78

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GENERAL STUDIES (TEST CODE : 1453)

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Medium Eng./Hindi	Eng	**Registration Number**	567585
Center	ORN	**Date**	11/01/2020

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 **ENGLISH & HINDI**
   इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3. **All questions are compulsory.**
   सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
   प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
5. Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other that the authorized one.
   प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न–सह–उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे।
6. Word limit in questions, if specified, should be adhered to.
   प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
   उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

EVALUATION INDICATORS

1. **Contextual Competence**
2. **Content Competence**
3. **Language Competence**
4. **Introduction Competence**
5. **Structure - Presentation Competence**
6. **Conclusion Competence**

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

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

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. Explain the value-added, income and expenditure methods of estimating national income.

राष्ट्रीय आय के आकलन की मूल्य-वर्द्धित, आय और व्यय विधियों की व्याख्या कीजिए।

A) National Income refers to the Total value of Goods and services produced in India.

There are three methods of calculating National Income:

a) $\boxed{\text{Expenditure Method}}$

National Income = Consumption + Investment + Government Expenditure + [Exports - Imports]

It calculates income based on the Expenditure made.

Consumption = 60% contribution
Investment ~ 30%
Government + Net Exports ~ 10%

b) $\boxed{\text{Value Added Method}}$

National Incom = value of final GOOD − Intermediate good's value.

at every stage of production
Σ gross value added = National income.

c) Income method

National Income = wages + profit + rent +

wages → to the labour
profit → to the entrepreneur
rent → to the land

interest payment → capital

Explaination

suppose only Bread is produced in the economy.

→ The Expenditure incurred to buy bread.
= NI through Expenditure.

→ price of Bread − price of flour [used for production]
NI ~~through~~ through value Added method.

→ ~~per~~ wages paid to labour and rent on land. used production etc ⇒ NI through Income method.

NI identity

$NI_{(Expenditure)} = NI_{(value\ added)} = NI_{(Income\ method.)}$

2. Explain the different quantitative and qualitative policy tools used to regulate money supply in the economy.

अर्थव्यवस्था में मुद्रा की आपूर्ति को विनियमित करने के लिए प्रयुक्त विभिन्न मात्रात्मक और गुणात्मक नीतिगत साधनों की व्याख्या कीजिए।

A) Money supply is regulated by the RBI in India with a view to manage inflation, promote growth and achieve macro-economic stability

There are two methods of managining money supply. (Ms)

a) Quantitative Method

- Open market operations
  - defn → Buying and selling govt. bonds
  - transmission → Buy Bond = ↑ Ms.
  - → Sell Bond = ↓ Ms.
- Repo rate / Reverse Repo rates
  - → Rate at which central Bank lends and accepts deposits.
  - ↓ Repo rate ⇒ ↓ in bank interest rate ⇒ ↑ Ms
- Statutory liquidity ratio / CSR.
  - → Limit that commercial Bank should maintain out of deposits
  - ↑ SLR ⇒ ↓ in lending capacity ⇒ ↓ Ms.

Q ualitative measures

Persuation
eg: decrease in the economic activities ⇒ RBI advice Banks to ~~At~~ increase their lending to kick start the economy

Mandates - like priority sector lending
→ Mandatory 40% lending to certain economic units like Agriculture, MSMEs etc to foster financial inclusion

Regulatory functions via Prompt corrective actions

•) Besides these measures, the money supply is controlled by ~~seinorage~~ printing money [authority that can issue new Money ⇒ RBI]

•) Deficit financing - to Bail out government.

•) Intervention via sale and purchase of foreign currency.

Thus, by managing Money supply [Monetary Policy] to ensures stability of the economy.

Therefor, an independent RBI is necessary.

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

3. What is sterilization? Explain how it is deployed by RBI in stabilizing the money supply against external shocks.

स्थिरीकरण (स्टरलाइजेशन) क्या है? व्याख्या कीजिए कि बाह्य आघातों के विरुद्ध मुद्रा की आपूर्ति स्थिर रखने में RBI द्वारा कैसे इसका उपयोग किया जाता है।

A) sterlization refers to simultaneous sale and purchase of Asset to ensure macro-economic stability is maintained.

1. RBI uses sterlisation in order to ensure that both internal as well as External balance is maintained.

2. Internal balance → tolerable level of inflation.

External Balance → tolerable level of currency's value

3. Sterlisation and External shock

External shock such as: ~~decrease~~ increase in the interest rates in United states.

Impact → The financial Institutional Investor [FII] and other foreign Investment will start flowing out of India [$i_{India} < i_{US}$]
= short money.

Thus. Indian Bonds Liquidated ⇒ Money supply will increase and there is depreciation in the economy.

RBI's intervention

1. To prevent depreciation and absorb excess money from the economy. RBI will ~~sell the. sell the government security via open market operations [Ms ↓].~~ sell the foreign currency and absorb the ~~2. To make~~ excess money supply to control further depreciation.

2. At the same time, government will ~~decrease~~ increase the Repo rates ~~in order to make it attractive for banks to lend money to~~ so that the interest rates in the market is increased and foreign investment is attracted in the country

Therefore by following sterlisation, RBI is able to reduce excess money supply and attract the foreign investment in the backdrop of an External shock. Thus Money supply is effectively managed and macro economic stability maintained.

4. What are the key issues in fiscal management in India? How can these issues be addressed?

भारत में राजकोषीय प्रबंधन में प्रमुख समस्याएं क्या हैं? इन समस्याओं का समाधान कैसे किया जा सकता है?

A) Fiscal management refers to the management of government finances.

- Fiscal management
  - Revenue
    - Direct taxes
    - Indirect taxes
  - Expenditure
    - Revenue Expenditure
    - capital Expenditure

Issue is when : Expenditure > Revenue Earned

In recent times,

the revenue collection has been subdued :

a) Decrease in direct tax collection

- Money laundering and tax Evasion
- Informal economy
- economic slowdown

etc

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

b) decrease in Indirect tax collection

GST friction | low spending by people due to slowdown. | Exempted goods etc.

On the otherhand, the Expenditure is rising.

→ Revenue Expenditure - on account of 7th pay commission implementation, rising subsidy payments [8% of GDP], interest payment etc.

→ capital expenditure - Though rising at a slow pace.

Also, governments' recapitalisation of Public Sector Bank, farm loan waivers and other populist policies are posing greater fiscal burden, making it difficult to manage the finances.

Measures to address them

1) The Fiscal Responsibility and Budgetary Management Act was passed to instill fiscal discipline in the government.

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

1.1 The fiscal deficit must not increase beyond 3.3% of the GDP.
1.2 The debt to GDP ratio must not increase beyond 40%. etc.

Such canons of fiscal discipline must be followed in letter and spirit.

2) Need to Rationalise the Revenue Expenditure particularly the subsidies and populist announcements.

3) Need to increase the tax to GDP ratio: by:
3.1 Widening the tax base.
3.2 Formalisation of economy
3.3 Better tax administration etc.

4) Need to revive the economy and spend more on sectors having greater forward and backward linkage with greater multiplier effect: eg: Infrastructure, human capital etc.

Therefore, Both Expenditure and Revenue sides measures are needed to balance the Fiscal Management.

5. Explain, in brief, the various components of budget receipts and expenditure.

बजट प्राप्तियों और व्यय के विभिन्न घटकों की संक्षेप में व्याख्या कीजिए।

A) Budget also known as the Annual Financial Statement [Article 113] is the statement of all the revenue and expenditure of the government in a given fiscal year.

Various components of Budget

- ~~Reven~~ Revenue
  - direct tax
    - eg
    - ① income tax
    - ② corporate tax
    - ③ Excise and customs duty etc.
  - indirect tax
    - eg.
    - ① Goods and services tax
    - ② value added tax
    - et
- Expenditure
  - capital Expenditure
    - eg: on
    - ① infrastructure
    - ② Asset creation
    - ③ Acquiring property/ loans etc
  - Revenue Expenditure
    - eg:
    - ① salary
    - ② Pension
    - ③ Subsidy
    - ④ central sector scheme
    - ⑤ etc

Budget 2019

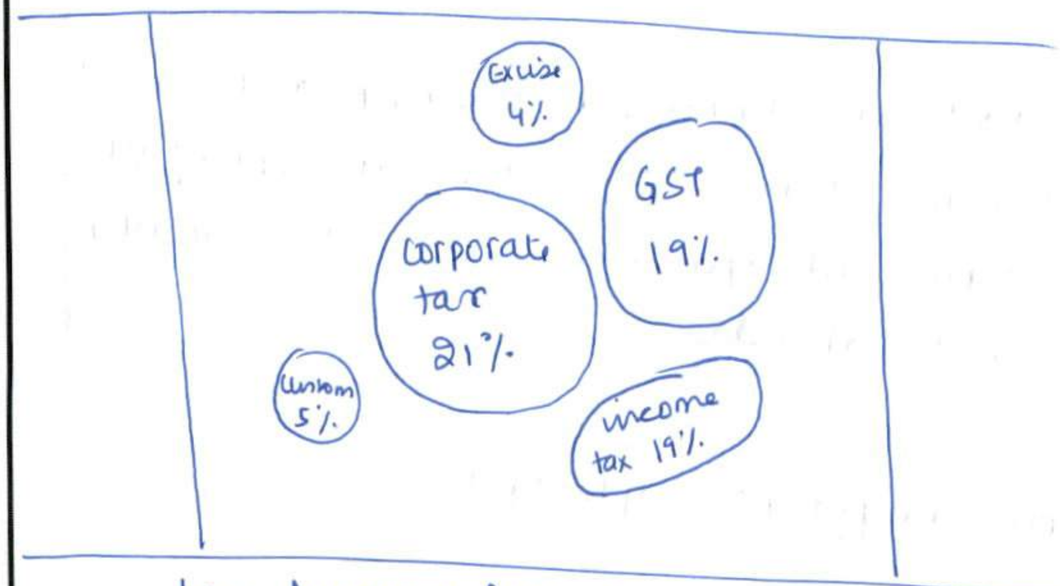

fig : Revenue Receipts

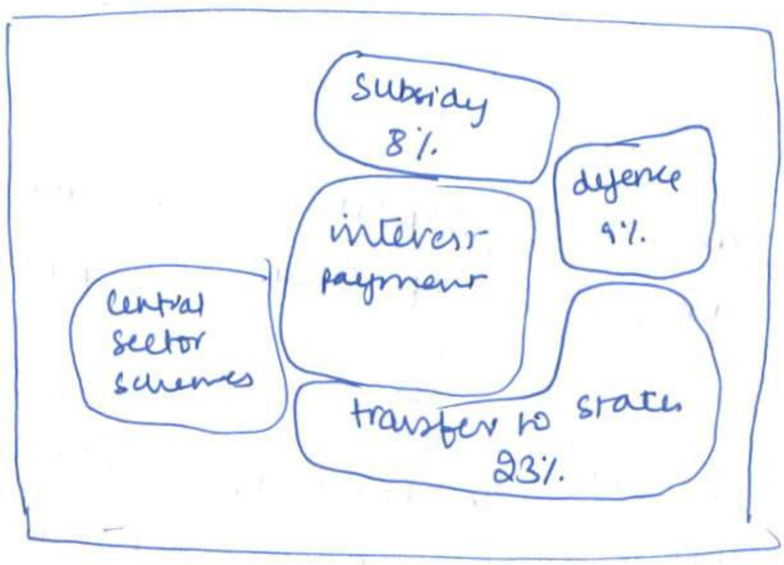

fig : Expenditure Receipts.

subsidy

food > fertilisers > interest payment.

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~~Along~~.

6. Highlight the monetary and fiscal measures that can be taken to address the phenomenon of inflation. Also explain their limitations.
मुद्रास्फीति की परिघटना से निपटने हेतु उठाए जा सकने वाले मौद्रिक और राजकोषीय उपायों पर प्रकाश डालिए। साथ ही, उनकी सीमाओं की भी व्याख्या कीजिए।

A) Inflation Refers to the rate at which prices rise in the economy. According to Monetary Policy framework the tolerable range is [6% → 2%].

1. Inflation is like a tax on money. As inflation rises, the worth of money holding falls, however a minimum level must also be maintained to ensure economic growth.

2. Therefore, various Monetary and fiscal measures are taken to control inflation.

Fiscal Measures

1. It refers to the measures taken by the government to manage inflation.
2. It includes measures such as:
   - tax rate management
   - Government Expenditure
   - Intervention in the market via: price stabilisation fund in agriculture, Minimum wages etc.

3. suppose there is rising inflation in the economy. Government can

3.1 increase the income tax so that purchasing power of people fall ⇒ demand fall ⇒ inflation falls

3.2 Cut down on government Expenditure.

3.3 Raise money from the market so that interest rates rise and consumption falls. etc

Monetary Measures

1. It Refers to the measures taken by the RBI to manage inflation.

2. It includes measures like.

2.1 conducting Open Market operations

2.2 changing Repo rates.

2.3 changing CSR / ~~tax~~ SLR ratios

3. To curb inflation, RBI can.

3.1 increase Repo rates so that lending capacity of Banks fall.

3.2 increase statutory Liquidity Ratio to discourage banks from making new loans.

3.3 sell government securities to absorb excess money from the market.

Limitations

1. Lack of interest rates transmission.

1.1 Commercial bank donot respond to changing repo rates in the market.

2. Animal spirit is down.

2.1 so that governments efforts of reducing corporate tax { to increase activities & ↑ inflation } is down.

3. Slowdown in the global economy.

4. Liquidity trap.

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

7. Bringing out the difference between depreciation and devaluation of a currency, explain how they affect foreign trade of a country.

मुद्रा के मूल्यह्रास और अवमूल्यन के मध्य अंतर प्रकट करते हुए, व्याख्या कीजिए कि ये किसी देश के विदेशी व्यापार को कैसे प्रभावित करते हैं।

A) Exchange rate determine the competitiveness and growth in the economy via promoting Exports thus the value of Exchange rate must stay within limits to ensure sustained growth.

A fall in the value of currency is referred to as depreciation or devaluation.

Difference between the two:

Depreciation	Devaluation
1. operates under flexible Exchange rates.	1. operates under the fixed Exchange rate.
2. Fall in value of currency is because of the market forces	2. Fall in the ~~fat~~ value is done deliberately by the authorities to manage the exchange rate.
for ex: The interest rates in US increases ⇒ capital flight ⇒ depreciation of rupee.	for ex: The Indian Exports are uncompetitive ⇒ RBI ~~buys foreign~~ increases money supply ⇒

⇒ devaluation of the Indian Rupee.

Impact on foreign trade

1. They help in increasing the competitiveness of Indian products

for e.g.: $1 ⇒ $60

after devaluation / depreciation
$1 ⇒ ₹70

Therefore, Indian goods have now become cheaper in the international market ⇒ greater demand for Indian goods ⇒ greater Export Earning.

2. However it has a negative implication of India's Imports.

2.1 Imports become much expensive this leads to a rise in the Import Bills.

2.2 This can make even those Exports which have high Import constituent Expensive and uncompetitive.

for ex: India is a net importer of oil and petroleum while it is an exporter of petroleum products.

The depreciation of Rupee has not led improving Current Account deficit because,

Import Bill → increased [high oil/petrol import].

Export Bill → didnt improve [cost of production has risen because petroleum products are now Expensive (high Petrol prices)].

therefore CAD didnt improve.

Therefore, the impact of depreciation on the international trade ~~depends~~ is ambiguous and can swing in either direction.

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

8. The average size of holdings has shown a steady declining trend over the last three decades. What are the challenges faced by farmers due to fragmentation of land? What needs to be done in this regard?

विगत तीन दशकों के दौरान जोतों के औसत आकार में निरंतर गिरावट की प्रवृत्ति देखी गई है। भूमि के विखंडन के कारण किसानों को किन चुनौतियों का सामना करना पड़ रहा है? इस संबंध में क्या किये जाने की आवश्यकता है?

A) 85% of Indian farmers are small and marginal farmers [owning less than 2 hectares of farmland] thus, the land holdings are extremely fragmanted.

challenges faced by farmers

1. The cultivation remains subsistent and commercialisation of agricultural products not achieved.
2. The economies of scale are not reaped.
3. Per hectare productivity rises, but the per person productivity falls. ⇒ disguised unemployment is rampant.
4. Mechanisation of farms, adoption of new and improved technique cannot be applied.
5. The irrigation facilities cannot be availed because of which farming remains

climate weather dependent.

6. Absence of collateral will prevent farmes from accessing formal-institutional credit.

7. The farming contract with companies such as lays etc require large scale production of uniform potatoes, the small land-holdings prevent the farmers from entering into such contracts.

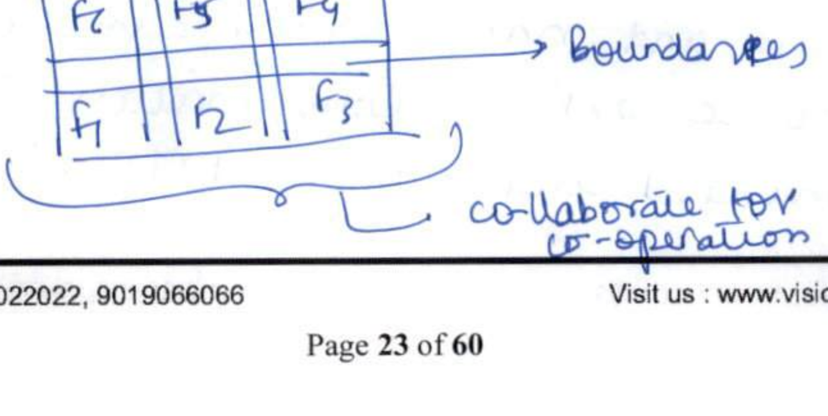
suggestions

1. Proper land records must be maintained in order to better capture the land holdings, ownership / entitlement change capturing etc.

for eg: Bhoomi programme in Karnataka aims at doing so.

↳ It will help in carrying out farming reforms.

2. Co-operative farming



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

different farmlands be merged together and farming is carried out by pooling in resource

helps in utilising marginal land

achieve economies of scale

enter corporate farming contracts

3. trading scattered land.

A 3 hectare

B 3hec

C 3hec

D. 9hec.

person holding A, B, C tract of land can trade it for D.
This will help in consolidating land holding.

The land reforms started after independence were stalled in absence of political will, bureaucratic apathy. To double farmer's income and make farming a viable economic activity, consolidation of fragmented land is the need of the hour.

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

9. What is liquidity trap? Discuss its implications on the economy.

तरलता पाश (लिक्विडिटी ट्रैप) क्या है? अर्थव्यवस्था पर इसके निहितार्थों की चर्चा कीजिए।

A) Monetary policy can kick start the economy by decreasing interest rates such that borrowing becomes cheaper and economy grows via Investment, this is haulted in case of liquidity trap.

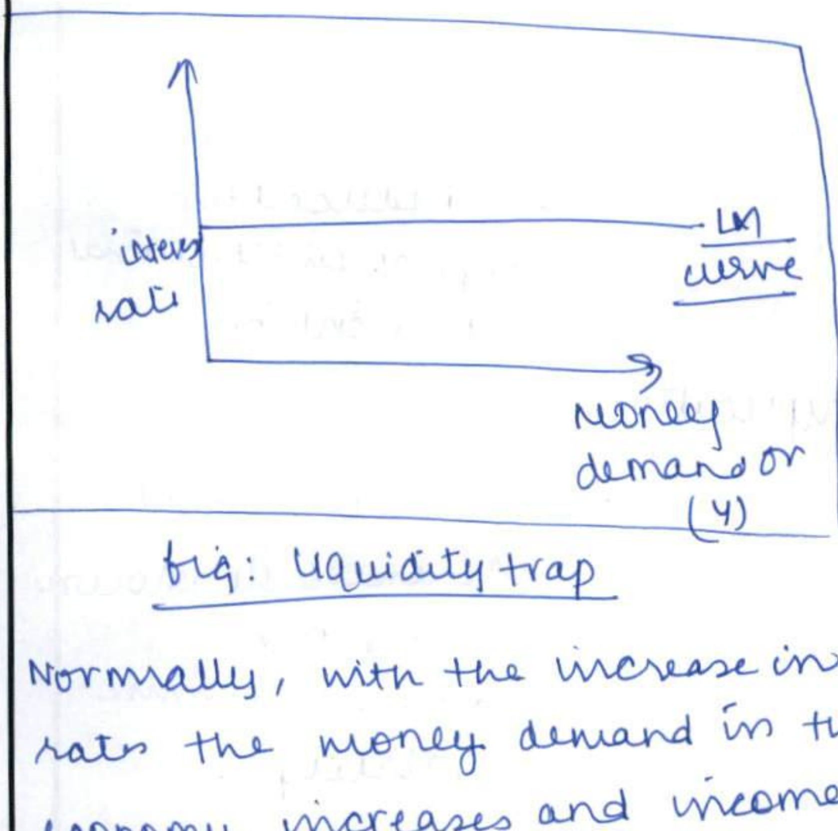


fig: Liquidity trap

Normally, with the increase in interest rates the money demand in the economy increases and income rises.

But in a liquidity trap

Any increase in Money supply by the Reserve Bank fails to increase the money demand. ~~Thus interest rate~~

i.e, interest rates have fallen to such low level that people are not willing to invest or ~~increase their money demand~~ and absorb all the money supplied.

Not Beneficial to reduce the interest rates further

Implication

1. Reduced the scope of institutional intervention

2. The sustained economic slowdown reduces the macro-economic stability.

3. Market not respond to intervention suggesting deep structural issues to be addressed.

India is suffering from liquidity trap, where despite 135 basis points fall in interest rates, Investment fails to pick up

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

10. Bringing out the difference between fiscal deficit, primary deficit and revenue deficit, explain the implications of a high fiscal deficit on the economy.

राजकोषीय घाटे, प्राथमिक घाटे और राजस्व घाटे के मध्य अंतर स्पष्ट करते हुए, अर्थव्यवस्था के लिए उच्च राजकोषीय घाटे के निहितार्थों की व्याख्या कीजिए।

A) Deficit happens when Expenditure over-runs earnings. FRBM act was enacted to keep government deficit at 3.3% of the GDP.

different types of deficit

Fiscal Deficit = Total Revenue collection - total Expenditure [Revenue + capital] (excluding borrowings.

Revenue deficit Total Revenue collection - Total Revenue Expenditure

primary deficit = shows total Borrowing requirement of the government.

Implication

1. It makes the finances unviable and reduces the public's confidence in the government

2. It will lead to capital flight and depreciation of Indian ruppee.

3. It can lead to bailout of the government itself which can lead to crash of the entire economy

   eg: Greece Bailout.

4. Reduces confidence of international and domestic investors leading to fall in investment and FDI

   4.1 No job creation.

   4.2 Economic activity further stalled.

5. sovereign rating of government falls and it is not able to raise any more money in international market.

However, all deficits are not bad. If the deficit is driven by capital expenditure it indicates more asset creation thus increases the future growth prospects.

11. Revisiting PPP model is key for India's investment led growth. Analyze.

भारत की निवेश चालित संवृद्धि के लिए PPP मॉडल का पुनर्विलोकन महत्वपूर्ण है। विश्लेषण कीजिए।

A) Public Private partnership refers to the longterm contract between the private entities and the government for provision of goods and services in which the private party bears a significant risk and the renumeration is based on performance.

PPP have become a vehicle for Investment in the economy. It has several advantages

Advantages

1. allow government the off balance sheet capital investment
2. brings in new technology and managerial skills
3. removes bureaucratic inefficiency
4. allows quick decision making

etc.

However there are disadvantages as well. including

→ frauds, NPAs, and diversion of funds

→ Quality compromise,

+ crony capitalism etc

Various PPP models includes.

Risk ↓	BOT Build operate Transfer	EPC Engineer Procurement construction
finances	private sector	Govt
operation & maintainance.	private sector.	Govt
Revenue	pvt	Govt.

BOT → Excessive risk by private. there is lack of finances problem. In operation & maintainance there is lack of quality service, and rising Net present value due to inflation and Revenue due to economic slowdown etc. recovery becomes difficult
→ rising Non Performing Assets
Bailout etc.

while in EPC, the same problem is experienced by the government thus

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

2 new PPP models were proposed:

Hybrid Annuity model · HAM

finances Government + Private
40% 60%

Thus distributing risk

Revenue collected by government and recovery to the private player to be based on performance.

Operation and Maintainance - pvt player to ~~improve~~ bypass the bureaucratic hurdle, more efficiency etc.

Therefore HAM combines best of BOT & EPC.
However, the problem of Quality and innovation still persist.
↳ to curb that Swiss challenge is another PPP model [based on suo moto innovative initiative and open challenge model to select best quality model.

Therefore, PPP being crucial to ensure infrastructure development must work with the best possible combination.

12. Highlighting the importance of manufacturing sector in economic development, discuss the need for a new industrial policy.

आर्थिक विकास में विनिर्माण क्षेत्रक के महत्व पर प्रकाश डालते हुए, एक नई औद्योगिक नीति की आवश्यकता की चर्चा कीजिए।

A] Manufacturing sector constitutes nearly 14% of india's GDP and is an important pillar for Industrialisation and inclusive growth.

Importance of Manufacturing

1. employ 45% of the population
   → only next to the ~~sectr~~ agricultural sector
2. → helps in dealing with regional imbalance
3. → employ women and helps in women empowerment
4. → crucial part of Exports
   → textile = 2nd largest Export component
5. provides forward as well as backward Linkage
6. employ semi and unskilled labour ⇒ inclusive growth
7. Requires less investment and generates more jobs

India is set to experience demographic dividend, Require 50-60 lakh job annually, manufacturing can play a significant role.

However it is suffering from a number of challenges

1. Regressive and obsolete labour laws

1.1 It prevents the companies from growing and creates hurdles in capitalising on comparitive advantage

1.2 Promotes casualisation of labour, mechanisation of industrial process etc

1.3 Roadblocker in the Ease of Doing business.

2. Access to credit

2.1 The Small and Medium enterprise donot have financial inclusion & access to formal sector credit.

2.2 Industries rely on commercial ~~cred~~ Bank credit ~~and~~ since bond market is not well ~~dett~~ developed.

3. Attracting FDI

3.1 Local sourcing norms, multiple registration, multiplicity of regulators prevent FDI from entering the industrial landscape.

4. Reservation and protection policy

Being investment and not growth based, prevent the industries from growing therefore, the Indian landscape has come to be dominated by dwarfs [old and small firms]

- least production
- less job creation
- inefficient production technique
  - lacks competitiveness.

Therefore there is a need for a a New Industrial Policy that takes a new look at the labour laws, registration and regulation and the protectionist policy to usher a new era of industrialisation

13. Explaining the need for diversification of energy basket in India, identify the associated challenges in this regard.

भारत में ऊर्जा बास्केट के विविधीकरण की आवश्यकता की व्याख्या करते हुए, इस संबंध में संबद्ध चुनौतियों की पहचान कीजिए।

A) ~~India is highly dependent on energy import in the form of oil, petroleum etc. It is the fuel of sun economy and energy~~

Energy consumption has strong correlation with Human Development Index. Also, it powers the economy and was essentially the oil of Industrial Revolution. It helps in achieving higher living standard.

need for Energy diversification

1. India is net importer of oil and petroleum. → Most of which comes from West Asia [conflict ridden world]. Thus require to diversify our partners.

2. ⇒ 13% of power generation from coal plants [Imported] thus need to increase share of Renewable Energy]

3. excessive reliance of foreign sources makes us vulnerable to Exchange rate rise, slowdown etc.

4. New sources coming up like Polymetallic nodules ⇒ Need to use them.

challenges

1. Finances

PMN [Poly Metallic Nodules] can solve our problem and energy requirement for next 100 years. But we donot have finances to the explore them.

2. Research and development

The new energy sources like shale gas etc : India has reserves but not technology knowhow to extract in efficient manner.

3. Renewable energy

→ lack of domestic manufacturing capabilities.
→ Reliance of imports from china
→ unreliable nature -

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

→ people's reluctance to accept it.

4. E-vehicle adoption

→ Lack of charging infrastructure
→ Electricity consumption and associated delays.
→ Inadequate synergy between stakeholders like dealers, manufacturers etc

India's INDC - to shift to 40% Renewable energy dependence and ensure sustainability of energy consumption requires greater government commitment, people's participation ~~and co~~ and engagement of all stakeholders towards a more energy efficient future.

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14. While port-led development in India has numerous advantages, it is being held back by a number of constraints. Discuss.

जहाँ भारत में पत्तन-आधारित विकास के अनेक लाभ हैं, वहीं इसके मार्ग में कई अवरोध भी हैं। चर्चा कीजिए।

A) ~~Go~~ India has 7,500 km long coastline and 14,500 km long inland waterway system. However it has remained underutilised

advantages

1. Better connectivity between coastal areas and market

2. ease of international trade and Export earnings

3. Boost to Blue economy

4. National integration

5. Boost to inland shipping
- efficient
- cheaper
- Regional connectivity

6. ease pressure on roadways.

Constraints

1. Technology not available
2. Dredging etc problem ⇒ Needs international co-operation.
3. The interlinking of rivers poses federal issues and environmental and judicial activism
4. Insufficient focus by the government and neglect in planning process
5. Infrastructure Bottleneck and associated financing issues.

Government's policy of ~~Matsy~~ Matsya Sampada Yojna and Sagarmala project is set to give a new life to Blue economy. Help in increasing farmer's income.

15. Provide a SWOT (strengths, weaknesses, opportunities, threats) analysis of the Food Processing Sector in India.

भारत में खाद्य प्रसंस्करण क्षेत्रक का SWOT (ताकत, कमजोरी, अवसर, खतरे) विश्लेषण प्रस्तुत कीजिए।

A) food processing refers to the value addition raw agricultural product to improve its quality, make it edible in ~~order~~ ~~to~~ through various chemical and physical processes.

Strengths

1. 46/60 soil types
26 agroclimatic conditions
↓
hugescope for variety of produce

2. large manpower
→ cheap labour availability.

3. green revolution
demonstrated India's capabilities in self sufficiency

4. 141 ml hectare of cultivable land

5. government push to double farmer's income.

Weakness

1. unskilled manpower

2. lack of infrastructure
- cold storage
- warehouse

3. distorted cultivation regime & dominated by cereals

4. small land holdings.

5. regressive acts like APMC, ECA, tax on food processing.

1. packaging, grading quality assessment not developed

Opportunity

1. increase farmers income and insurance via contract farming

2. value added Export of commodity → more foreign Exchange

3. provide employment to demographic dividend.

4. indirectly increase production of horticulture etc thus promote $\boxed{\text{diversification}}$

5. Manage food inflation

nutritional security

Protectionist measure | Threat | competition

Dumping duty by China & US

foreg: The kenya tea competing with darjeeling Tea

3. sanitary and phytosanitary measures

etc

Government must step in to address weaknesses, Manage threat and capitalise on the opportunities presented via strength.

16. What do you understand by human capital? State how human capital formation contributes to economic growth and development.

मानव पूंजी से आप क्या समझते है? वर्णन कीजिए कि मानव पूंजी निर्माण आर्थिक संवृद्धि और विकास में किस प्रकार योगदान देता है।

A) Human capital refers to the capital generated by a healthy, educated and skilled labourforce offering higher contributions to improve economic growth.

human capital & economic growth

1. With world's major economies ageing, a skilled workforce will attract more industries into India.

   1.1 India can replace china to be a manufacturing hub.

2. More Research and development

   2.1 More people means more minds which can solve the most pressing problems in an effective manner.

   2.2 greater generation of IPRs and innovative inventions will shift the digital economy and innovation hub to India's Backyard.

3. More GDP

→ More people means more economic activities
- more per capita income
→ Better standard of living.
→ Better amenities of

health education Recreation

↳ attract more foreigners and exchange rates.

4. More tax collection

→ government's finances improves.
→ More welfare activities
→ uplift the poor and underprivileged.
→ better public services and
→ More accountability of the government.

Therefore human capital is an asset to convert our demographic dividend into an opportunity for India to escape the middle income trap and eventually ~~must~~ become a world leader. in the much awaited Asian Age

(5) Better cultural linkages and good will of India in other countries
└ more economic contact will build more global might.

17. Elaborate on the poverty estimation methodologies adopted after independence in India.

भारत में स्वतंत्रता के पश्चात् अपनायी गई निर्धनता के आकलन की पद्धतियों का सविस्तार वर्णन कीजिए।

A) At present. 22% of India's population is under poverty [Tendulkar Committee Report]. Since Independence various methodologies have been adopted

a) Nutrition Approach

b) Income approach.

less than 1800 k cal → Urban } poor.
~~3H~~ 2400 k Cal → Rural }

c) Multidimensional

taking into account

health, education, income

→ arrive at an estimate

say ₹358 per month ⇒ Below this person is poor.

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

18. Identify the different types of unemployment. What are the factors affecting unemployment in India?

विभिन्न प्रकार की बेरोजगारी की पहचान कीजिए। भारत में बेरोजगारी को प्रभावित करने वाले कारक कौन-से हैं?

A) Unemployment is a state where a person is not working and is willing to work but not able to find a job.

Different Types of unemployment

a) seasonal unemployment - Person is unemployed for certain period of time every year.

b) cyclical unemployment - unemployment corresponding to the boom and bust of the business cycle.

c) Disguise unemployment - Person is employed by no contribution is made. the marginal product created by the person is zero.

d) Frictional unemployment - Due to the structural changes in the economy

the person (owing to lack of skills etc]
becomes unemployed.

various $\boxed{\text{Reasons}}$ for unemployment-

a) lack of wage good in economy.
b) Restrictive ~~b.~~ labour laws preventing fresh labour intensive investment.
c) Landlessness
d) Insufficient focus on agriculture.
e) Lack of skills
f) lack of human capital
→ healthy workforce is not there + more burden of diseases
→ education and knowledge base is not there.
cannot absorb new skills.

g) economic slowdown.
h) increased mechanisation of farm and industrial production.
i) ~~lack of career progression~~

India is experiencing 6.1% unemployment rate [NSSO]. worst in over 30 years. This is a result of the combination of above mentioned factors.

19. Agricultural marketing in India suffers from various shortcomings. Explain. Highlight the measures taken by the government to improve the agricultural marketing system in India.

भारत में कृषि विपणन विभिन्न कमियों से ग्रस्त है। व्याख्या कीजिए। भारत में कृषि विपणन प्रणाली में सुधार लाने हेतु सरकार द्वारा उठाए गए कदमों पर प्रकाश डालिए।

A) India has achieved self sufficiency in the agricultural production, however the post production phase ~~it~~ is suffering from major short-comings.

Agricultural marketing

Short comings

1. Under developed infrastructure.
Cold storage, warehouse, refrigerated vans etc.
Result: 20-30% wastage of agri produce.
- rotting of food grain

2. lack of farming empowerment and less bargaining power
Result: Distressed sale to middlemen.
+ farmer gets only 88% of the retail price of his product.

3. The essential commodities act etc prevent private sector from developing infrastructure

4. lack of information symmetry about MSP etc.
+ only 6% of the farmers are benefitted from MSP.

5. No contract with food processing units.

Measures taken by government :

1) APMC Act
↳ Agriculture Pricing && Marketing commission

1. Announce MSP [Minimum Selling Price]
2. offer storage, warehousing infrastructure
3. Export promotion of agri ~~produ~~ products.
4. Centralised procurement and promotion of farmers Producer organisation

2) MSP - PDS regime
→ Assured procurement of food grains from farmers.
→ Food security and farmers insurance.

~~Other~~ technology intervention
→ e-mandi → to find out price of the produce in market.
→ cooperative promotion like amul to facilitate backward linkages with farmers.

→ Promoting on farm food processing units.

→ Price deficiency payment for pulses.

→ ~~Bett~~

→

However, even the APMC and MSP regime is severely constraining the growth of the farming sector and flourishing the growth of middlemen and farmer exploitation.

There is a need to undertake structural reform and leverage technology to improve the farming sector's marketing opportunities and avenues.

20. Giving an account of the sources of income growth identified by the government in its action plan for doubling the income of farmers, mention the steps taken by the government in this regard.

किसानों की आय दोगुनी करने की अपनी कार्य योजना में सरकार द्वारा पहचाने गए आय वृद्धि के स्रोतों का विवरण प्रस्तुत करते हुए, इस संबंध में सरकार द्वारा उठाए गए कदमों का उल्लेख कीजिए।

A) Government aims to double the farmer's income by 2022. For that it has identified ~~various~~ action plan to bring this into operation.

Sources of incom

1. mixed farming and livestock rearing
2. Export of food grains
3. tie up with the food processing units
4. greater value addition and farmers producers organisation
5. diversification of farm income and
6. Boost to Blue economy

promotion of climate resistant organic farming.

steps taken by government:

1) Priority sector lending.
soil health card

2) Kisan credit card - to ensure collateral less access.

3) National mission of horticulture

4) National mission of livestock
Rashtriya Gokul mission - to promote and preserve indigeneous cow variety

5) PM-KISAN. - to provide ₹6000 in 3 installments for farm investment.

6) KUSUM - to ensure solarisation of farm pump
→ increase area under irrigation.

7. Matsya sampada Yojna & Sagarmala project

However farming sector needs deep structural reforms like - irrigation investment, seed, nutrition knowledge

APMC and Marketing reforms, digitisation of land records and ~~also~~ consolidation of land holdings to truely achieve 4% growth rate and double farmers income.