

TEST CODE : 5 1 3 2 3

FIAS - MGP 2022 (C-11) - Sectional Test #5

ForumIAS

GENERAL STUDIES

Name Of Candidate	SMRITI MISHRA		
Roll No.	1910059516	Date:	25.08.2022

Time Allowed: Three Hours

Maximum Marks: 250

INDEX TABLE			INSTRUCTION
Q. No.	Max. Marks	Marks Obtained	
1			1. Please do furnish Name, Email, Roll No and Mobile in the answer sheet. 2. There are TWENTY questions printed in ENGLISH & HINDI, all questions are compulsory. 3. The number of marks carried by a question/part is indicated against it. 4. 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. 5. Word limit in questions, if specified, should be adhered to. Any page or portion of the page left blank in the Question-Cum Answer Booklet must be clearly Struck off.
2			
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16			<i>Took A LOT of time to write since I lacked practice of writing GS-3 answers.</i>
17			
18			
19			
20			
Total:	250		
Evaluator's Discretion:			For Student Only
			Start Time End Time
Total Marks:			Mode Of Examination: Online <input checked="" type="checkbox"/> Offline <input type="checkbox"/>
Evaluator's Discretion: This is the marks awarded at the discretion of the evaluator based on your overall impression, on the basis of (but not limited to) your handwriting, presentation, use of diagrams, flowcharts, facts and figures or absolutely anything that he/she liked in your copy.			For Office Use Only
			ECN CODE: EG: Evaluation Date:

Note: You can discuss your evaluated copy with the Mentor. Raise a ticket from your portal to schedule a mentor call or visit the offline centre to meet mentor (all 7 days, Timings - 11 AM to 6 PM). Further if you are unsatisfied with the evaluation, you can seek re-evaluation of the copy.

Parameters	Excellent	Very Good	Good	Average	Poor	Very Poor
Language						
Structure						
Presentation						
Handwriting						
Content						
Attempt						

ADDITIONAL REMARKS

Q.1) Employment problems of rural and urban areas differ in nature, but their solutions are interdependent and interrelated. Analyze. (10 Marks, 150 words)

ग्रामीण और शहरी क्षेत्रों की रोजगार समस्याएं प्रकृति में भिन्न हैं, लेकिन उनके समाधान अन्योन्याश्रित और परस्पर संबंधित हैं। विश्लेषण कीजिए। (10 अंक, 150 शब्द)

There is a wide rural urban disparity with respect to unemployment, with urban unemployment (8.2%) more than rural unemployment (6.4%) - CMIE.

Employment problems of rural areas

1. Disguised unemployment in agriculture
↳ 43% population engaged, contributes only ~16% to GDP
2. Migration in search of jobs (seasonal)
↳ feminisation of agriculture
3. Lack of non-farm gainful employment
4. Dependence on wage income (40%)
more than agriculture remuneration (~35%)
↳ further induces migration
↳ seasonal w/ cyclical unemployment.

Employment problems in urban areas

In urban areas, there is a labour market polarisation with labour sharply divided into high skilled, high paying jobs and low skilled, low paying jobs

- K shaped recovery is: employment intensive sectors still like tourism still grappling with effects of COVID.

- lowers employment elasticity in service sector.
 - ↳ India faces issues of jobless growth
- More jobs created in informal sector
 - ↳ poor working conditions and no social security
 - ↳ vulnerable to "accidents of life"
 - ↳ food and nutritional insecurity — food budget squeeze due to high cost of living.

Solutions of these problems are inter-dependent and inter-related

The solution lies in creating a vibrant non-farm rural economy -

- Impetus to secondary agriculture and food processing
 - ↳ value addition, better income realisation
- Focussing on livestock and fisheries
 - ↳ high growing sectors (CAGR 7-10%)
- Localised solutions based on agro climatic zones
 - eg: Mushroom farming
 - Strawberry cultivation in Meghalaya

This would prevent distress migration, generate gainful employment and ease up pressure on urban economy while creating jobs in rural areas — solving the aforesaid problems.

Feedback

(For OFFICE use only)

Structure/
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Total

Q.2) Why has Hybrid Annuity Model (HAM), which was earlier proposed as a game-changer in Public Private Partnerships (PPP), received lukewarm response from private developers? What are the alternate PPP models that can be pursued for encouraging private investments?

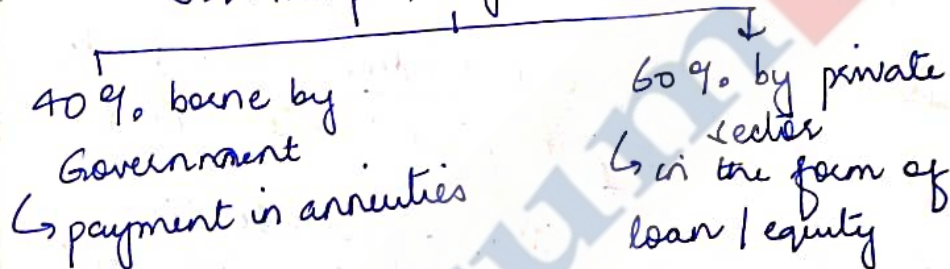
(10 Marks, 150 words)

हाइब्रिड एन्युटी मॉडल (HAM), जिसे पहले सार्वजनिक-निजी भागीदारी (PPP) में गेम-चेंजर के रूप में प्रस्तावित किया गया था, को निजी विकासकर्ताओं से कम प्रोत्साहक प्रतिक्रिया क्यों मिली है? निजी निवेश को प्रोत्साहित करने के लिए वैकल्पिक PPP मॉडल क्या हैं जिन्हें अपनाया जा सकता है?

(10 अंक, 150 शब्द)

In the Hybrid Annuity Model, the government funds a part of project cost through annual payments, while the remaining is raised by the private player in the form of loan/equity.

For example, Project A (Sagarmala)



The developer does not have right to revenue, but has a responsibility to operate & maintain the project.

HAM received a lukewarm response as

- Poor contract enforcement
- Disputes in existing contracts - land acquisition, non availability of capital.
- Crony capitalism
- loans often become NPA

Other models

- ~~Viability Gap Funding~~
- Build Operate lease transfer (BOLT)
 - ↳ Government allows private player to build a project and the same is leased to the public sector and later transferred to govt.
- Build Own Operate Transfer (BOOT)
 - ↳ Built by private, project transferred to govt after a time period is over.
- Early Stage Viability Gap Funding - Govt funds initially to build an important project
- Full operate transfer (TOT) - govt allocates built projects (highways) to private sector which operates, maintains and pays annual payments to govt.
(~~opposite~~ opposite of HAM model)

There is a need to implement Vijay Kelkar committee's recommendations to revitalise PPP models.

Feedback

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Q.3) Imported inflation is compounding the challenges of post-pandemic recovery for the Indian economy. Discuss. (10 Marks, 150 words)

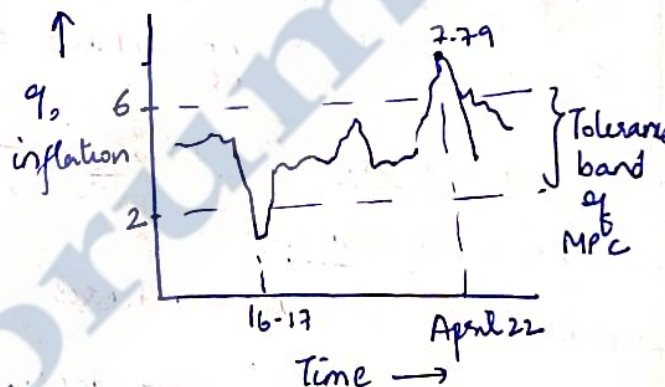
आयातित मुद्रास्फीति भारतीय अर्थव्यवस्था के लिए महामारी के बाद की पुनर्वहाली की चुनौतियों को बढ़ा रही है। चर्चा कीजिए। (10 अंक, 150 शब्द)

In April 2022, inflation touched 7.79%, highest in 8 years.

Imported inflation is the rise in level of prices due to costly imports — it is mainly due to cost push inflation.

Reasons why India is experiencing ~~cost~~ imported inflation —

India is heavily dependent on edible oil imports (60%) and crude oil imports (80%), both of which have suffered supply shocks.



Graph: Inflation with time (CPI)

- Rise in crude oil prices
 - ↳ Geopolitical tensions b/w Ukraine & Russia
 - ↳ Weaponisation of supply chain
 - ↳ Influence of US on sanctions on Iran & Russia on OPEC+ : production levels stagnant
- Rise in edible oil prices
 - ↳ crude imported from Indonesia, Malaysia where there are labour shortages etc

Crude oil — feedstock for industry
 edible oil — feedstock for food products] — overall price increase
 → seasonality of onion and tomato etc.

Imported inflation is compounding challenges of post pandemic recovery

Challenges of post pandemic recovery

- ↳ K-shaped recovery — contact intensive sectors still not recovered
- ↳ High rates of unemployment (6.8% — CMIE)
- ↳ High fiscal deficit, high current account deficit due to supply chain disruptions.

Compounded by imported inflation —

- weakening of rupee → costlier imports
- Psychological effects → decrease in consumption
 ↓
 decrease in demand
 ← Capital flight from the country

— Higher import bill → opportunity cost with respect to health & education

— weakening macroeconomic fundamentals — unemployment rate, ~~in~~ shrinkflation, stagflation.

The focus should therefore be on Aatma Nirbharita as self reliance in food systems & renewables to buffer the economy in future.

Feedback

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Addition

Total

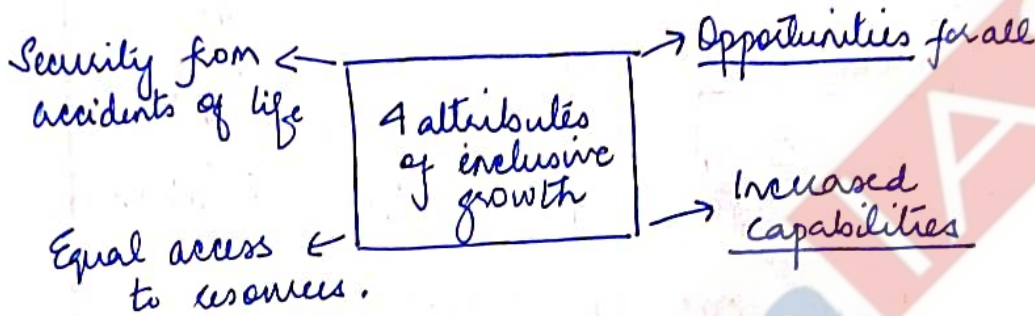
Q.4) Inclusive growth is both a process and an outcome. Discuss in Indian context.

(10 Marks, 150 words)

समावेशी विकास एक प्रक्रिया और परिणाम दोनों है। भारतीय संदर्भ में चर्चा कीजिए।

(10 अंक, 150 शब्द)

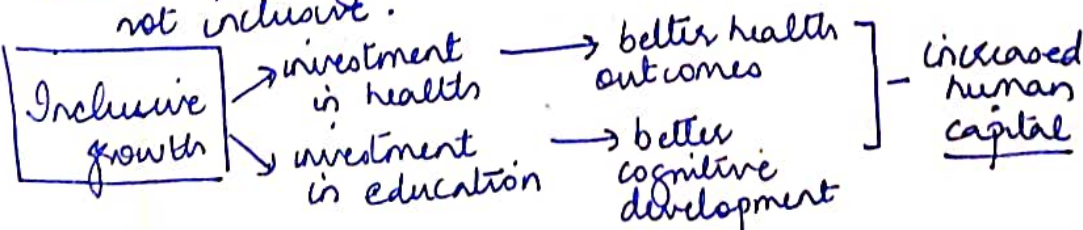
As per OECD, inclusive growth is the economic growth that is distributed fairly across society and creates opportunities for all.



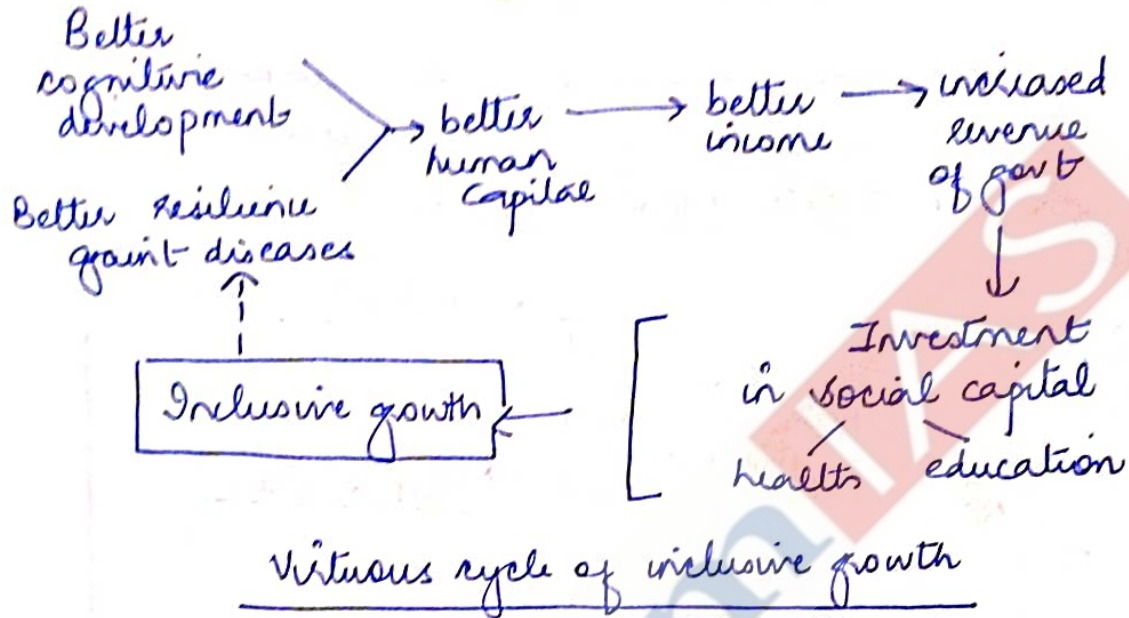
Inclusive growth is a process

- India lifted more than 270 million people out of poverty since liberalisation. However, more than 1.9% population still lives under poverty (Tendulkar committee)
- Agriculture growth is stagnating (2-4% in last decade)
- low levels of human development (rank 131) UNDP
- Many divides → Rural-urban
Gender divides (WEF and Gender Gap rank 135)
Rich-poor

Thus economic growth has been fast but largely not inclusive.



Inclusive growth is also an outcome



Steps required

- Govt — increased tax compliance,
- provision of social security and basic income
- Role of civil society to invest in human capital formation — education initiatives.
- Corporates ^{need to} fund inclusive growth — need for compassionate capitalism.

In the past, economic survey had suggested that India needs to grow at a very fast pace to "increase the share of pie" which will help achieve the goals of inclusive growth.

Feedback

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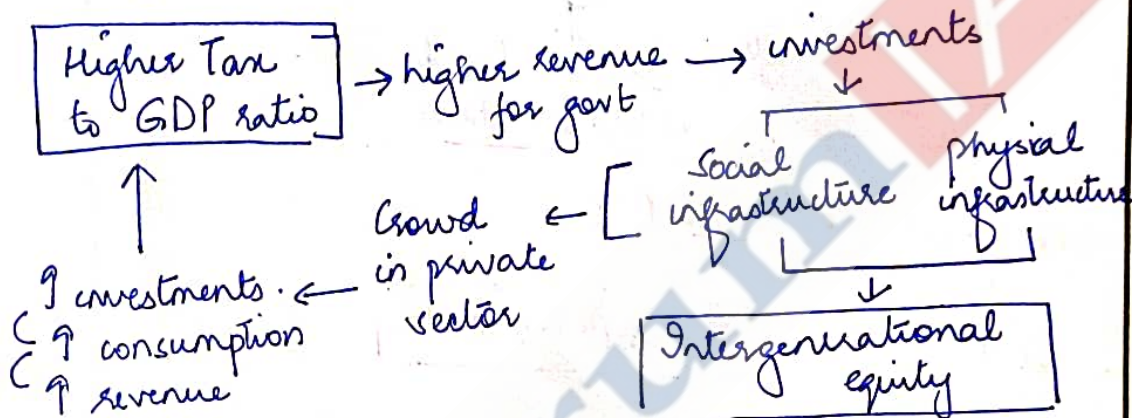
Total

Q.5) A very small fraction of the adult population files tax returns and an even smaller portion pays taxes. In light of this observation, examine reasons for poor tax compliance in India. Also, suggest measures to improve income tax code in the country. (10 Marks, 150 words)

व्यस्क आबादी का एक बहुत छोटा हिस्सा टैक्स रिटर्न फाइल करता है और यहां तक कि एक छोटा हिस्सा टैक्स का भुगतान करता है। इस अवलोकन के आलोक में, भारत में खराब कर अनुपालन के कारणों की जांच करें। साथ ही, देश में आयकर संहिता में सुधार के उपाय सुझाएं। (10 अंक, 150 शब्द)

India

Center's tax to GDP ratio is around 11% of the GDP, this figure in developed countries is significantly higher (25% in US, 34% - OECD countries).



Reasons for poor tax compliance in India

(A) Tax related reasons

- Complex laws and number of exemptions in direct taxes
- tax legal loopholes → tax avoidance
- some companies engage in tax evasion
- strict regime → tax terrorism
 ↳ eg: Vodafone case - retrospective taxation.

(B) Economy related issues

- Lower per capita income
- Parallel / black economy
- Non-taxation of agriculture income
- "Exit of the middle class"
 - ↳ middle class alienation and distrust
 - subsidies, scheme insurance for poor
 - bail outs for rich
 - ↳ excessive burden on middle class
- Corporate tax cuts etc

Measures to improve income tax code

- Rationalisation of laws
 - ↳ simplification of calculation processes
- Increase tax on corporates, decrease tax on individuals
- Incentives to honest taxpayers = rudge theory

In Arthashastra, Kautilya writes that tax collection must be such that like the way bees collect honey — right amount without inflicting pain.

Feedback	
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Q.6) Evaluate the potential of Pradhan Mantri Matsya Sampada Yojana (PMMSY) to meet the goals of the Blue Economy and Neel Kranti mission. (10 marks, 150 words)

ब्लू इकॉनमी और नील क्रांति मिशन के लक्ष्यों को पूरा करने के लिए प्रधानमंत्री मत्स्य संपदा योजना (PMMSY) की क्षमता का मूल्यांकन करें। (10 अंक, 150 शब्द)

Fisheries is the highest growing sector in the agriculture value chain, with a compound annual growth rate of 10% in the last decade. India is the 2nd largest fish producing country, behind China.



Potential of Pradhan Mantri Matsya Sampada Yojana (PMMSY)

- PMMSY is a part of Atmanirbhar Bharat Abhiyan
 - It is an umbrella scheme with 2 components
 - ↳ Central sector
 - ↳ Centrally sponsored
 - Cluster based approach with focus on forward and backward linkages
- backward fisherfolk
infrastructure

BACKWARD

Fishing industry

exports
household consumption
value addition

FORWARD

- Focus on employment generation and better income realisation
 - ↳ seaweed park (eg: Tamil Nadu)
 - ↳ ornamental fishes (eg: koi betta, gold fish)
- Insurance coverage for all fishing vessels
 - ↳ social security
- Post harvest management
 - ↳ grading, sorting
 - ↳ quality control

The Budget 2020-21 focussed on developing fishing harbours — both maritime and inland. Fisheries contribute ~1.24% to the GDP and are an important source of proteins. Focussing on this sector therefore would have a multiplier effect on economy and society.

Feedback

(For OFFICE use only)

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PresentationQuestion
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Total

Q.7) The Horticulture sector, though has potential to transform agriculture landscape of country, is beset with several challenges. Discuss. (10 Marks, 150 words)

बागवानी क्षेत्र, हालांकि देश के कृषि परिदृश्य को बदलने की क्षमता रखता है, बावजूद इसमें कई चुनौतियां निहित हैं। चर्चा कीजिए। (10 अंक, 150 शब्द)

India's horticulture production is around 314 mn metric tonne per annum has surpassed food grain production for a decade.

Potential to transform agriculture landscape

India is a water-stressed country where 52% land is still rainfed, and 85% farmers are small and marginal.

In this context, Horticulture has immense potential as

- requires lesser inputs of fertilisers
- less water requirements
- more productivity per hectare of land

wheat
3280 kg

Horticulture
~ 15,000 kg

- Better price realisation → even sold as units in retail
- #: kiwis, ~~etc~~
flowers like lotus

However, the horticulture sector is beset with challenges

→ poor post harvest infrastructure
↳ perishable nature of goods,

- ↳ 90% cold storages store potatoes
- High amount of wastage
- No policy support (eg: MSP for food grains
 - ↳ similar support is missing)
- Poor export facilitation
- Lack of forward and backward linkage to Food Processing Plants.
 - ↳ poor rural roads
 - ↳ lack of freezers in conventional transport systems
- Poor seed replacement ratio
- Still not as productive as countries like China where a hectare of land yields ~30,000 kg of produce.

Schemes like Mission for Integrated Development of Horticulture (MIDH) need to be implemented targeting the most vulnerable farmers in rainfed areas ~~first~~ and women farmers.

Feedback
(For OFFICE use only)

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Presentation

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Content

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Total

Q.8) Food Processing sector must be developed as one of the principal industries in the country for reasons that go beyond agriculture. Elucidate.

(10 Marks, 150 words)

खाद्य प्रसंस्करण क्षेत्र को देश के प्राथमिक उद्योगों में से एक के रूप में उन कारणों से विकसित किया जाना चाहिए जो कि कृषि से परे हैं। स्पष्ट कीजिए।

(10 अंक, 150 शब्द)

India is the world's second largest producer of fruits and vegetables, the largest producer of milk and has the largest ^{and} number of ~~livestock~~ land under cultivation.

However, just 2% of ~~total~~ horticultural products, 1% of animal products and less than 10% of food grains are processed.

Reasons why food processing sector needs to be developed as principal industries

(A) Reasons concerning agriculture

- Doubling farmers income (near 10,218 INR currently) through value addition
- Reduce wastage of products (Niti Aayog - ₹10,000 crore of food wastage)
- Increased non-farm employment

(B) Reasons "beyond" agriculture

- Economy :- value added exports earn ~~to~~ more forex (eg: nutri-cereal products)
 - ↳ better income realisation
 - Job creation in rural areas - decreased unemployment

- Round the clock availability of food items
↳ countering inflation in eg: onion products, onion paste, preserved onions etc.

⇒ Society

- Reduce distress migration from rural areas
- Food security through food fortification
↳ countering hidden hunger and malnutrition

The Govt has taken several steps like PM SAMPAD, creation of Mega Food Parks (253 in total at present), allowing 100% FDI through automatic route.

However, there are certain challenges

- Infrastructure bottlenecks — forward & backward linkage
- ↳ cold storages: 90% store potatoes
- Bureaucratic hurdles in inter-state trade
- Transport through road (more expensive).

The need therefore is to work on improving logistics, training manpower and diversification of cropping patterns to realise the full potential of food processing sector.

Feedback

(For OFFICE use only)

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Q.9) What do you understand by natural farming? How can it help in building climate resilient agriculture?
(10 Marks, 150 words)

प्राकृतिक खेती से आप क्या समझते हैं? यह जलवायु अनुकूल कृषि के निर्माण में कैसे मदद कर सकती है?

(10 अंक, 150 शब्द)

The Government recently set up a committee to promote Zero Budget Natural Farming. It is a farming practice that involves "natural" growth of plants meaning free from chemical fertilisers, pesticides or any other foreign element.

Jeevamrita

Microbial treatment

Beejamrita

Seed treatment

4 wheels

Achadana

Mulching

of "zero budget" natural farming

Whapasa

aeration

Natural farming is significant as:

- increases climate resilience (52% agri is still rainfed)
- Prevents soil health degradation (30% land is under degradation - ISRO)
- Manages water stress.
- Pest management.

Natural farming can help build climate resilient agriculture as -

1. Sustainable method of production
↳ ensures "stabilisation" - 3rd generation of food security
2. Promotes ircular economy - zero input cost, ↳ reuse of resources

(Don't Write anything in...)

3. Reduced climate impact and greater resilience
 decreased fertiliser use → decrease NO from soil

↓
 ↓ input cost &
 ↓
 increased investment in climate resilient technologies.
 (decreased warming.)

4. Increased water use & efficiency
 ↳ reduced ground water depletion

However, these are certain challenges

- Not truly zero budget, require inputs from livestock
 - ↳ 85% small & marginal farmers dependent on wage income

Food security is one of the fundamental ^{indicator} areas of ~~level~~ growth and economic development of country. The "Surat model" of decentralised training of farmers can be a good way forward.

Feedback
 (For OFFICE use only)

Structure/ Presentation
Question Interpretation
Content
Value Addition
Total

Q.10) In light of National Mission on Edible Oils-Oil Palm (NMEO-OP), critically examine economic and environmental implications of promotion of oil palm cultivation in the country.

(10 Marks, 150 words)

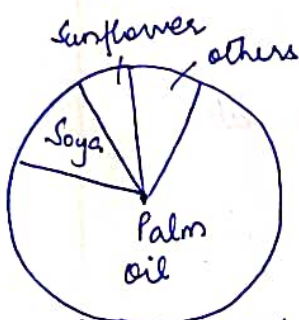
खारा तेलों-पाम ऑयल पर राष्ट्रीय मिशन (NMEO-OP) के आलोक में, देश में पाम ऑयल की कृषि को बढ़ावा देने के आर्थिक और पर्यावरणीय प्रभावों की आलोचनात्मक परीक्षण करें।

(10 अंक, 150 शब्द)

India imports ~ 60% of its domestic edible oil demand, the majority of which is constituted by Palm Oil imports (90%).

National Mission on Edible Oils - Oil Palm

Objectives : - To make India self sufficient in edible oil production



Import basket of edible oils

- Raise oil palm cultivation to 1 million hectare by 2025-26 and 1.7-1.8 mha by 29-30
- Financial assistance to oil palm farmers (Viability Gap Funded)
- Focus areas { Andaman & Nicobar
North Eastern Region

Significance : - Reduce import dependency
- Ensure food security
- increase farmer's income.

However, there are economic and environmental implications

Environmental : Palm oil is an exotic species
- Threat to biodiversity in richest species diverse regions (North East; Andaman)

- Will lead to deforestation - reduction in carbon sink
- Monocropping and plantation agriculture
- Water guzzling crop - water stress
- Contribute to carbon climate change

Economic implications

- It is a long gestation crop and bears berries in 3-4 years
- Benefit will be reaped by rich farmers as small farmers do not have the capacity
 - ↳ Increased inequality
- Neglect of domestically available sources like rice bran and cotton seed oil
 - ↳ wastage of resources, inefficiency
- Centrally sponsored scheme (₹ 8844 crore budgeted by center)
 - ↳ burden of on exchequer.

While NMOE-OP has potential, the locally available sources need to be focussed on and research directed to improve yields of mustard & groundnut, for long term sustainability.

Feedback
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Q.11) Achievement of a 400 billion USD merchandise export is a result of concerted and collective efforts towards an Atmanirbhar Bharat. Identify various factors responsible for this feat. What measures will you suggest to place India at the centre of global supply chains?

(15 Marks, 250 words)

400 बिलियन अमरीकी डालर के व्यापारिक निर्यात की उपलब्धि एक आत्मनिर्भर भारत की दिशा में ठोस और सामूहिक प्रयासों का परिणाम है। इस उपलब्धि के लिए जिम्मेदार विभिन्न कारकों की पहचान करें। भारत को वैश्विक आपूर्ति श्रृंखलाओं के केंद्र में रखने के लिए आप क्या उपाय सुझाएंगे?

(15 अंक, 250 शब्द)

Merchandise

Exports touching 400 billion USD is an important step towards "Atmanirbhar Bharat" mission. Exports earn valuable forex, foster growth and make the economy resilient.

Factors responsible for this feat

- Policy focus on exports promotion
 - ↳ Schemes like RoDTEP
 - ↳ Remission of Duties & Taxes on Export Products
 - Exports are zero rated and all taxes are reimbursed
- Improved logistics and facilitation of trade
 - ↳ mandatory FASTag and RFID
 - ↳ Turant customs
 - ↳ E-sanchit
 - ↳ ICEDASH portal
- Pro active support by govt agencies
 - ↳ Export Inspection Council
 - ↳ APEDA
- Production linked incentive scheme - dedicated

focus on export component.

- Focus on infrastructure in a mission mode approach
 - ↳ National Infrastructure Pipeline
 - ↳ PM Gati Shakti Master Plan
- Trade negotiations with countries
 - ↳ India Australia CEPA
 - ↳ FTA with EU, UK etc

Measures to place India at center of global supply chain:

At present, the supply chains are weak, not resilient and weapons often weaponised (eg: semiconductor supply chain, natural gas supply chain etc).

Thus, two pronged measures {

- Internal
- External

Internal

- Export diversification - destination
 - ↳ 40% exports to 7 countries
 - ↳ need to target similarly placed middle / lower middle income country needs - Latin America, Africa

- "Friendshoring" on the principle of fair and principled trade

- China +1 strategy - attracting & anchor firms who wish to move away from China

Internal

- Export basket diversification
 - ↳ maximum export value: Petroleum products
 - ↳ need to focus on sectors having competitive advantage
 - ↳ textile, leather etc
- Attracting anchor firms to set up industries in India
- Focus on "Assemble in India" to export value-added products.
- Overall focus on value addition and reducing export of raw materials
 - ↳ apparel designing
 - ↳ Geographical indications
 - ↳ Toys
 - ↳ Food processing industry

While 400 billion USD is a laudable feat, there is a long way to go as India has immense potential to cater to needs of the world. Initiatives like Indo Pacific Economic Forum can help India integrate with global supply chain and gain a prominent space.

Feedback

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Q.12) Supporters of the universal basic income present it as a cure for poverty while few opponents call it a worse disease for the economy. Which view do you subscribe to? Explain your stand. (15 Marks, 250 words)

यूनिवर्सल बेसिक इनकम (UBI) के समर्थक इसे गरीबी के निदान के रूप में प्रस्तुत करते हैं जबकि कुछ आलोचक इसे अर्थव्यवस्था के लिए एक बदतर रोग मानते हैं। आप किस मत का समर्थन करते हैं? अपने मत को व्याख्यात कीजिए। (UBI) (15 अंक, 250 शब्द)

Universal Basic income refers to an unconditional transfer of cash periodically to all citizens of the country by the government.

UBI is a cure for poverty

Poverty is a condition wherein an individual does not have adequate resources to afford minimum basic needs.

At present, the government provides subsidies:

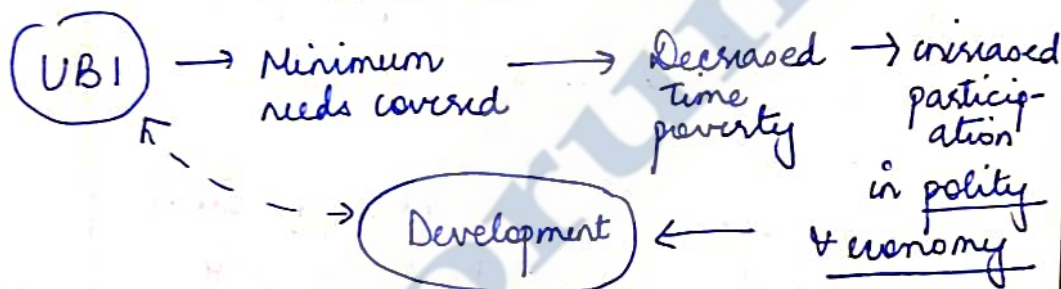
- Food security :- National Food security Act
 • Public distribution system
 L Mid day meal scheme
 L PM Garib Kalyan Yojna

- Health security - Ayushman Bharat
 PMJAY

- Income security - PM KISAN

However, India still has 21.9% population under poverty. Experts argue that a direct cash assistance will enable a person opportunity to make choices -

- increased effectiveness
- saves up distribution costs and bureaucratic hurdles
- Does not distort the market
- Randomised control trials experiments have demonstrated that income support
 - ↳ improves health outcomes
 - ↳ decreases time poverty & frees up time to upgrade skills
 - ↳ better educational outcomes of children in the household.



UBI is a worse disease for economy

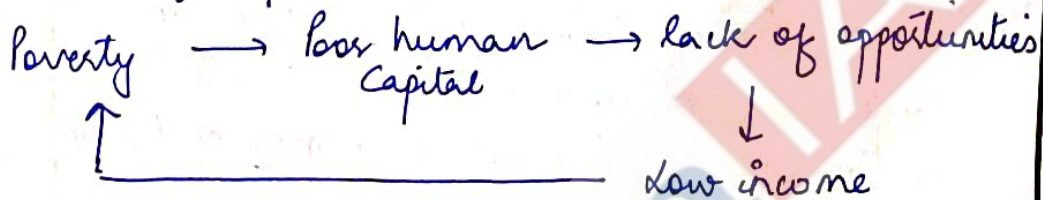
Several critics allege that UBI will have serious consequences -

- Decreased incentive to work if income is provided
- It would reduce labour supply as people will drop off the labour market.
- It would promote consumption of sin goods (alcohol / tobacco etc)

However, these arguments are misfounded as UBI is "minimal" and only covers the most essential needs.

I support "conditional basic income" to people who are multidimensionally poor :

- need handholding to permanently come out of poverty trap



- Income tax paying citizens and corporations do not require a minimal-conditional income from the state.
- Universalising income in a 135 crore population is unsustainable and would the country does not have enough resources for it.

UBI is based on the idea that just like fundamental rights, an individual needs a right to minimum standard of living for living a life with dignity and improving social mobility.

Feedback

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Q.13) The 1991 economic reforms provided a leap forward and lifted millions out of poverty; however, comprehensive structural reforms remain incomplete resulting in sectoral imbalances and heightened inequalities. Comment. Also, discuss the key areas which should be the focus of reform 2.0.

(15 Marks, 250 words)

1991 के आर्थिक सुधारों ने तीव्र छलांग लगाई और लाखों लोगों को गरीबी से बाहर निकाला, हालाँकि, व्यापक संरचनात्मक सुधार अधूरे रहे जिसके परिणामस्वरूप क्षेत्रीय असंतुलन और असमानताएँ बढ़ी। टिप्पणी कीजिए। साथ ही, उन प्रमुख क्षेत्रों पर चर्चा करें जिन पर सुधार 2.0 का फोकस होना चाहिए।

(15 अंक, 250 शब्द)

The Tendulkar committee estimated that ^{21.9%} ~~21%~~ of Indians live below poverty line. India grew at a rapid pace after economic reforms but so did the inequalities

Sectoral imbalance and heightened inequalities

- Agriculture employs 43% of population's workforce but contributes only 16% to GDP.
- Growth is highest in service sector which is a skill-intensive sector ⇒ Jobless growth.
- There is a deep rural-urban divide, with majority of poor living in rural and semi-urban areas.

The pace of growth has been strong but the pattern of growth has largely remained non-inclusive.

For example: 10% of the population holds 77% of the wealth (Oxfam report)

This indicates that there is a need for comprehensive structural reforms in the economy.

- Sluggish agricultural growth since liberalisation
 - ↳ revolving around 2-4%
- Industrial ^{Contribution} ~~growth~~ stagnating at around 25% of GDP
 - ↳ weak export regime, uncompetitive products - Subpar performance
- Service sector does not create jobs
 - ↳ Jobless growth.

Leaving out the poor and vulnerable is manifested in poor rankings at socio-economic indicators -

- ~~Health~~ HDI rank = 131 (UNDP)
- Gender gap index = 135/146 (WEF)
- Social mobility index = 76/82 (WEF)

Key areas for reform 2.0

1. Transforming agriculture into agri-businesses
 - ↳ Farm sector led growth
 - ↳ improve logistics, marketing, storage, value addition
2. Capitalising on Industry 4.0
 - ↳ identify niche & and capture market
 - ↳ long term policy planning
3. Improve upon social and human capital
 - ↳ investments in health and education

- yield disproportionately greater dividends.
- Focus on renewables, afforestation and natural capital
 - ↳ disaster resilience, saving up ~~the~~ money required for reconstruction & rehabilitation.
- Startups in manufacturing sectors
- Attracting investments from NRI's
- Gender parity and encouraging women-led businesses.

India needs to focus on giving agency to the vulnerable and ensuring benefits of growth reach the poor. The growth must be broad-based across sectors and inclusive of a large part of country's population for it to be sustainable in the long run.

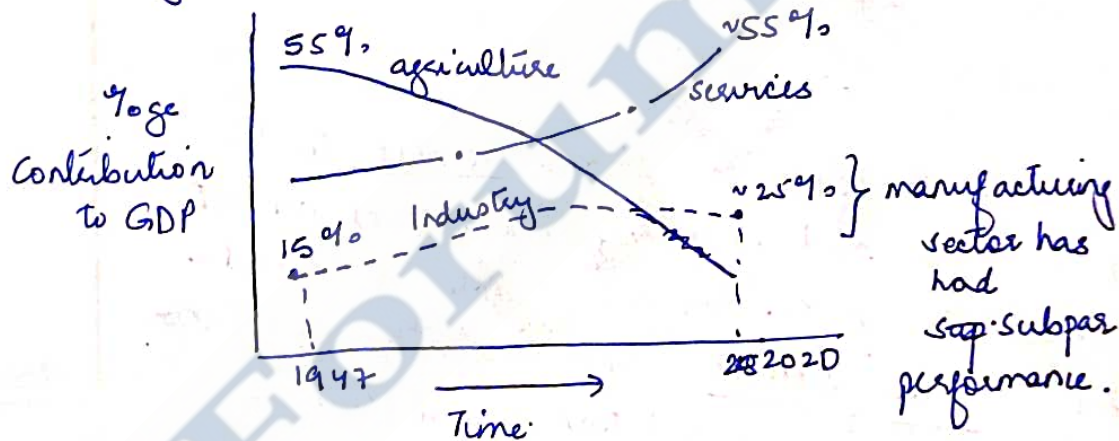
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Q.14) Despite a focused approach on manufacturing sector through initiatives such as Make in India, the share of manufacturing sector in the Gross Domestic Product (GDP) has stayed stagnant. In this context, bring out the reasons for subpar performance of manufacturing sector. Also, suggest reforms that can enable the sector to meet the targets of National Manufacturing Policy 2011. (15 Marks, 250 words)

मेक इन इंडिया जैसी पहलों के माध्यम से विनिर्माण क्षेत्र पर एक केंद्रित दृष्टिकोण के बावजूद, सकल घरेलू उत्पाद (जीडीपी) में विनिर्माण क्षेत्र का हिस्सा स्थिर रहा है। इस संदर्भ में विनिर्माण क्षेत्र के खराब निष्पादन के कारणों का उल्लेख कीजिए। साथ ही, उन सुधारों का सुझाव दें जो इस क्षेत्र को राष्ट्रीय विनिर्माण नीति 2011 के लक्ष्यों को पूरा करने में सक्षम बना सकें। (15 अंक, 250 शब्द)

Manufacturing sector contributes 28.5% to the GDP, employing a workforce of 24%. In India, the growth of manufacturing sector has almost remained stagnant since ~~the~~ independence.



Reasons for subpar performance

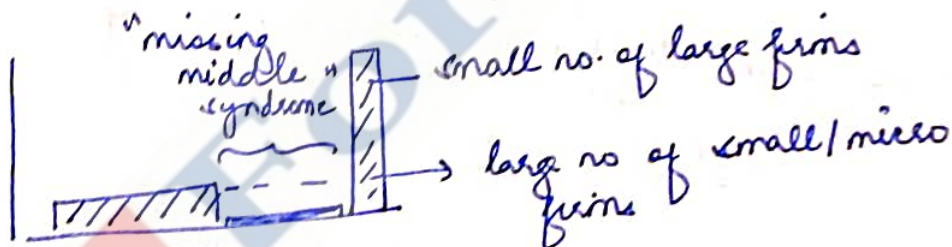
- "Regulatory cholesterol" (Economic survey)
 - complex tax regime (before GST) → 2016
 - license - quota - inspector raj
 - 44 central laws and hundreds of state labour laws
- difficult to start and sustain manufacturing in India.

2. Precocious growth and premature deindustrialisation

- Excessive taxation on industries to "redistribute" benefits of growth stifled domestic industry
- India directly moved from agriculture-led-growth to service sector led growth

3. Faulty policies and myopic planning

- Indian firms suffer / voluntarily remain small = "dwarfism"
 - L to continue reaping govt incentives
 - L to evade compliances
 - L no incentive to grow without sunset clause



4. Unfavourable factors of production

- L costly land acquisition
- L most MSMEs located in rural areas
 - L lack of market access
- L infrastructure deficit:
 - L preferred mode is road transport
 - ₹ 2/km, which is 2x that of U.S; slower

Reforms to meet targets of National Manufacturing Policy 2011 :

- Target — To increase share of manufacturing in GDP
 — To create 100 million jobs in a decade

Steps

- Focus on attracting anchor firms
 - L multiplier effect — economic growth, job creation
 - eg: Samsung factory at Noida
- Focus on network products and "assemble in India"
 - L value added products fetch better prices
- Capitalise on 4th industrial revolution
 - L for eg: setting up semiconductor manufacturing
- Setting up industrial cities for economies of scale
 - L eg: DESH (from SERI)

India needs to focus on labour intensive sectors and identify futuristic goods, whose market can be captured in a decade. Economic Survey in the past suggested focussing on textile, leather, manufacturing where India has a competitive advantage.

Feedback

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Q.15) Fintech is facilitating financial inclusions through innovations, but reaping its developmental potential requires overcoming critical hurdles. Analyze. (15 Marks, 250 words)

फिनटेक नवाचारों के माध्यम से वित्तीय समावेशन की सुविधा प्रदान कर रहा है, लेकिन इसकी विकास क्षमता का लाभ उठाने के लिए महत्वपूर्ण बाधाओं को दूर करने की आवश्यकता है। विश्लेषण कीजिए। (15 अंक, 250 शब्द)

Fintech stands for financial technologies. It is used to describe any technology that offers financial services through the use of software and internet.
For example, e-wallets like PayTM, PhonePe etc

Facilitating financial inclusion through innovations

→ Open source Unified Payments Interface (UPI) has integrated banking and payments services.

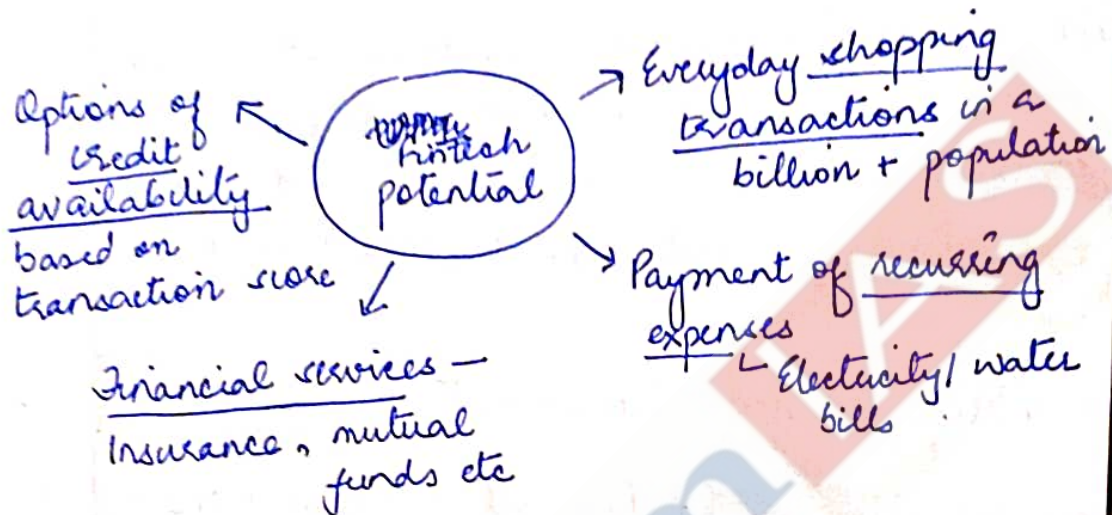
eg: UPI recorded 6 billion transactions in July 2022

→ Enables easy, low ~~cost~~ value transactions
eg: transfer of remittances by migrant labours

→ e-wallets enable adoption of cashless transactions in unorganised sector
↳ bring about formalisation of economy.
eg: payments at kisan shops, fruits and vegetable vendor

→ BHIM-UPI App has addressed the issue of

interoperability, thereby easing transactions at all levels.



However, ~~by~~ reaping its developmental potential requires overcoming hurdles:

→ Infrastructure maintenance
- handling billion transactions without a service fee
- immense pressure on exchequer to keep service fee ("UPI is a public good)

→ Digital illiteracy and many digital divides
↳ Rural urban divide
↳ male - female ; gender divide
eg: NHFS-5 - only 54% women have access to smartphones

→ FinTech solutions leave out the poorest and most vulnerable

- ↳ exclusionary in essence
- ↳ assume everybody owns a smartphone
- ↳ 21% population lives below poverty line (Tendulkar committee)

→ Privacy and data security concerns

→ Increase in cyber crimes and vulnerable population.

Recent initiatives like eRuPI for feature phones promote bank financial inclusion. However, there is a need to bring about a Data Protection regime and regulate FinTech industry to protect citizens and secure their financial well being.

Feedback

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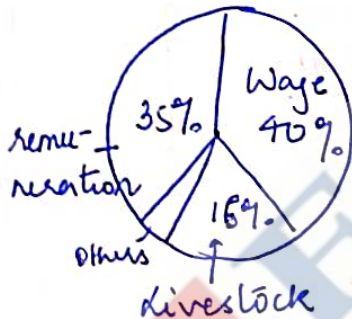
Q.16) Encouraging livestock through mixed farming can be the answer to the triple burden of low farm income, increasing land fragmentation and plummeting productivity in the agriculture sector. Discuss. (15 Marks, 250 words)

मिश्रित खेती के माध्यम से पशुधन को प्रोत्साहित करना कृषि क्षेत्र में कम कृषि आय, भूमि विखंडन में वृद्धि और उत्पादकता में गिरावट के विरुद्ध बोझ का जवाब हो सकता है। चर्चा कीजिए। (15 अंक, 250 शब्द)

Livestock sector contributes 4% to the GDP and contributes 25% to the total agriculture GDP. India also has the world's largest population of cattle (livestock census).

Encouraging livestock through mixed farming can solve many problems of agriculture

⇒ low farm incomes



Agri-income composition

- With an annual growth rate of 78%, livestock sector offers transendous alternative source of income to rural households.

- livestock also ~~acts~~ acts as an insurance against "accidents of life" (social security)

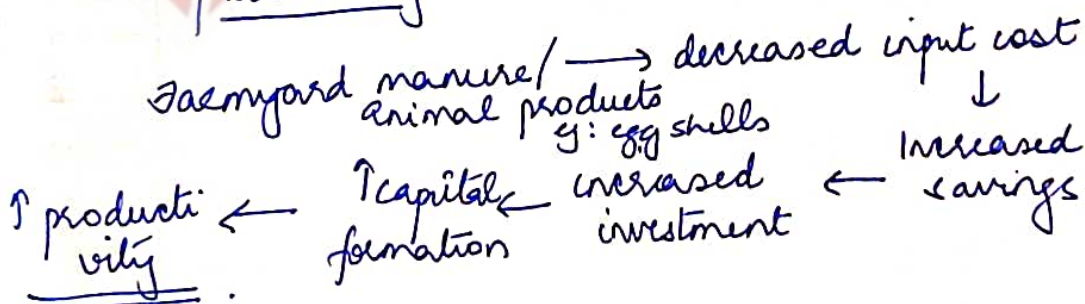
⇒ Addressing issues of land fragmentation
land fragmentation decreases productivity

and increases cost of operations.

- ⇒ Livestock sector can aid a farmer through
- ↳ animal products - milk, meat, eggs
 - ↳ ~~food~~ processing - value addition industries
 - ↳ export oriented products like
 - ↳ scope of leather industry

⇒ Addressing plummeting productivity

- Mixed farming entails growing crops as well as rearing animals on the same farm.
- Animals can yield manure which can aid in organic farming
 - ↳ has a huge export potential
 - eg: from Manda Buffalo
- Techniques like Zero Budget Natural Farming bring down input requirements while raising productivity



However, these are certain challenges

- livestock sector is largely unorganised
- There ~~are~~ are gaps in forward-backward linkage
- Poor quality / productivity of livestock
- Infrastructure deficit
- Animal diseases eg: lumpy skin diseases affecting cattle in India.

The need is to invest in creation of infrastructure and bring facilitate research and development in the sector. Antibiotics Domestic animals are a link between wildlife and humans and the approach must be "one-health" as is launched as pilot project in Uttarakhand.

Feedback

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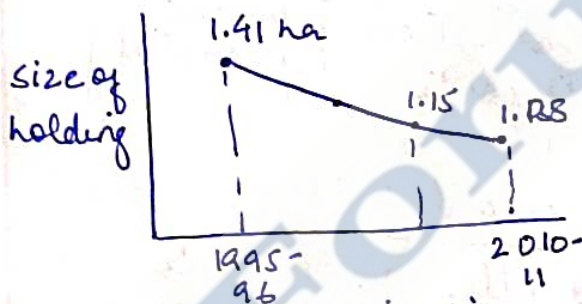
Q.17) Explain the relationship between land reforms and agricultural productivity. Also, discuss various difficulties in designing and implementation agriculture friendly land reforms policies in the country. (15 Marks, 250 words)

भूमि सुधार और कृषि उत्पादकता के बीच के संबंध की व्याख्या करें। इसके अलावा, देश में कृषि अनुकूल भूमि सुधार नीतियों का प्रारूप तैयार करने और उन्हें लागू करने में आने वाली विभिन्न कठिनाइयों पर चर्चा करें। (15 अंक, 250 शब्द)

For every hectare of land, a farm in India produces 3280 kilogram of cereals, while a farm in China yields ~6296 kg of the same.

Relationship between ~~so~~ land reforms and agricultural productivity

- Average size of landholding ^{with} Indian farmers is 1.08 hectares.



Graph showing size of landholdings over the years.

- The landholdings are small and cannot reap benefits of economies of scale.

- 43% population is employed in agriculture which contributes 16% to the GDP.

↳ excessive pressure on land
↳ lack of remunerative income

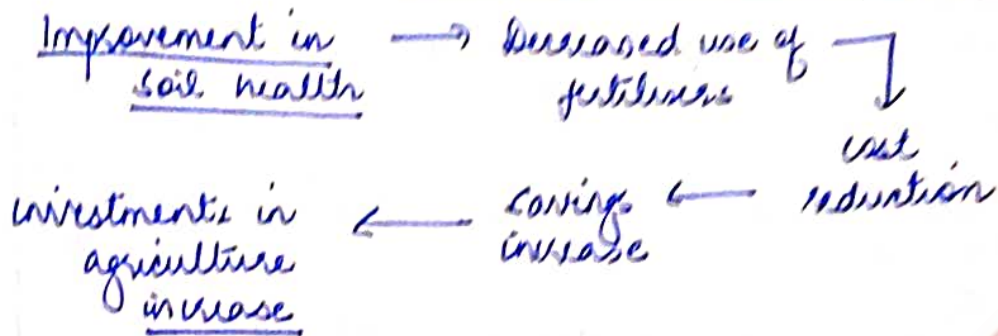
- Small, fragmented landholding employing

manual labours suffer a number of disadvantages :

- Higher cost of production per kilogram
- Lower productivity due to lack of technological inputs
- Low levels of investment
- Poor capital formation
- Increased cost of logistics - ~~value~~ increase in prices without value addition

How land reforms can help

- Land consolidation :
 - ↳ increased mechanisation
 - ↳ lower operating costs
 } increased productivity
- Digitisation of land records :
 - ↳ clear land titles will facilitate investment & capital formation
 - ↳ improvement in quality & quantity of produce.
- Technological reforms for land degradation
 - ↳ improvement in soil health
 - ↳ decreased use of chemical inputs like fertilisers



Difficulties in designing agriculture friendly policies

- India has 15 agro-climatic zones, each being different and requiring different inputs
- Agriculture is being in the state subject is -
 ↳ difficult to bring about reforms due to political considerations
- Lack of required datasets for effective policy interventions.
- Lack of local initiatives / solutions due to unavailability of skilled manpower.
- Too politicization of issues.

As per Economic Survey, there is an inverse relationship between indebtedness and size of landholding with small farmers deeper in debt. The need is to move towards land pooling initiatives and a shift towards creating non-farm employment opportunities.

Feedback

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Q.18) Community institutions in agriculture offer small farmers an opportunity to increase their productivity, income, and resource efficiencies. In light of this statement, enumerate the various challenges faced by the Farmers Producer Organisations (FPO's) in the country and suggest measures to reform them. (15 Marks, 250 words)

कृषि में सामुदायिक संस्थान छोटे किसानों को उनकी उत्पादकता, आय और संसाधन क्षमता बढ़ाने का अवसर प्रदान करते हैं। इस कथन के आलोक में, देश में किसान उत्पादक संगठनों (एफपीओ) के सामने आने वाली विभिन्न चुनौतियों के साथ-साथ उन्हें सुधारने के उपायों का उल्लेख कीजिए। (15 अंक, 250 शब्द)

85% farmers in the country are small and marginal with small landholdings which cannot benefit from technological interventions or agricultural modernisation.

The government therefore aimed to create 10,000 farmer producer organisations in the country.



However, FPOs face certain challenges in the country

- Difficult to mobilise farmers
- Lack of leadership and managerial skills in an FPO

- Limited membership
- Out of present 6000 FPOs, 20% are ~~also~~ struggling to be viable.
- Credit availability due to lack of collateral
- lack of market integration - downstream processing infrastructure unavailable
- lack of funds to set up standardisation, grading, sorting, and processing facilities at "doorstep".

Measures needed to reform FPOs

1. Capacity building of FPO board
 - ↳ leadership skills and good management practices.
2. Appraisal score of FPOs by government itself based on objective parameters
 - ↳ will help in easing loan facilities
3. Define social roles of FPOs
 - ↳ local community based development
 - ↳ create system of accountability and transparency.

4. Linking FPOs with local agricultural universities and institutes institutions

- L knowledge sharing
- L research & development
- L pilot projects

5. Converge policies of rural development, agriculture development and farmer development.

FPOs need to be sustainable, revenue generating units. Each FPO faces unique challenges and a one size fits approach will not work. To deal with local challenges, solutions must emerge locally and government must handhold them till viability.

Feedback

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Q.19) The fundamental problem in agriculture is not the availability of resources, but their inefficient use. Comment.

(15 Marks, 250 words)

कृषि में मूलभूत समस्या संसाधनों की उपलब्धता नहीं, बल्कि उनका अकुशल उपयोग है। टिप्पणी कीजिए।

(15 अंक, 250 शब्द)

India has the largest land area under cultivation in the world, more than U.S. and China. At the same time, a hectare of land yields 3280 kg of cereals in India, while it yields 6296 kg of cereal in China.

Fundamental problem is not availability —
resources invested into agriculture are plenty

- Fertiliser subsidy touched a record ₹ 2.15 lakh crore in 2022-23 (additional mid year allocation in May)
- Free electricity to farmers
- Schemes like PM-KUSUM for sound the stock energy availability
- Minimum Support Price announced before the cropping season to cushion farmers
 - ↳ open ended procurement to prevent distress sales
 - ↳ High burden of food subsidy bill on the exchequer.

- Schemes like Kisshi Vinchai Yajra to ensure irrigation
- Credit schemes - Kisan credit cards
 - ↳ interest subvention - Agriculture Infrastructure Development Fund
- Frequent loan waivers

In spite of these efforts, 46 farmers commit suicide everyday (NCRB).

The fundamental flaw is therefore in the inefficient use of these resources:

→ Fertiliser use ratio : ideal NPK : Indian case
 $4:2:1$: $\frac{9}{8} : \frac{4}{3} : 1$

- ↳ leads to soil salinity, ground water pollution
- ↳ run off to water bodies → eutrophication
- ↳ use is skewed towards urea.

→ Cereal centricity: Schemes like MSP distort cropping patterns:

- ↳ farmers continue to grow low productivity, low value crops like wheat → lesser incomes

→ Rich poor divide

- ↳ regional divide wherein the benefits are cornered by states like Punjab & Haryana

↳ Rich farmers benefit from schemes like institutional loans and MSP.

→ Fragmented and small landholdings (1.08 ha) ^{average}
 ↳ poor resource utilisation
 ↳ lack of economies of scale.

→ Diversion of subsidies: only 35% reaches the intended beneficiaries

Besides inefficient use of inputs, agriculture suffers from over-regulation and market fragmentation.

The need is to consolidate landholdings (Producers organisations), improve physical infrastructure and increase entry of market forces into agriculture as per Dalwai committee report.

Feedback

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Q.20) Commercialization of agriculture into agribusiness is necessary to uphold the spirit of farming as a profitable venture. Discuss in light of changes needed in agriculture marketing. Analyze the recent govt initiatives in supporting the transformation of agriculture into enterprise.

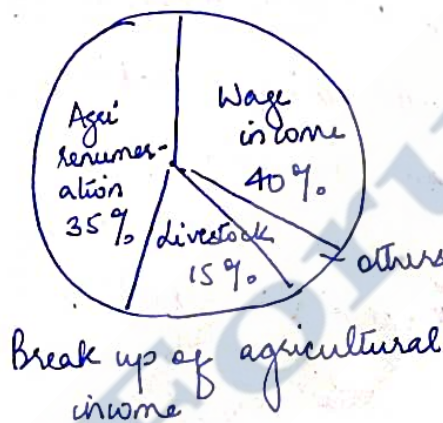
(15 Marks, 250 words)

एक लाभदायक उद्यम के रूप में खेती को बनाए रखने के लिए कृषि का कृषि व्यवसाय के रूप में व्यावसायीकरण आवश्यक है। कृषि विपणन में आवश्यक परिवर्तनों के आलोक में चर्चा कीजिए। कृषि को उद्यम के रूप में बदलने के समर्थन में हाल की सरकारी पहलों का विश्लेषण करें।

(15 अंक, 250 शब्द)

Agriculture employs ~ 43% of total workforce and contributes 17% to the GDP. More than 85% are small and marginal farmers.

Commercialisation of agriculture into agribusiness is necessary



- An average Indian farmer earns ₹10,218 per month.

- Out of this, 40% comes from wage income, that is, working on the fields

- The income roughly corresponds to MGNREGA wages

- Agriculture is thus NOT a remunerative activity for an average Indian farmer, and commercialisation is necessary.

Changes needed in agricultural marketing

- At present, farmers only get 25% of the prices that consumers pay.
- There are marketing inefficiencies — the agricultural market is ~~fragmented~~ fragmented and overregulated.
- Agricultural Produce Marketing Committee Act
 - ↳ leads to cartelisation, keeping farmgate prices low
 - ↳ high degree of intermediation
 - ↳ oligopolistic in nature
 - ↳ Delayed payments to farmers.
 - ↳ inadequate infrastructure — high levels of wastage, no standardisation or sorting (eg: just 1/3rd APMCs have clearing & sorting facilities)

Govt initiatives in supporting transformation of agriculture

(A) Marketing

- Changes in legal framework through "model" acts — Model APMC Acts, Model Agricultural Produce & Livestock Marketing Act 2017
 - ↳ to increase competition & private participation

- Integration through railroad expansion (Kisan Kisan rail)
- Digital integration through eNAM
- Markets of "international importance" (eg: Azadpur)
- Promotion of alternative options
 - ↳ commodity trading through NCDEX

(B) Other initiatives

- PM Kisan - Direct benefit transfer to farmers, income support of ₹6000 annually.
- PM AASHA scheme for crops other than food grains
 - ↳ Price deficiency payment scheme
- Promotion of Agri startups (eg: Nija Nirja cast, Kropin)
- Kisan Suvidha App for timely access to information.
- Minimum support price scheme for 23 crops

Agriculture grew at a pace of 2-4% in the last decade. However, segments like poultry / livestock grew at 10-12%, where there is no government intervention. Focus should be to increase entry of market forces into agriculture and maximise monetisation opportunities using farm to fork approach.

Feedback

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