.

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(इस भाग में कुछ ना लिखें)

14. What are the problems faced by the power sector in India? Give an account of the steps taken by the government in recent years to reform the power sector and bring out their limitations.

भारत में विद्युत क्षेत्रक द्वारा सामना की जाने वाली समस्याएं क्या हैं? विद्युत क्षेत्रक में सुधार करने के लिए सरकार द्वारा हाल के वर्षों उठाए गए कदमों का विवरण दीजिए और उनकी सीमाओं को स्पष्ट कीजिए।

The power sector forms an important backbone of the Indian economy.

~~Powers~~ Problems faced

(1) T&C losses of power.
(2) Wastage due to inefficient grid management.
(3) Lack of upgradation of wiring, etc
(4) Saddled with debt.
(5) High cost of coal
(6) Political pressure to keep prices low.
(7) Inefficient management.
(8) Power theft
(9) Non-payment of dues by customers.
(10) Lack of coverage by meters.
(11) Renewable energy sources are not reliable in supply.

Steps taken by Government to reform power sector

(1) UDAY Scheme - Ujjwal Discom Assurance Yojana in which state governments are

taking over ~~a~~ 75% of debt of the power sector.

(2) Effective meter installations which are tamper proof.

(3) Hybrid Solar - Wind Energy policy to stabilise supply of grid.

(4) Measures like upgradation of wires, transformers to reduce T&C losses.

(5) Increasing efficiency of distribution companies.

(6) 'Coal - Mitra' Portal for efficient price discovery of coal according to quality.

(7) Considering a policy of Graded Pricing of Power.

Limitations

The power sector is unable to raise prices to meet its growing costs and rising debt burden due to political pressure.

The Government has shown initiative to deal with the issues and make our power sector efficient.

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(इस भाग में कुछ ना लिखें)

15. Discuss the causes and consequences of lack of a common market in Indian agriculture. How can implementation of the National Agriculture Market help in addressing the issues involved?

भारतीय कृषि के क्षेत्र में साझा बाजार के अभाव के कारणों और परिणामों की चर्चा कीजिए। राष्ट्रीय कृषि बाजार का कार्यान्वयन संबंधित मुद्दों को हल करने में कैसे सहायता कर सकता है?

Causes of ~~a~~ lack of a common market in Indian agriculture are:

1. ~~&~~ Agriculture is a state-subject.
2. Agricultural produce is compulsorily sold in Agriculture Produce Marketing Committees (APMCs)
3. Lack of storage and transportation facilities for distribution across the country.
4. Taxation structure is different in every state.

Consequences

1. Presence of intermediaries leads to ~~casca~~ hoarding of agricultural produce leading to artificial shortage and scarcity.
2. Wastage and post-harvest losses are high.
3. Different taxation ~~les~~ and multiple intermediaries leads to cascading effect on prices and high inflation.
4. Less efficient price determination in the market.
5. Less prices to farmers due to MSP-led prices

in APMCs by intermediaries.
Implementation of National Agriculture Market can help by:
① Encouraging efficient price discovery.
② Provision of adequate cold storage facilities
③ Facilitating distribution chain across the country.
④ Removal of intermediaries and hence, cascading effect.
⑤ Benefit to farmers by increased awareness of market determined prices, supply & demand.
⑥ Reliable supply of good quality produce ∴ can encourage private sector participation, commercial farming.

~~ENA~~
e-NAM is an example of digital technology benefitting the farmers and leading to social benefits as well like reduced

prices, less post harvest losses, etc.
It ~~a~~ can create a national market for agriculture akin to how GST is creating a national market for goods and services.

16. What do you understand by demographic dividend in the context of India? Examine the challenges in realizing its potential and the measures required to benefit from it optimally.

भारत के संदर्भ में जनसांख्यिकीय लाभांश से आप क्या समझते हैं? इसकी क्षमता को वास्तविकता में परिणत करने में आने वाली चुनौतियों एवं उससे इष्टतम रूप से लाभ प्राप्त करने के लिए आवश्यक उपायों का परीक्षण कीजिए।

Demographic Dividend

It refers to a high-proportion of working age population relative to non-working age population which leads to increase in economic growth due to increased productivity.

India has a high proportion of population in the 15-~~60~~ 59 year age group. ~~less~~ 65% of the population of India is less than 35 years of age and soon, India will have a high proportion of working people. Dependency ratio will be less.

Challenges in realizing its potential

1. Lack of skills
2. Lack of employment opportunities
3. Lack of education
4. Lack of investment in health ~~dee~~

(5) ~~&~~ Poor quality of training
(6) Higher education courses are not aligned to industry needs.
(7) Lack of learning and development opportunities for skilling.
(8) ~~Lack of~~ Course curriculum is not updated or practice-oriented.

Measures Required to benefit from it optimally: Multi-pronged strategy focusing on

(1) Education Sector – Higher education quality, vocational education, industrial training institutes, helping school drop-outs.
(2) Coordination between industry and education sector to make courses industry relevant, effective skills training, placement partnerships.
(3) Promoting internships and apprenticeship programs – National Apprenticeship Protsahan Yojana.
(4) Focusing on soft skills training.
(5) Simplification of labour laws.

(6) The National Skill Development Mission is a good step. National Skills Qualification Framework, third-party certification of skills after testing can improve quality of courses.

(7) Healthy living should be encouraged for a healthy and productive workforce. Investments in health and sanitation are required.

(8) Safe working conditions for women need to be ensured.

(9) Alternative career options need to be encouraged. Eg. apart from agriculture in rural areas.

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17. Examine the issue of mismatch between potential and actual utilisation of waterways in India. Give an account of the government initiatives in the recent years aimed at removing this anomaly.

भारत में जलमार्गों के संभावित और वास्तविक उपयोग के बीच व्याप्त असंतुलन के मुद्दे का परीक्षण कीजिए। इस विसंगति को दूर करने के उद्देश्य से हाल के वर्षों में सरकार द्वारा की गई पहलों का विवरण दीजिए।

Waterways in India can help in cost-effective transport of bulk cargo in the hinterland. India's rivers can serve as the lifeblood of the economy in transportation of goods and services. It can also help in the development of adjoining regions while being environment-friendly.

Actual utilisation of waterways in India has not been upto the mark vis-a-vis potential. Navigable waterways have not been focused on in India.

Government initiatives in recent years

1. Development of National Waterways has been taken up in the Ganga, Brahmaputra, etc.
2. World Bank is helping in the development of the waterway on River Ganga.

18. Highlight the reasons for the importance attached to the MSME sector. In this context, enumerating the government schemes to promote this sector explain the role that the MSME sector can play in the success of the Make in India initiative.

उन कारणों पर प्रकाश डालिए जो MSME क्षेत्रक को महत्वपूर्ण बनाते हैं। इस संदर्भ में, इस क्षेत्रक को प्रोत्साहित करने हेतु सरकारी योजनाओं को एकएक करके बताते हुए-, मेक इन इंडिया पहल को सफल बनाने में MSME क्षेत्रक द्वारा निभाई जा सकने वाली भूमिका की व्याख्या कीजिए।

The Micro, Small and Medium Enterprises sector in India has the potential to
(1) reduce income inequality, ~~and~~ increase
(2) employment of rural artisans, craftsmen, unskilled and semi-skilled workers.

~~These~~
(3) Contribute to increased formalisation
(4) Promote alternative means of employment other than agriculture.
(5) Solve localised problems
(6) Promote self-employment and innovation
(7) Contribute to building a manufacturing base.

Thus, MSMEs are considered to be important for rural development, increasing equality, access to resources and providing opportunities for economic progress to all sections of the society.

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Government Schemes to promote MSMEs

1. MUDRA Yojana.
2. Priority Sector Lending Schemes
3. Start-Up India
4. Make-in-India
5. Stand-Up India.
6. Sector-specific schemes for electronics manufacturing, solar ~~pane~~ power sector, etc

MSME sector's Role in Make in India

1. It can link rural development initiatives with manufacturing thus solving local problems.
2. Broadbase the impact of Make in India by including women and vulnerable sections of the society like SCs, STs, OBCs, lower income groups.
3. Can introduce innovation
4. Help in providing employment opportunities to people and empowering them.
5. Alternative options for livelihood other than agriculture and allied activities.
6. Thus, MSMEs are the gateway to including all sections of the society in building the

manufacturing base in India through Make in India.

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

19. As the recently released data shows, a narrow tax base remains a major concern in India. What are the possible reasons for such a scenario? In this context, also examine the government efforts to address the issue.

जैसा कि हाल ही में जारी किए गए आंकड़ों से पता चलता है, संकीर्ण कर-आधार भारत में प्रमुख चिंता का विषय बना हुआ है। ऐसे परिदृश्य के संभावित कारण क्या हैं? इस समस्या को हल करने के लिए सरकार के प्रयासों का परीक्षण कीजिए।

India's tax-to-GDP ratio is less as compared to its peers. As mentioned ~~Possible reasons are~~ in the Economic Survey 2015-16, there is political democracy in India but not fiscal democracy.

Possible Reasons are:

1) Tax Evasion.
2) Money laundering to tax havens.
3) Creation of black money.
4) Less income of a majority of the population due to high poverty.
5) Extremely large informal sector.
6) Complicated tax structure leading to difficulties in compliance.
7) No proper monitoring by Revenue Department
8) Less legitimacy of Government - Bureaucracy is perceived to be corrupt and inefficient. Social services provided using tax payers' money is inadequate and leads to lower legitimacy and

compliance.

Government efforts to address the issue

(1) Tax Reforms - Direct Tax Code.

(2) Simplification of Procedures of filing.

(3) Indirect Tax Reforms - Introduction of GST

(4) Incentives for Compliance - Eg. Income Disclosure Scheme, Garib Kalyan Yojana etc.

(5) Modification of tax treaties with tax havens like Mauritius, Cyprus, Singapore, etc.

(6) Restructuring of Revenue Department
- Increasing computerisation
- Ease of filing
- Image Makeover

(7) Use of analytics and big data on transactions.

(8) Ensuring objectivity in decision-making during IT raids and investigations.

(9) Strengthening enforcement agencies.

~~(10) Minimising contact between~~

(10) Reducing 'Retrospective Taxation'.

attempting to build an atmosphere of certainty surrounding taxation.

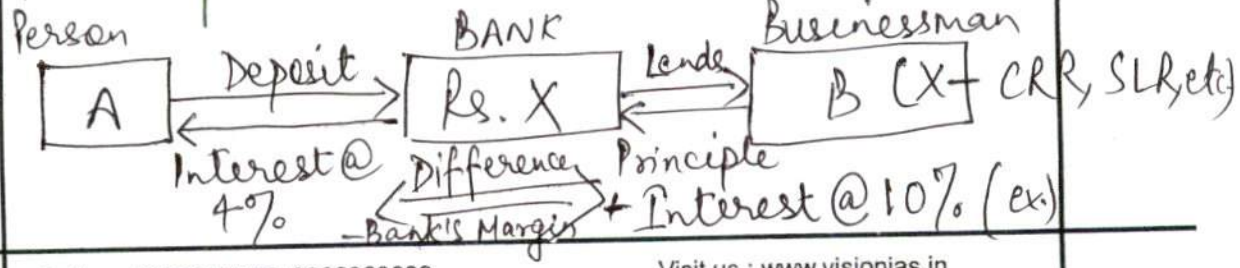
20. Explain the process of credit creation by commercial banks with the help of an example. While distinguishing between quantitative and qualitative credit control instruments of the central bank explain how CRR and SLR can be used to control credit.

वाणिज्यिक बैंकों द्वारा साख निर्माण प्रक्रिया की सोदाहरण व्याख्या कीजिए। केंद्रीय बैंक के मात्रात्मक और गुणात्मक साख नियंत्रण उपकरणों के बीच अंतर स्पष्ट करते हुए व्याख्या कीजिए कि साख को नियंत्रित करने के लिए CRR और SLR का उपयोग कैसे किया जा सकता है?

The process of credit creation by commercial banks utilises the deposits of customers and lends it to producers ~~and~~ to enhance efficient use of capital through 'Multiplier Effect'.

Example

Let's say person A has some idle money. He deposits it in the bank to earn some interest on it. The Bank after deducting ~~to~~ the required proportion of regulatory balances (CRR, SLR, etc.), lends the remaining amount to a businessman at a higher rate of interest. The difference between the interest paid by the businessman and the depositor is the banks margin.



This amount is circulated multiple times in the economy ~~and~~ among different banks and people leading to multiplier effect. This is a major reason why the formal banking system gives a boost to growth of the economy by facilitating the transfer of capital from savers to producers.

Credit Control Instruments

Quantitative	Qualitative
1. Requires compliance by regulator.	1. Uses persuasion and threats as means to ensure credit control.
2. Example – CRR, SLR, Repo Rate, MSF, etc.	2. Moral Suasion, threats, meeting with directors, increased inspection.
3. Lead to direct & immediate impact on liquidity in the market.	3. Leads to gradual impact on credit.

CRR – Cash Reserve Ratio

It is the amount of cash required to be kept with the RBI.

If the RBI increases CRR, the amount of money available with banks ~~to~~ for credit is less and vice versa.

SLR - Statutory Liquidity Ratio

It is the amount of money mandated by the RBI that have to be held in the form of government securities.

If the RBI increases the SLR, the bank has less money for credit and vice versa.

Both quantitative and qualitative measures are important tools in RBI's toolkit to effectively implement the Monetary Policy.