



VISION IAS

www.visionias.in



GENERAL STUDIES (TEST CODE : 1107)

Name of Candidate	Himadree Kaushtik		
Medium Eng./Hindi	ENGLISH	Registration Number	10605
Center	ORN	Date	01/08/18

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

- 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-पत्रा कोड, विद्यार्थी क्रमांक आदि।
- There are TWENTY questions printed in ENGLISH & HINDI
इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
- All questions are compulsory.
सभी प्रश्न अनिवार्य हैं।
- The number of marks carried by a question/part is indicated against it.
प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
- 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 पत्रा में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर :क्यूसीएड 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।
- Word limit in questions, if specified, should be adhered to.
प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
- 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।

75, 3rd Floor, Old Rajinder Nagar Market, Near Axis Bank, New Delhi – 110060

103, 1st Floor, B/1-2, Ansal Building, Behind UCO Bank, Dr. Mukherjee Nagar, Delhi – 110009

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

1. In view of the direct link between tenure security and food security, there is need for a conducive legal framework for land rights in India. Discuss.

(150 words) 10

पट्टे की सुरक्षा और खाद्य सुरक्षा के बीच प्रत्यक्ष संबंध को ध्यान में रखते हुए, भारत में भूमि अधिकारों के लिए एक हितकर कानूनी ढांचे की आवश्यकता है। चर्चा कीजिए।

Tenancy reforms undertaken after independence were intended at recognizing right of the tiller. There is a need for relooking the same as:

- ① Providing security to tenant as well as land owners will formalize the already prevalent practice of tenancy.
- ② Present system discourages leasing out land due to insecurity of owners. Thus agricultural land is rather left fallow.
- ③ Non-formalization of tenancy leads to inability of tenant farmer to access
 - formal credit
 - insurance for crops
 - state provided subsidies

In this light the Model Land Tenancy law proposes:

- ① Recognition of rights of owner as well as the tiller.
- ② Security of tenure to the farmer without compromising ownership rights.
- ③ Access to farm subsidy based on tenancy and not ownership.
- ④ Creation of land banks where land can be consolidated and leased out.

WAY FORWARD:

Tenancy reforms will help in land consolidation as average land holding size has fallen to a low of 1.15 hectares.

States should be incentivized to adopt Tenancy Acts as the subject is within their jurisdiction under Article 246.

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

(150 words) 10

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

Formal sector includes that employment which provides some form of social security or registration for its employees. It is 'formal' as there is some form of security of employment and employee benefits.

The challenge of measuring formal employment is highlighted by the Economic Survey 2017-18 which considers two ways:

① Registration of employees under EPFO (Employee Provident Fund) or ESIC (Employee State Insurance Scheme) or some social security measure:

According to this formal sector is 14% of total employment.

- ② Formality based on registration of employer under GST: according to which 53% of employment is formal.

STEPS TAKEN BY GOVERNMENT:

- ① Budget 2018 increased the government's share of compulsory EPFO payment of 8.5% to full 12.5% for first three years of employment.
- ② The compulsory payment ~~for~~ women has been reduced to ₹8,000 to encourage formal employment of women.
- ③ Labour laws are being streamlined into 4 simplified labour codes to encourage formal employment.
- ④ Steps to include informal employees in social security net: Atal Pension Yojna, Rashtriya Swastha Bima Yojna.

WAY FORWARD:

Ease of compliance with labour laws will encourage larger formal employment

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

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

The investment rate measured by Gross Fixed Capital formation (GFCF) peaked in 2008 to 33%. after which it returned to former levels.

This high level of investment was accompanied with unprecedented growth rate of 8.57% annual average between 2003-08. However decline post 2008 can be traced to :

① GLOBAL FINANCIAL CRISIS: this adversely affected :

- Foreign Direct Investment
- Global Demand
- Government Revenue (thus public investment).

② High (two-digit inflation) beginning 2010

Had to be addressed by hike in interest rate by RBI thereby slowing down investment.

- ③ Slow credit growth: banks reeling under Non-Performing Assets issue have slowed down loans.
- ④ Over-leveraged firms: 'twin balance sheet problem' with 'Indian characteristics'.
- ⑤ Stalled projects worth almost 7% GDP.

STEPS TO REVIVE INVESTMENT:

- ① PUBLIC INVESTMENT: specially in infrastructure can 'crowd-in' private investment.
- ② RECAPITALIZATION OF BANKS: plan of injection of 2.1 lakh crore into Public Sector Banks will encourage credit off take.
- ③ RESOLUTION OF FIRM BANKRUPTCY: the Insolvency and Bankruptcy Resolution Act, SARFESI, Act to solve 'Exit Problem'.

WAY FORWARD: Easing Foreign Direct Investment norms, push for Make in India can help re-attaining high investment.

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

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

India's ranking in World Bank's Ease of Doing Business Index improved 30 places to 100th in 2018.

Reforms Undertaken

- ① Improving legal machinery: setting up of commercial benches in four High Courts for speedy resolution.
- ② Implementing Goods and Services Tax ensuring One-Country One-Tax.
- ③ Faster clearances via multiple Single Window Clearance mechanism. (Labour Portal, SWIFT: Single Window Interface for Foreign Trade)
- ④ Multiple measures by states: Right to Service for speedy clearances

by Telangana, Industrial Land Bank by Odisha.

CHALLENGES THAT REMAIN:

- ① Labour laws: multiple (centre and states) and very strict.
- ② Judicial pendency: specially tax appeal matters remains.
- ③ 'Contract Enforcement' remains a weak area in EOB ranking.

MEASURES NEEDED:

- ① Reform of labour laws: 4 codes have been proposed.
- ② Easing tax compliance: Economic Survey suggests appeals above only a certain minimum.
- ③ Further streamlining clearances: environmental, safety etc.
- ④ Ease of land acquisition: uniformity across states.

5. Providing social security, especially to those working in unorganised sector, is an important requirement to achieve the goal of inclusive growth. Discuss.

(150 words) 10

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

In India 85% of labour force is employed in unorganized sector. Therefore a two pronged approach of increasing formalization and providing social security to organized sector is important as:

- ① Social security will increase productivity in informal sector:
Health insurance like Rashtriya Swasthya Bima Yojna will improve work days.
- ② Unorganized sector does not have job security because of which certain benefits like unemployment benefits provided by developed countries are desirable.

- ③ As demography is ageing there is need of providing some form of post-retirement benefit to this vast segment.
- ④ Unorganized sector is low paying and thus savings are limited which implies need for inculcating saving habits.

WAY FORWARD:

- ① PENSION: Atal Pension Yojna: wider coverage and awareness.
- ② MEDICAL INSURANCE: Pradhan Mantri Swasthya Bima Yojna and National Health Protection Scheme (Budget 2018)
- ③ INCREASE PRODUCTIVITY: National Skill Mission can help in increasing productivity and wages.
- ④ Need to ensure implementation of Minimum Wages Act.

6. Contract farming can help in the expansion of organized food processing industry in India by strengthening backward linkages. Comment. What changes are required in the existing regulatory structure to address issues related to contract farming in India? (150 words) 10

अनुबंध कृषि (कॉन्ट्रैक्ट फार्मिंग) बैकवर्ड लिंकेज को सुदृढ़ कर भारत में संगठित खाद्य प्रसंस्करण उद्योग के विस्तार में सहायता कर सकती है। टिप्पणी कीजिए। भारत में अनुबंध कृषि से संबंधित समस्याओं को हल करने हेतु वर्तमान नियामक संरचना में क्या परिवर्तन आवश्यक हैं?

Contract farming involves an agreement between farmer and potential purchaser prior to sowing. It can help in expansion of food processing by:

- ① Creating linkage between farm and processing unit: provision of transport, weighing mechanism etc.
- ② Reducing post harvest losses: (which can amount to as much as 20-30% in case of horticulture produce) by providing cold storage facility.
- ③ Ensuring standardization and food-safety measures: by practicing safe agricultural practices.

- ④ Providing better price discovery and greater price certainty.

CHANGES REQUIRED IN REGULATORY STRUCTURE:

- ① Agricultural Produce and Marketing Companies Act (APMC Act) in some states do not allow Contract farming.
- ② Standardization of Contracts is required to protect farmer interest.
- ③ Need for regulatory authority to ensure interest of both parties.

WAY FORWARD:

The Model Contract Farming Law needs to be adopted by states thus allowing Contract Farming by amending APMC Acts.

There is need to protect farmers from exploitative contracts. by
STANDARDIZING CONTRACTS.

7. Minimum Support Price (MSP) of crops is a short term solution for agricultural distress which creates long term problems. Examine. Suggest measures to overcome the limitations of the MSP regime. (150 words) 10

फसलों के लिए न्यूनतम समर्थन मूल्य (MSP) कृषि संकट का एक अल्पकालिक समाधान है जो दीर्घकालीन समस्याएं पैदा करता है। परीक्षण कीजिए। MSP व्यवस्था की कमियों से निजात पाने हेतु उपाय सुझाइए।

Minimum Support Price is the assured price at which States purchase farm produce. Issues related to MSP are:

- ① MSP is declared for 23 crops but effective procurement occurs only for wheat, rice and cotton.
- ② It skews the production making it 'cereal centric' which causes:
 - economic cost: production isn't in line with demand
 - environmental cost: degradation of land and excess use of water.
 - fiscal cost: buffer of 61.1 million tonnes as opposed to 21.6 mt for foodgrains.
- ③ Farmers are unaware of existence

of MSP for pulses and other crops.

MEASURES TO OVERCOME:

- ① MSP should reflect social and environmental costs: pulses help in restoring land fertility.
- ② Using alternate mechanisms:
 - Price Deficiency Payment System: like Bhuvantari Bhugtan Topra in Madhya Pradesh where upto 25% of MSP is given.
- ③ MSP should be backed by procurement for other products as well (millets, oilseeds)
- ④ Regional uniformity: MSP is practically non-existent in North East.

BUDGET 2018:

MSP for 23 Kharif crops was hiked by 1.5 times.

WAY FORWARD: Calculation by CACP on COST-PLUS basis for all crops.

8. Enumerating the factors that determine a nation's energy-mix, comment on the need for having a diversified fuel basket for meeting India's future energy demands. (150 words) 10

किसी राष्ट्र के ऊर्जा-समिश्र (एनर्जी-मिक्स) को निर्धारित करने वाले कारकों को सूचीबद्ध करते हुए, भारत की भावी ऊर्जा मांगों को पूरा करने हेतु एक विविधकृत फ्यूल बास्केट के होने की आवश्यकता पर टिप्पणी कीजिए।

FACTORS DETERMINING ENERGY MIX:

- ① Natural Resources : abundant coal reserves would imply more Thermal Power, presence of fast flowing rivers would imply hydro-electricity (Bhutan).
- ② Level of development : clean energy sources are expensive hence only developed regions like Europe have been able to transition.
- ③ Access to finance : availability of finance for particular resource (Green Energy fund for renewables)
- ④ International commitments and policy framework : India's voluntary commitments under Paris Agreement.

Need for diversification for India:

- ① Low access to fossil fuels
- ② Large import bill due to crude oil.
- ③ Environmental concerns: rising pollution levels in Indian cities.
- ④ Need to increase power production for universal access.
- ⑤ Exploring low cost as well as sustainable sources for growth needs.

PRESENT STATE:

India added a formidable 30 GW thus making its renewable energy production 67 GW as of March 2018.

WAY FORWARD:

- Reducing reliance on fossil fuel by achieving 30% electric vehicle fleet by 2030 (National E-Mobility Mission)

9. Despite being a water-stressed economy, micro irrigation penetration in India remains sub-optimal. Discuss the reasons behind it. Also list measures taken by the government to provide an impetus to micro irrigation.

(150 words) 10

एक जल-संकटग्रस्त अर्थव्यवस्था होने के बावजूद, भारत में सूक्ष्म सिंचाई की पैठ उप-इष्टतम (सब ऑप्टीमल) बनी हुई है। इसके पीछे उत्तरदायी कारणों की चर्चा कीजिए। साथ ही, सूक्ष्म सिंचाई को प्रोत्साहन देने हेतु सरकार द्वारा उठाए गए कदमों को भी सूचीबद्ध कीजिए।

Micro-irrigation can aid in water conservation, preventing degradation of land and saving power consumption (via pumping costs).

Reasons for sub-optimal penetration:

- ① Excessive reliance on flood irrigation (both tubewell and canal)
- ② Water user charges not being based on amount consumed. lead to excess usage.
- ③ Power subsidy further incentivizes excess usage.
- ④ Micro-irrigation technology remains high-cost.

- ⑤ Limited awareness amongst farmers regarding micro-irrigation
- ⑥ Government investment is skewed towards canal irrigation infrastructure

MEASURES TAKEN:

- ① PMKSY: Pradhan Mantri Krishi Sinchayi Yojna integrates On Farm Water Management (OFWM), IWDP (Integrated Watershed Development Program) and AIBP (Accelerated Irrigation Benefit Program) thus providing impetus to water conservation.
- ② Micro-irrigation was included as infrastructure in Harmonized List of Infrastructure thus easing credit.
- ③ Agreement with Israel regarding greater technology access for micro-irrigation.

10. Discuss the prospects & challenges in adopting an integrated multimodal transportation system in India with reference to government initiatives in this regard. (150 words) 10

भारत में एकीकृत मल्टीमॉडल परिवहन प्रणाली के संबंध में सरकार की पहलों को संदर्भित करते हुए इसे अपनाने से संबंधित संभावनाओं एवं चुनौतियों पर चर्चा कीजिए।

An integrated multimodal transport system can create synergies and reduce duplication of effort thus saving costs.

PROSPECTS :

① Bharatmala-Sagarmala :

The former has 'port-connectivity' as an essential pillar. Thus port development has to be aided by road connectivity.

② Bharat Setu : confluence of railway and road safety by achieving zero unmanned railway crossing.

③ NABH NIRMAAN : (Next generation airports for Bharat) - cities that are

closeby can be served by a single airport combined with better road connectivity.

④ Similarly railway stations accompanied by better roads in remote areas can improve connectivity and also eliminate need for new railway stations

CHALLENGES:

- Different authorities dealing with these sectors.
- Limited collaboration between sectors.
- Roads being built by centre as well as states require cooperation/federalism
- Heavy subsidization of railways puts pressure on alternate transport

WAY FORWARD:

- Possibility of single Ministry of Transport subsuming Railways, Highways, Aviation and Ports as has been done by China.

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

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

Industrial Policy 1951 and First 5 year Plan (1951-1956) visualized Public Sector Enterprises to be the 'commanding heights' of economy.

→ Earlier needed as private sector had limited investment capacity.

→ Over the years PSEs developed a bureaucratic and inefficient structure.

→ Industrial Policy of 1980 sought to revive PSEs but with limited success.

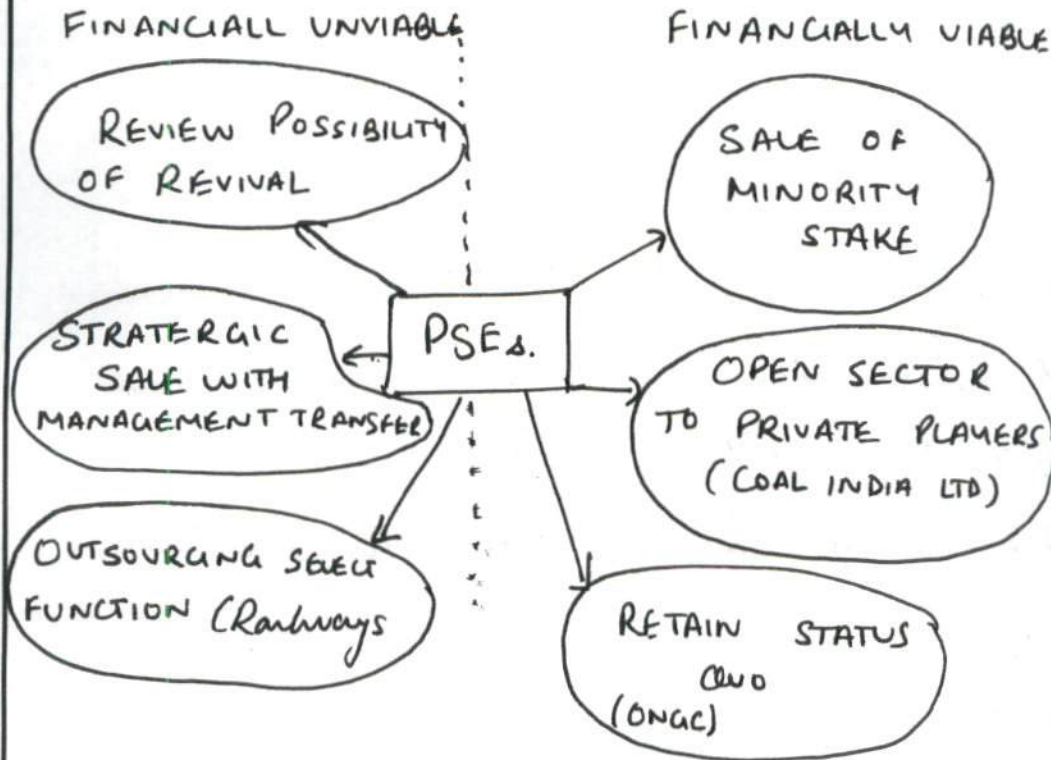
→ Post the 1991 Liberalization, Privatization and Globalization (LPG) reforms PSE role has diminished.

- In 1991 BIFR: Board for Industrial Financial Reconstruction was established to revive PSEs.
- Narsimhan Committee had advised disinvestment in sick PSUs. Rangarajan Committee affirmed the same advising majority stake be sold in all except key areas.

CHANGED ROLE OF PSEs:

- ① Serving 'unserved' areas: PSBs lend to vulnerable sections and essential sectors like infrastructure.
- ② 'Heavy' industry with limited private participation: Power Generation (NTPC), Fuel (ONGC, GAIL, OIL)
- ③ Monopoly in public interest/safety: Railways, Nuclear Power.
- ④ Source of Income for government: Maharatna and Navratna PSEs.

STRATEGY FOR PSEs.



WAY FORWARD:

- The government has initiated sale of Air India, allowed private players in coal industry.
- Exchange Traded Fund (ETF) Bhavat is a means of raising fund for PSEs.
- Disinvestment Policy should be considered on case-by-case basis.

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

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

Non Performing Assets (NPAs) are defined as loans whose interest/principal hasn't been paid for 90 days. In Public Sector Banks NPAs stand at a 13% and for Private Banks 9.5%.

ISSUE OF NPA:

- Due to reckless lending during 2003-08 boom.
- Rising pressure of agricultural NPAs (grew by 23% last fiscal year)
- NPAs limit future credit off take
- They threaten banking structure.

Twin Balance Sheet Problem is the issue of over-leveraged firms suffering from asset as well as

liability side of balance sheet.

Similarly multiple frauds being uncovered are related to NPA and TBS problem: the three reinforcing each other.

Insolvency and Bankruptcy Code (IBC) seeks to make exitting of firms simpler by easy liquidation of assets thereby also easing pressure of bad loans on banks.

IBC includes:

- DRT: Debt Recovery Tribunal and NCLT: National Company Law Tribunal for individuals and companies respectively
- Use of Insolvency Professionals, Insolvency Professional Agencies and Information Utilities.

→ Time bound resolution with
maximum of 180 days.

① The IBC can help in releasing
locked up assets. and making them
available for future use.

② Stalled projects amounting for
almost 7% of GDP could get a
boost.

WAY FORWARD:

IBC accompanied with SARFESI,
Fugitive.

Economic Offenders Bill 2018,

Mission Indradhanush for Bank
Re-capitalization can help in
relieving financial distress.

13. Under-employment rather than unemployment is the key problem facing India today. Elaborate. Also, suggest measures to counter this problem.

(250 words) 15

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

Under-employment refers to people being engaged in low-wage and low-productivity activities for their skill level. ILO finds that almost 82% of India's labourforce is casual employment/self-employed.

ISSUES WITH UNDER-EMPLOYMENT:

- ① Low wages: affecting standards of living of people.
- ② Low-skill levels: only 4.2% of labour force is formally skilled as opposed to 96% in South Korea.
- ③ Lack of job security: which can

had to seasonal unemployment.

- ④ Lack of social security: due to large unorganized sector (85%).
- ⑤ Poor performance of manufacturing sector: due to lower productivity of labour.
- ⑥ Agriculture accounts for ^{53%}~~14.4%~~ of employment with 14.4% contribution to GDP thus reflecting disguised unemployment.
- ⑦ Gender gap: lower pay to women also reflects of under employment.

MEASURES TO COUNTER PROBLEM:

- ① Promotion of labour intensive industries:

- Tentiles : will create jobs in tier II and tier III cities and specially for women

- Leather and footwear : India is the 2nd largest producer of leather. Need for technology upgradation.

② Public employment : ensuring timely wage payment under MGNREGS to address seasonal unemployment.

③ Skill India Mission to raise productivity.

④ Start-up India and Stand-up India to transform people from job seekers to job givers.

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

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

International trade grew an an unprecedented pace post the communication revolution in late 1990s.

This helped in India achieve a higher growth rate in 2000s.

Role of trade for a developing country.

① *Finding demand: global demand can boost domestic production, specially for high value commodities demanded by developed countries*

② *Access to raw material: India is the 2nd largest crude oil importer due to limited domestic availability.*

③ *Employment: Trade in textiles*

can boost manufacturing. Trade in services created BPO revolution for India.

④ Access to technology: via FDI and presence of MNCs.

⑤ Creation of foreign currency reserve: (\$410 billion for India presently).

Challenges India faces:

① Limited trade agreements: India is not a part of major trade block though RCEP negotiation with ASEAN countries is promising.

② Trade in manufacturing has had limited growth despite lower wages due to relatively lesser competence.

③ Frequent trade disputes: with EU regarding (Sanitary and Phytosan-

- many measures) SPS, Indian Pharma Industry regarding non-compliance.

④ Lack of clear policy on agricultural exports has limited the sector's ability to grow globally.

⑤ Infrastructure bottlenecks: 75%.

trade by value and 90% by volume occurs via ports. However port infrastructure isn't up to global standards:

WAY FORWARD:

- Implementing TFA: Trade Facilitation Agreement for logistic ease.

- Released ~~Model~~^{Draft} Agricultural Export Policy 2018 should be adopted.

- Foreign Trade Policy 2015-20:
MEIS and SEIS, Export Promotion of Capital Goods is a the way forward.

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

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

India's tax to GDP ratio stands
at 16.67 which is lower than
comparable countries. Further only
47% of adult population pays taxes
(ideally should be 237%) reflecting
narrow tax base.

STRUCTURAL ISSUES:

- ① Narrow tax base
- ② Greater reliance on indirect tax
which is relatively regressive.
- ③ Multiple exemptions like those
on small saving schemes benefits
of which accrue to relatively rich.

- ④ Frequent raising of income tax slabs thus losing out on tax buoyancy
- ⑤ Complicated provisions thereby reducing ease of tax compliance.
- ⑥ Excessive discretion with authority leading to harassment and corruption.

RECENT MEASURES:

- ① Introduction of GST to simplify direct tax structure.
- ② Operation Clean Money following demonitization to include evaders.
- ③ Project Insights for Big Data analytics for increasing tax compliance.

The past four years saw 427 rise
in tax registration.

BUDGET 2018 :

- ① Introduction of Long Term Capital
Gains tax ensuring equity principle
- ② Raising slabs for elderly
- ③ Lowering Corporate Tax for MSMEs
with turnover up to 100 crores.

WAY FORWARD:

- Easwaran panel on Direct Taxes
recommended lowering TDS to 5%
from 10% and implementing the
Direct Tax Code (DTC)
- Arvind Modi headed committee
has been appointed for recommending
a DTC.

16. Enumerating the features of Pradhan Mantri Kisan Sampada Yojana, discuss its potential for the growth of food processing sector in the country. (250 words) 15

प्रधान मंत्री किसान सम्पदा योजना की विशेषताओं को सूचीबद्ध करते हुए, देश में खाद्य प्रसंस्करण क्षेत्र का विकास करने की इसकी क्षमता की विवेचना (चर्चा) कीजिए।

Pradhan Mantri Kisan Sampada Yojna gives a boost to Food Processing Sector by :

- ① Cluster based approach for establishing processing centers.
- ② Extending cold storage facilities to Primary Processing Centre
- ③ Setting up of 42 Mega Food Parks with upgraded technology
- ④ Adding capacity of secondary and tertiary processing.

This can help by:

- ① Increasing value addition in food processing sector
- ② Relieving infrastructure and supply chain bottlenecks.
- ③ Limiting rural distress migration by providing employment opportunity in processing sector.

Uttarakhand has undertaken project to link research with farm practices and using primary processing for horticulture.

BUDGET 2018:

-Set up Specialized Agro Processing Financing Institutions in order to ease credit flow to the

Food processing sector.

- Income tax rebate to Farmer Producer Companies will also aid food processing.
- Single brand retailing along with contract farming can help alleviate the supply chain bottlenecks.

WAY FORWARD:

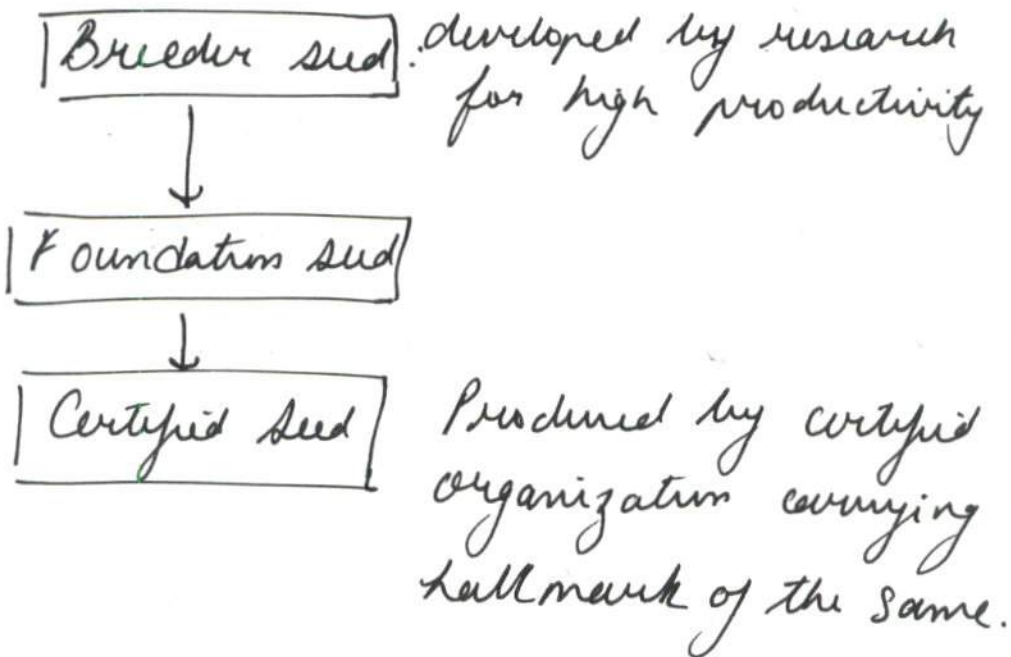
Food Processing has been named one of the SUNRISE industries that can provide backward linkages to agriculture

17. What do you understand by Seed Replacement Rate? Explaining the concept of breeder, foundation and certified seeds, highlight the major policy initiatives taken in order to address the challenge of quality seed availability to farmers. (250 words) 15

बीज प्रतिस्थापन दर (सीड रिप्लेसमेंट रेट) से आप क्या समझते हैं? ब्रीडर, फाउंडेशन और प्रमाणित बीजों की अवधारणा की व्याख्या करते हुए, किसानों के लिए गुणवत्तापरक बीजों की उपलब्धता की चुनौती का समाधान करने हेतु की गई प्रमुख नीतिगत पहलों पर प्रकाश डालिए।

Seed Replacement Rate is the ratio of certified seeds versus recycled seeds that are used by farmers during sowing.

STAGES OF SEED :



Thus use of certified seeds is

key towards achieving greater productivity and yields.

However a key issue remains monopoly of a handful Multinational Agencies like Monsanto which leads to exploitation of farmers.

Steps taken :

- ① Increase in public sector production of certified seeds:
it has kept up and picked pace drastically recently.
- ② Seed village : to incentivize seed replacement and spread awareness.

- ③ ~~type~~ Creation of seed vault in Ladakh to conserve germplasm.
- ④ Creation of seedbanks.
- ⑤ Undertaking research in developing higher quality seeds specially in pulses and vegetables is vital.

WAY FORWARD:

- Awareness generation in farmers
- Greater research on 'orphan crops' as well.

MS Swaminathan Research Foundation

Recommends greater use of indigenous variety (like Kuthmad rice grown in saline water)

18. Enumerate the factors that determine cropping pattern in an agricultural region. Discuss the need for diversification in context of problems being faced by monoculture regions in India. (250 words) 15

किसी कृषि क्षेत्र में फसल पद्धति को निर्धारित करने वाले कारकों को सूचीबद्ध कीजिए। भारत में एकल फसली क्षेत्रों द्वारा सामना की जा रही समस्याओं के संदर्भ में फसल विविधीकरण की आवश्यकता की चर्चा कीजिए।

Cropping Patterns in an agricultural region are determined by :

① CLIMATE: (Rabi, Kharif, Zaid)

- Temperature

- Rainfall (Dry land (< 75 cm)
crops → millets

② IRRIGATION

- Only 38% of Gross Cropped Area is irrigated rest of the area is rainfed

- Access to irrigation leads to water-intensive crops like sugarcane.

③ DEMAND PATTERN

- Being located near urban areas

monocultures growing high value commodities due to greater demand.

④ SOIL

⑤ GOVERNMENT POLICY

- High MSP for wheat and rice has skewed cropping patterns towards these two all over the country.

⑥ CROP RISK

Vegetables, pulses have greater volatility and are subject to more risk.

Issues with Monoculture:

① Depletion of soil fertility: as it gets devoid of particular nutrient.

② greater risk for farmers in event of pest or disease.

Thus diversification can help environmentally as well as economically. This has to be achieved by:

- ① Mixed farming (allied activities)
- ② Mixed cropping (strip farming, intercropping, relay cropping)

WAY FORWARD

There is a need for awareness generation amongst farmers regarding advantage of diversification.

Steps like distributing variety of seeds initially can be of help.

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

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

The Budget Making process is drawn from Article 112 which requires presentation of Annual Financial Statement. Constitution only mandates a separation of capital account from revenue, rest is done as per rules.

ISSUES IN BUDGET MAKING:

① Formulation of Demand for Grants.

- Ministries do not undertake a consultative bottom-up approach
- Departmentally Related Standing Committees have limited

expertise in examining this grant.

② There is no formal consultative process for involving inputs from industry.

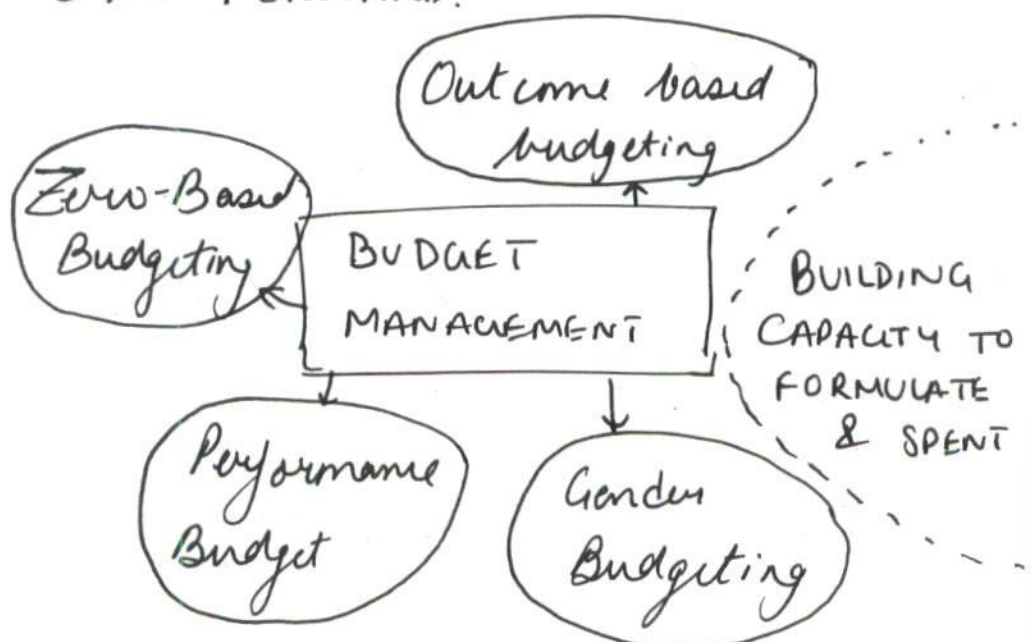
③ Budget making process focuses on outlays rather than output or outcome.

④ The spending capacity of various organs is not considered. Eg entire outlay for railway could not be spent. Similarly huge sums remain unspent (CAMPAFund, Numbrey a Fund)

Budget making reforms undertaken:

- ① Moving up date of presentation to February 1st (to ease March rush, start projects before monsoon)
- ② Removing Plan and Non-Plan segregation.
- ③ Merging of Railway Budget with General Budget
- ④ Reducing number of schemes into 3 basic funding pattern.

WAY FORWARD.



20. Identifying the key elements under the Mission for Integrated Development of Horticulture (MIDH), briefly explain how it can lead to holistic development of the horticulture sector in India. Also elaborate the factors which act as roadblocks for the efficient supply chain of Fruits and Vegetables sector in India. (250 words) 15

बागवानी के समन्वित विकास के लिए मिशन (मिशन फॉर इंटीग्रेटेड डेवलपमेंट ऑफ़ हॉर्टिकल्चर: MIDH) के अंतर्गत प्रमुख तत्वों की पहचान करते हुए, संक्षेप में व्याख्या कीजिए कि यह भारत में बागवानी क्षेत्र के समग्र विकास को किस प्रकार बढ़ावा दे सकता है। साथ ही, भारत में फल एवं सब्जी क्षेत्र हेतु प्रभावी आपूर्ति श्रृंखला में बाधक के रूप में कार्य करने वाले कारकों का सविस्तर वर्णन कीजिए।

- Horticulture sector accounts for 28% of agricultural GDP with only 9% of net sown area.

- The shifting demand patterns towards high value commodities imply need for shifting cropping patterns.

MIDH will help by:

- ① Incentivizing farmers to undertake horticulture by backing it with assured procurement.
- ② Increasing horticulture yields by

employing better technology, using higher yielding seeds.

- ③ Spreading awareness regarding horticulture crops and best practices regarding same.
- ④ Training youth in high-skilled and technology intensive practices like polyhouse.

Road blocks to efficient supply chain of Fruits and Vegetables:

- ① Post-harvest losses: ICRIER study finds 30-35% loss of value in fruits like lichi from Bihar.
- ② Lack of availability of cold storage: specially harmful for a tropical country like India.

- ③ Absence of primary processing centers near farm areas.
- ④ APMC acts in certain states include fruits and vegetables thereby limiting efficient supply chain.
- ⑤ India lacks secondary and tertiary processing ability which adds major value.

WAY FORWARD:

→ M.S. Swaminathan stresses on need to develop horticulture in peri-urban areas - this will ease supply chain pressure.

→ Developing horticulture in organic North-East for exports to ASEAN as part of Look-East policy.