

TEST CODE : 4 1 0 ⁸⁹~~97~~

FIAS – MGP 2021 (C-10) – GS TEST #7

ForumIAS

GENERAL STUDIES

Name Of Candidate Sparsh Yadav

Roll No.

Date:

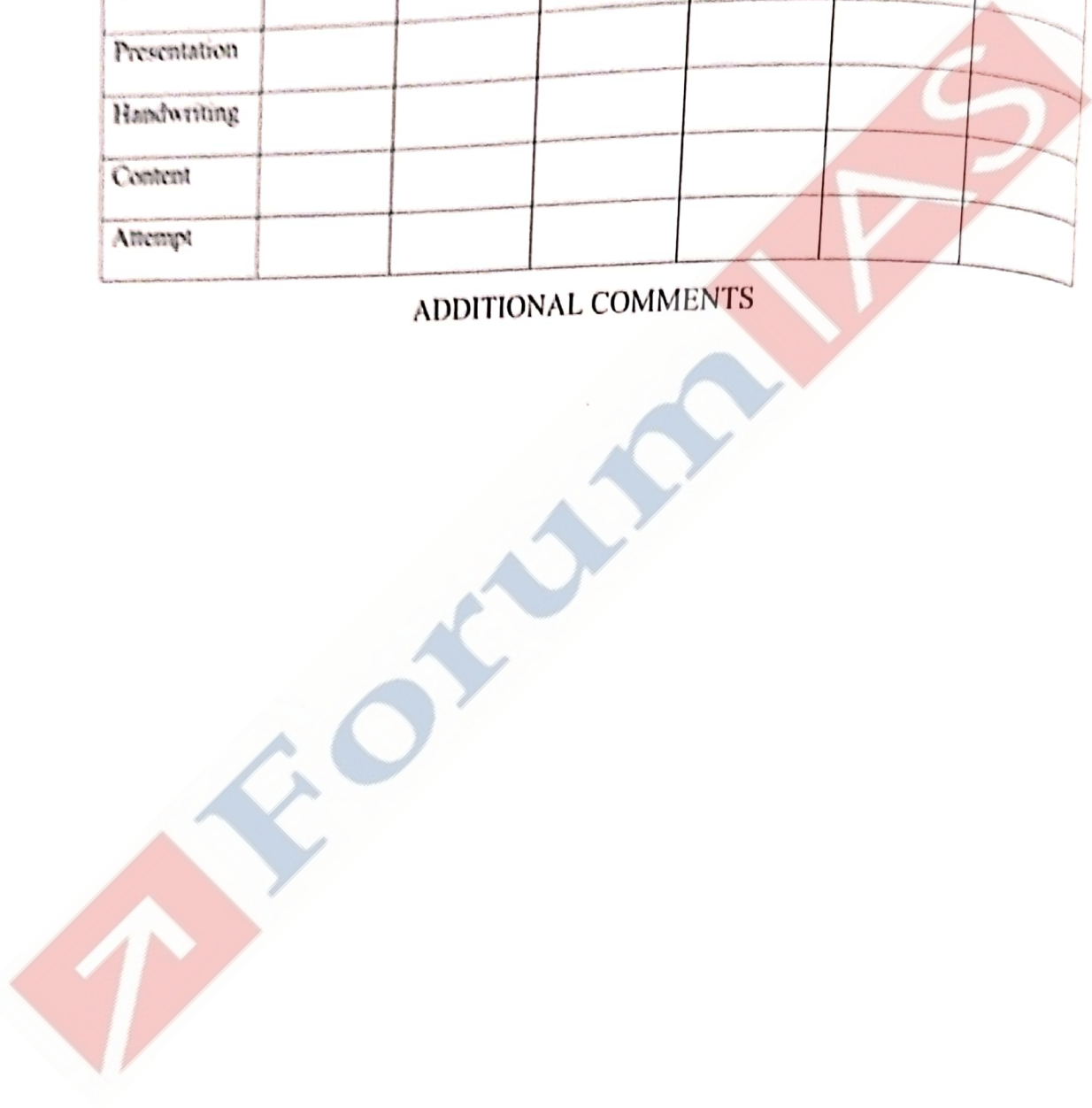
Time Allowed: Three Hours

Maximum Marks: 250

| INDEX TABLE | | | INSTRUCTION |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Q. No. | Max. Marks | Marks Obtained | <p>1. Please do furnish Name, Email, Roll No and Mobile in the answer sheet.</p> <p>2. There are TWELVE questions printed in ENGLISH & HINDI, all questions are compulsory.</p> <p>3. The number of marks carried by a question/part is indicated against it.</p> <p>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.</p> <p>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.</p> <p><i>Any specific messages for ForumIAS Mentors/Evaluators with respect to your copy? Write it here.</i></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> |
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| Total: | 250 | | |
| Evaluator's Discretion: | | | For Student Only |
| | | | Start Time 9:00 AM |
| | | | End Time |
| Total Marks: | | | Mode Of Examination: |
| | | | Online <input 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: |
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| | | | Evaluation Date: |

| Parameters | Excellent | Very Good | Good | Average | Poor | Very Poor |
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ADDITIONAL COMMENTS



Section A

Q.1) *

The disinvestment policy is aimed at providing revenue to the government as well as more efficient use of the assets under private management.

State as a facilitator in liberalized economy

Benefits

- 1) Equitable distribution of resources
- 2) Reducing inequality
- 3) Providing essential services; public goods
- 4) Necessary for countries security Ex: Nuclear, communication network, NCIIPC, Economic Networks

Concerns

- 1) It wants competition
- 2) Less innovation
Ex: Space Sector
- 3) Demand Supply imbalance
- 4) licence lag
- 5) Corruption

State as a participant in liberalized economy

- 1) State can not reach the grass root levels Ex: Social Agencies, NGO, Local companies

2) State can act as facilitator for Capital, exports, inputs. EX: Textile Parks, Subsidies

There should be a balance between states role to reduce inequality and provide equity and a laissez faire approach that allows market to determine the demand and supply.

Feedback (For OFFICE use only)

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| Structure | | Content | |
| Question Interpretation | | Total : | |

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Q2 DICGC 2021 aims at providing deposit insurance in case of bankruptcy of small banks

Aimed at small account holders.

Address small banks

Major Provisions

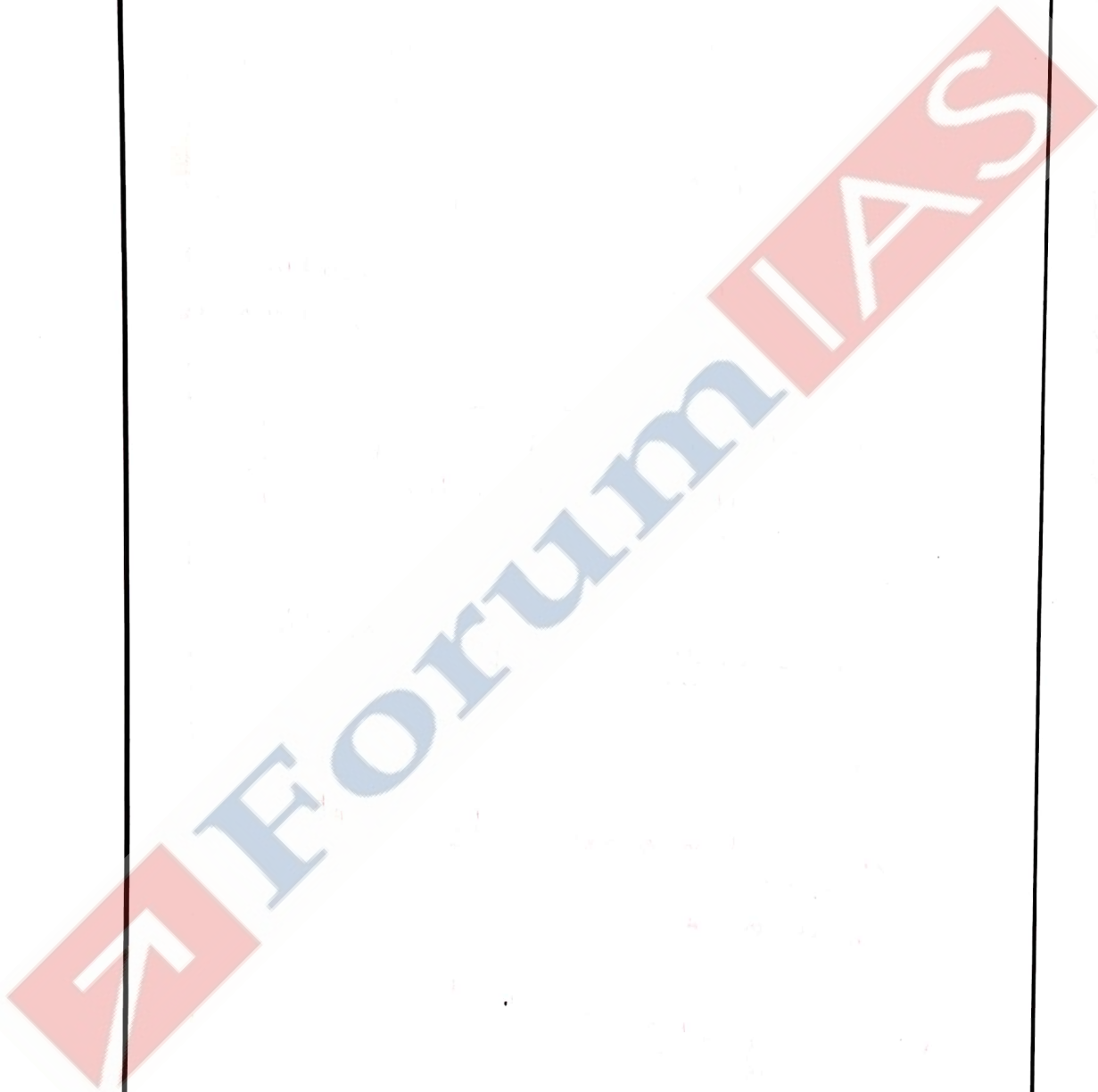
More Regulations

Includes Cooperative banks

The amendment DICGC 2021 will promote interest of small account holders

- 1) Provide security of savings of small depositors
- 2) Reduce instances of bank corruption in small banks
- 3) More regulation on small banks

The DICGC Act 2021 is a positive step in direction of financial inclusion and prudence.



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Q21A

Q3.

The aim of Atmanirbhar Bharat is to make India self sufficient as well as provider of goods and services to the world.

In PPP framework the asset or service is owned jointly by the government and the private sector. It can be both greenfield and brownfield Ex: Thiruvananthapuram Airport, Roads, Tolls etc.

Need for a Mature PPP framework and Robust enabling ecosystem

- 1) Capital Needs : Mobilizes funds from private sector as well
- 2) A mature framework will provide certainty ~~and~~ to investor and uniformity across the country.
- 3) Provide employment to local people

~~A~~ ~~market~~

4) Providing credit from banks and international institutes, External Commercial borrowings.

A robust PPP will . will enable India to achieve the goal of Make In India and self sufficiency .

Feedback (For OFFICE use only)

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| Question Interpretation | | Total : | |

Q4

Direct monetization of deficit refers to the printing of currency by RBI to fund the deficit of the government.

Direct monetization is integral to revive growth

- 1) Keynesian economics suggest that government should invest more during recession. $\Rightarrow \uparrow$ Employment $\Rightarrow \uparrow$ growth
- 2) long term gains, short term pain ;
Short term inflation
- 3) Boost employment and providing livelihood
- 4) Providing essential services with low revenues.

(Don't miss anything)

Concerns Regarding Direct Monetization

1) Runaway Inflation : Price Rise

2) growth of GDP can lead to a L shaped recovery instead of V/K shaped

A prudent policy that revives economy and balances inflation is needed.

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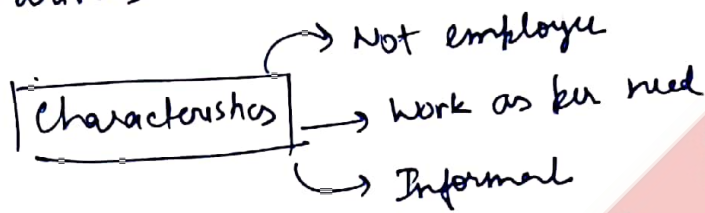
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Q.312
Q5

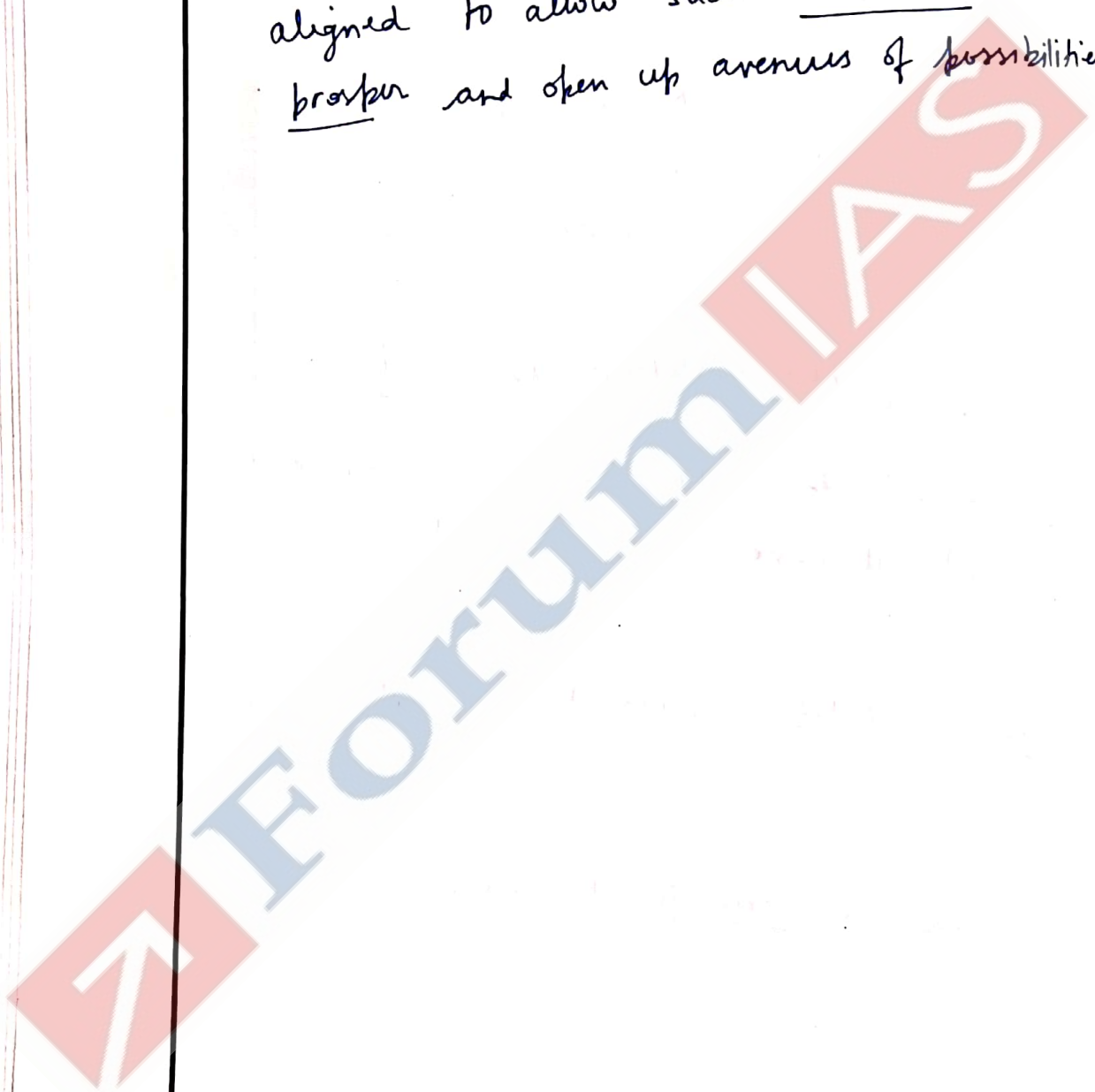
Increased penetration of digital services and infrastructure has created a new sector of gig economy. Ex: Delivery drivers, cab drivers



Gig economy has created a divide

- 1) Digital divide : The haves and have nots; not all have access to digital devices
- 2) Informal Sector : Employed on temporary basis
- 3) Pension, Job security etc. are a concern.

Gig is an integral part of innovation
driven economy but policy should be
aligned to allow such innovations to
prosper and open up avenues of possibilities



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Q6 India's food processing sector lags behind the rest of the world, there is a need to incentivize farmers to invest in FPI.

Panacea for addressing triple whammy

1) Low value addition

a) The demand has shifted towards processed goods

b) Significant increase in prices; helps in doubling farmer incomes

c) Make India a food processing hub

2) High post harvest losses

a) Spoilage is saved; Processing helps in preservation

b) Allow farmers to store and sell when the prices are good.

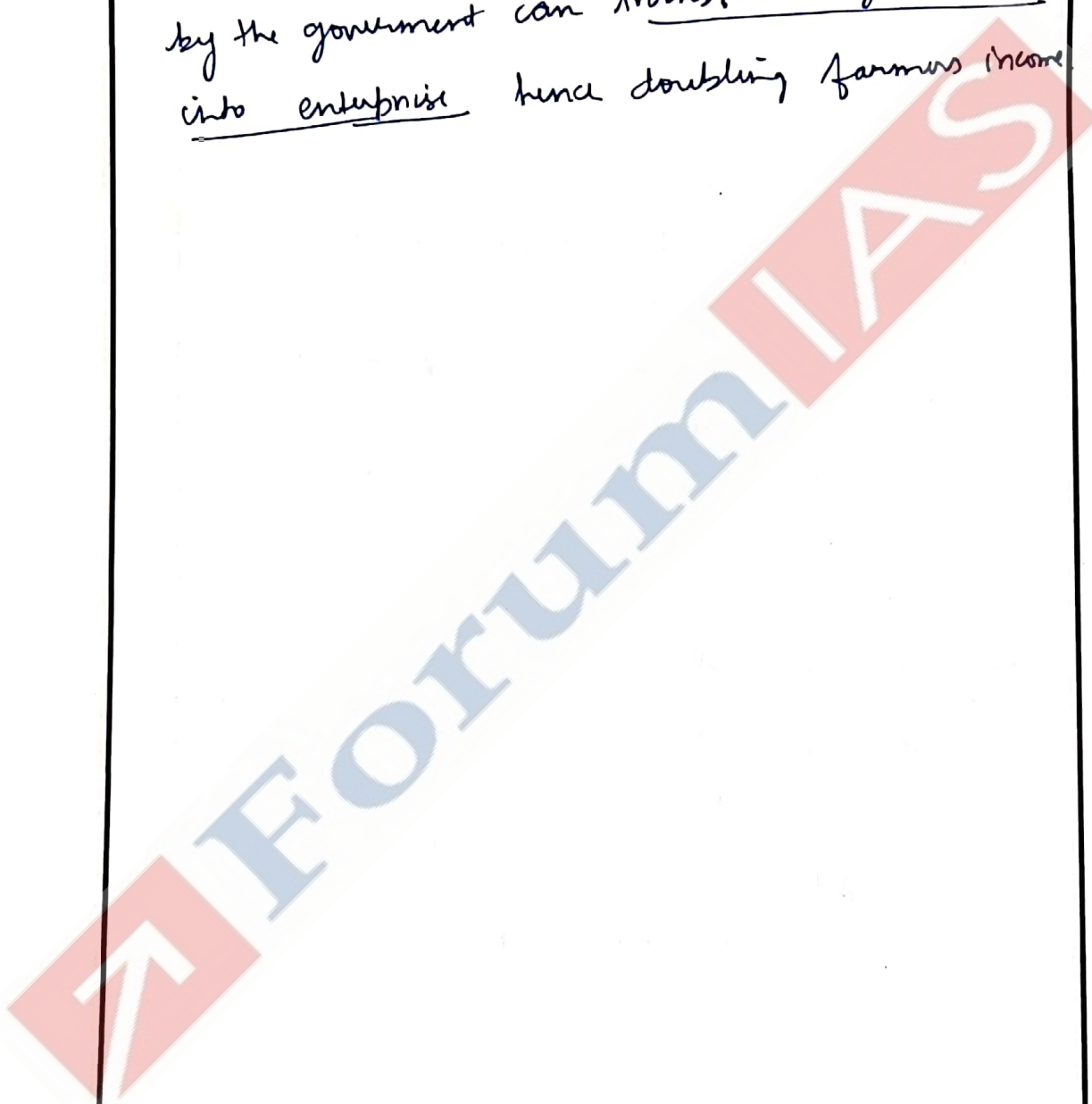
3) Disguised unemployment

a) Labour needed for FPI

b) Increase in level of education and skills

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Steps taken by government include food banks, incentivizing women. Proper measures by the government can transform agriculture into enterprise hence doubling farmers income.



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2-11-21

Q7

There have been more farmer suicides in prosperous states like Maharashtra and Punjab compared to Bihar and Uttar Pradesh

Factors responsible for the paradox

1) Informal credit sources: Mechanization \Rightarrow
 \uparrow credit needed \Rightarrow Informal sectors \Rightarrow
 High ~~or~~ interest rates

2) Inability to charge: Difficult in
competing with cooperatives which flood
 markets with cheap food stuff Ex: Palm oil.

3) geographical conditions: Droughts in
~~western~~ eastern Maharashtra



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4) Menace of drugs : Punjab farmers sometimes resort to drugs in times of stress

5) Insurance companies delay and sometimes delay insurance claims affecting farmers who live hand to mouth.

Farming is a way of life that is unable to cope up with rising global pressures. The need is to empower farmers into agripreneurs.

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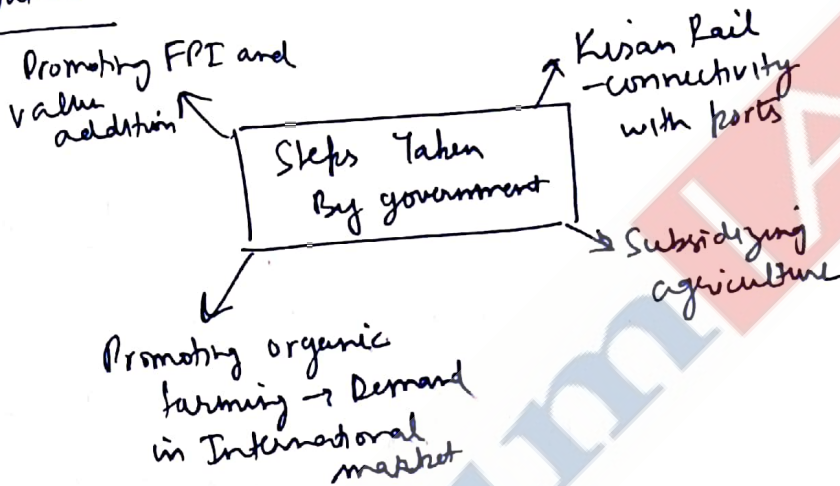
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*
Q8

India's agriculture ~~exports~~ exports remain abysmally low ^{~3%} compared to the world despite large areas under Cultivation.



Exports remain low with little policy transmission

1) Agriculture subsidy remains a concern at WTO

2) SPS measures used by countries to reject Indian exports Ex: Recently Indian mangoes were rejected by Europe

3) Adventitious Presence of GM crops is a concern Ex: Indian corn feed was recently rejected.

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- 4) Lack of Awareness of policies
- 5) Lack of education and ^{awareness of} economic channels to farmers.
- 6) low adoption of FPI and value addition
- 7) More focus on staple food crops than high value crops
- 8) Low efficiency ; Israel's land use efficiency >> India's land use efficiency.

A holistic approach including policy, ICE and knowledge sharing will help India increase its agriculture exports.

Feedback (For OFFICE use only)

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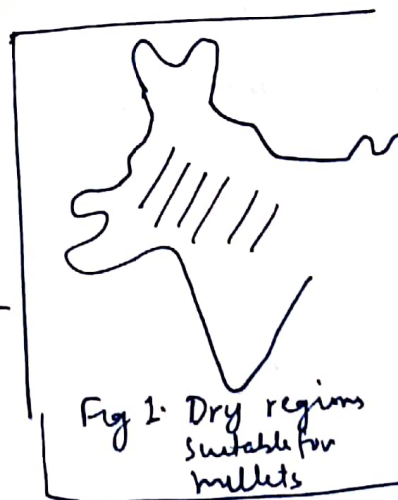
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Millets (coarse cereals) are, crops that are rich in nutrients and require less water inputs ~~for~~ for growth. Ex: Jowar, Bajra and Ragi

Will help in addressing issues of dry-land farming regions

- 1) Require less water and are drought resistant \Rightarrow Suitable for dry regions
- 2) Prevent salinization that is caused by excessive irrigation
- 3) Livelihood and source of income for farmers
- 4) Help conserve land degradation



Milletts will add to dietary diversity

- 1) Fix Skewed Agriculture output Rice/Wheat
→ Diversification
- 2) Nutritious food : Address demands of nutrition
- 3) can also be used ~~as source of~~ mixed with staple food Ex: Ragi Dosa etc

Milletts address both the demands of dry regions and provide nutritional security yet low awareness has been a hindrance. Therefore ICF activities should be taken up.

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QF
Q10

MSP is provided by the government as a matter of policy and is not backed by any law.

MSP and impact on farmer's condition

- 1) Increased income for farmers \Rightarrow more investment in agriculture
- 2) Prevent migration from agriculture to cities
- 3) Help in addressing suicide rates

On the other hand,

- 1) Skewed growth Ex: Punjab and Haryana account for maximum \approx 85% procurement under MSP

- 2) Doesn't benefit marginal farmers Ex: Economic Survey pointed out that it disproportionately helps farmers with large land holding

3) Aggravated environmental condition ⇒ Distress for farmers Ex: Excessive Irrigation has led to increased salination in Haryana and Punjab

4) Depletion of water resources ⇒ Stress on farmers. Ex: In Haryana 50% Irrigation through ground water ⇒ Depleted water resources ⇒ Inter-generational inequity.

MSP alone can not help improving the conditions of farmers there should be focus on diversification, education and mechanization.

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Q. 01 of Q. 11

Retrospective taxation refers to the power of the sovereign to tax transactions and deals done in the past. According to Treaty of Westphalia ~~the~~ a sovereign state has a right to tax independent of foreign influence, yet it is considered a unfriendly economic practice.

Discourages International Investment and undermines credibility

1) Recently, two cases of Cairn energy and Vodafone have brought India's 2012 retrospective policy in International light.

2) The judgement of the PCA at Hague has ruled against India \Rightarrow Reduced credibility

3) Reduces Investor confidence \Rightarrow Less Investment.

4) Fine imposed on India ⇒ Detrimental to economic growth

5) Uncertainty for cooperates ⇒ An uncertain environment requires companies to keep more reserves to address financial risk.

Way Forward

1) Proper analysis by international law experts before signing Bilateral treaties

2) Increase confidence of Investors
Ex: Stable taxation Rules

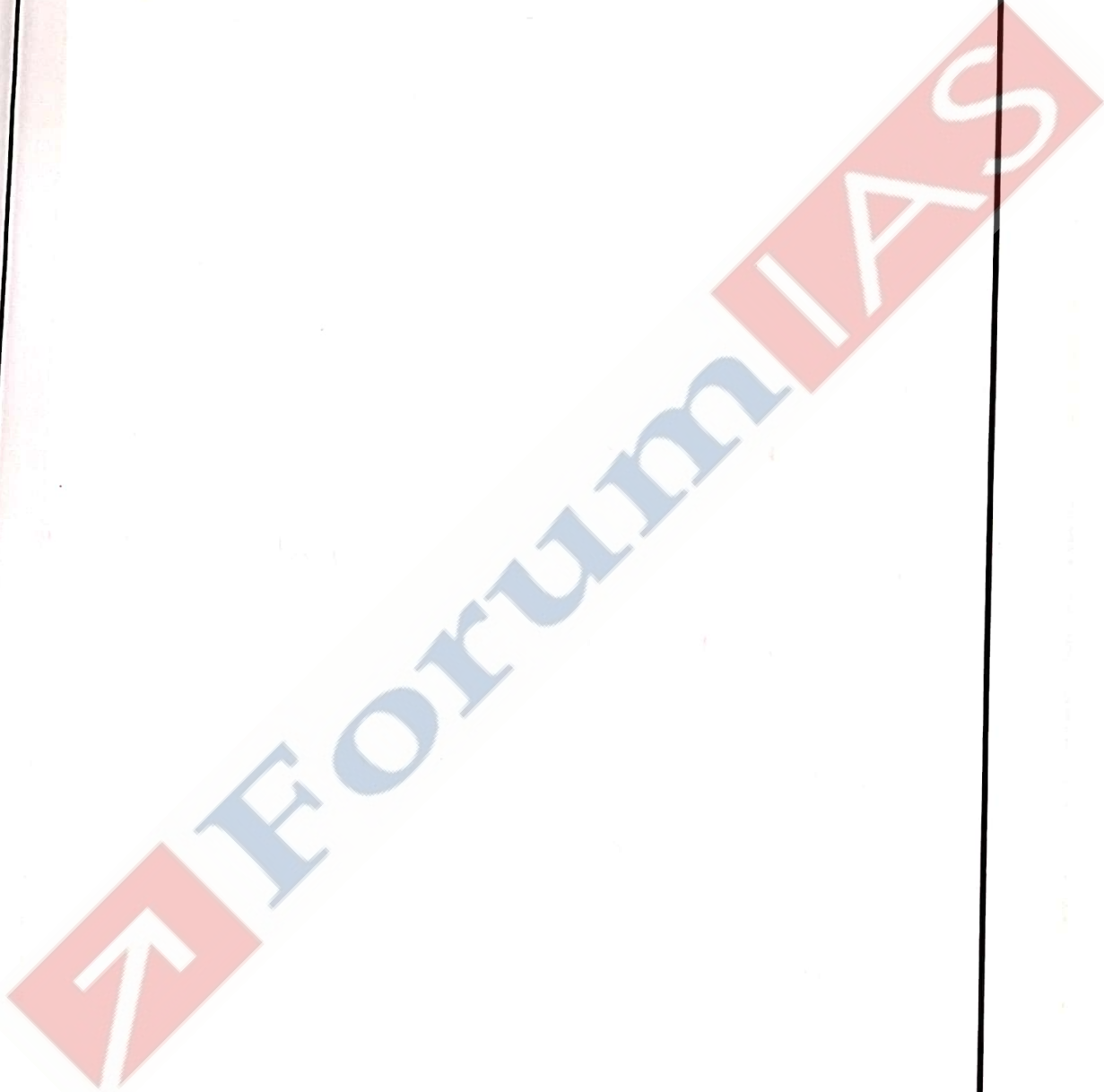
3) Take measures to improve the ease of doing business.

Feedback (For OFFICE use only)

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(Don't Write anything in this Area)

Retrospective taxation law was repealed by the parliament, it is a positive step in the right direction.



(Don't do anything)

Q12

SARFAESI Act and IBC 2016 are the two major source / means of addressing stressed assets.

IBC 2016 → Cooperatives, companies

SARFAESI → Partnerships

Issues faced by IBC in India

- 1) IBC 2016 provides for Insolvency Professionals, but there is lack in training.
- 2) Delays: IBC proceedings extend the mandated 6 month time period
- 3) Multiplicity of Laws: makes IBC a lawyers paradise
- 4) Creditor in control yet minority creditors are left out

Feedback (For OFFICE use only)

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| Question Interpretation | | Total : | |

* The SARFAESI act provides for establishment of Asset Reconstruction Company or Bad Bank, to take over stressed assets from banks.

Bad Banks can help in overcoming bad debt

1) Take over stressed assets from banks \Rightarrow Clears Banks balance sheet and focus on banking activities

2) Recovery assistance: Bad banks will try optimal recovery of money of creditors.

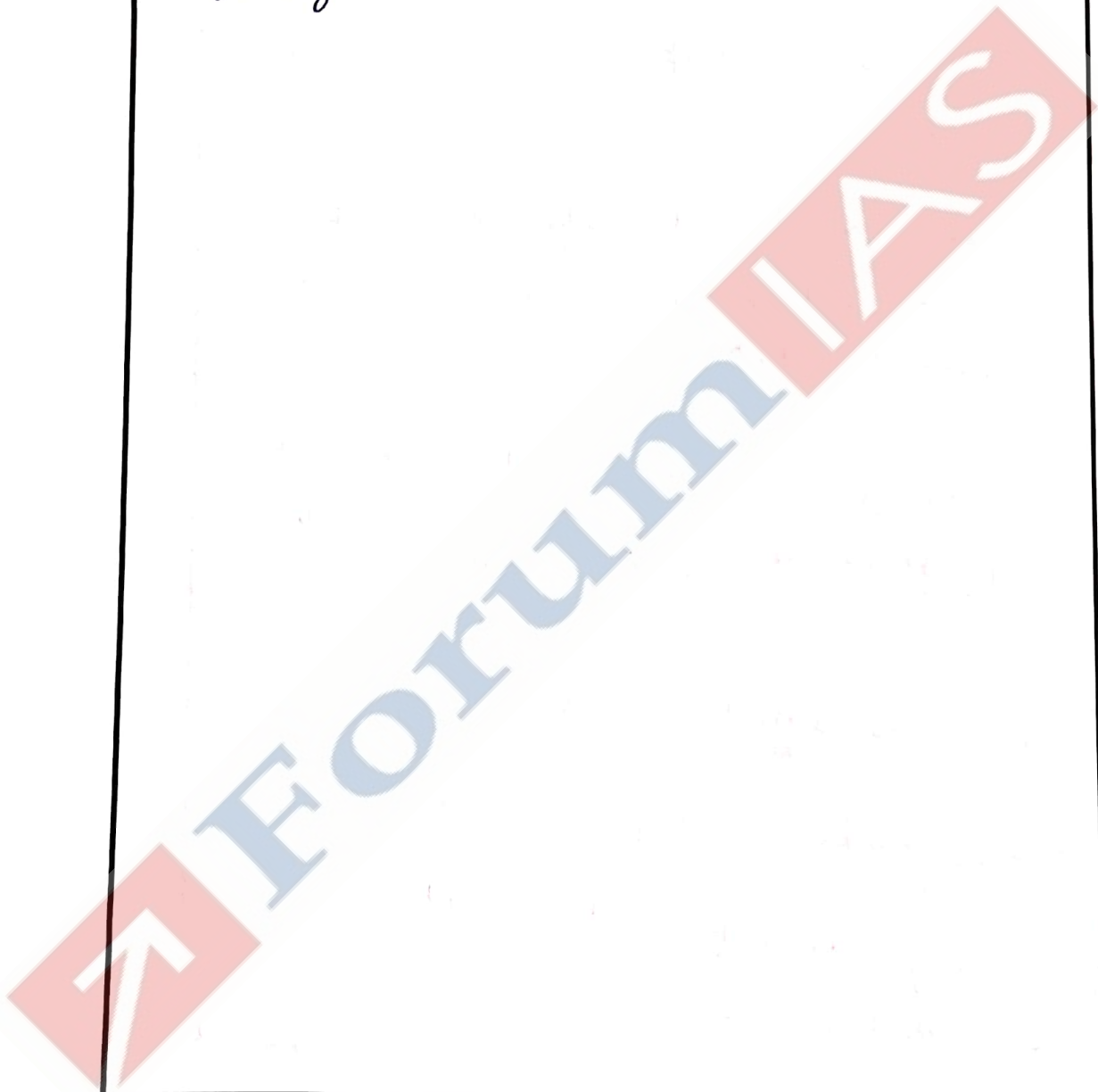
Concerns regarding bad banks

1) More risky lending by banks

2) Highly stressed assets might not be recoverable

3) Promotes corruption - Nexus of banks and lender.

A hand bank can help address the stressed asset crisis yet proper oversight should be there.



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~~Q13~~

Q13

The 1991 economic reforms ushered in an era of liberalization, reduced licence raj, opening up of sectors to private entities and globalization.

An era of profits and ease of doing business

- 1) End of licence Raj: Removed limits on production and storage
- 2) Laissez-faire approach where demand and supply was mandated by market forces
- 3) Innovation and Increased competition due to globalization and opening up Indian economy to global competition
⇒ More Profit

1991 reforms have pushed human development to periphery

- 1) Humans are seen only as a factor of production.
- 2) Mass migration to urban areas \Rightarrow Shanty towns \Rightarrow Poor living conditions
- 3) Alienation between workers and their work.
- 4) Doesn't cater to the demands of under privileged.

The 1991 reforms though raised profits on some the majority were reduced to factors of production.

Q14 Production linked incentive provides
for incremental incentives for production
carried out in units established in India

~~Objective~~

Objectives of PLI scheme

- 1) Transform Service Economy → Production Economy
- 2) Incentivize foreign companies to establish manufacturing plants in India.
- 3) Provide employment
- 4) Raise the skill level of Indian labour force.

Feedback (For OFFICE use only)

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Q.21

There is need to reform entire production ecosystem

1) The backward and forward linkages need support.

2) Developing backward linkages

- Supply of Raw material

- Trained labour \Rightarrow Educational Institutes, Skill Development and Reskilling

- Energy Inputs

3) Development of forward linkages

- Connectivity to markets and ports

- Promoting the India brand.

* PLI linked with reforming the entire production ecosystem will open up pastures of possibilities for Indian Manufacturing sector.

Q15 MSME sector accounts for a significant amount of employment of semi-skilled and unskilled workers in India having a large impact on the social development and economic growth.

Challenges faced by MSME sector

- 1) Globalization : Rise in global companies that flood market with cheap goods (economy of scale)
- 2) Anti-trust activities : Ex: Amazon and google under investigation in several countries for anti-trust activities
- 3) Monopolies by thwarting competition
- 4) Low credit
- 5) Disadvantage due to high input cost (economy of scale)

Measures to Improve performance of MSME

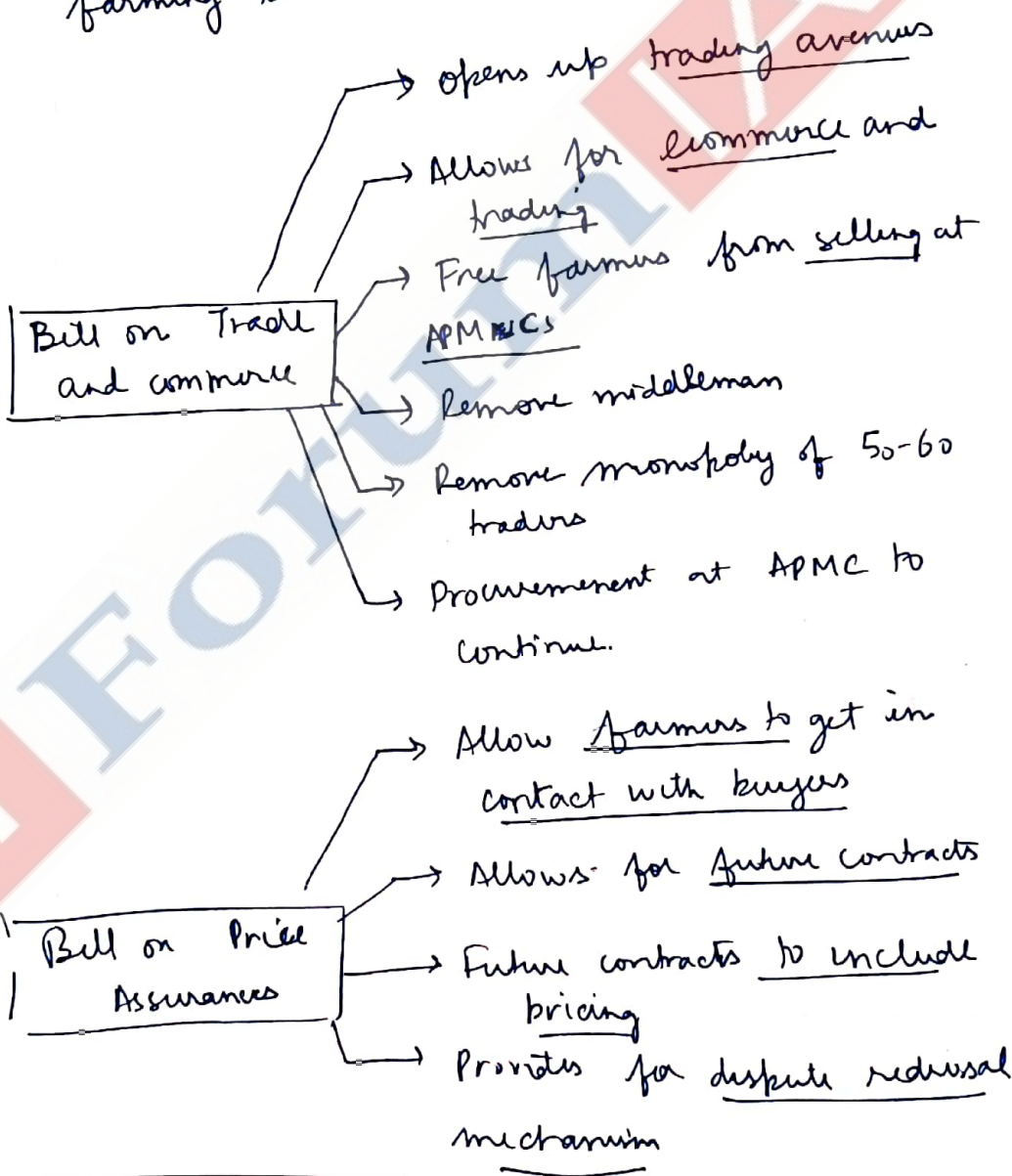
- 1) Provide room for growth : they are not overtaken by monopolies
- 2) Credit : Provide concessional credit
- 3) Help through COVID19 fuelled economic crisis. MSME sector needs help particularly.
- 4) Reskilling and Upskilling labour force.
- 5) Establish and Promote Producer organizations
- 6) Provide capital goods at concession basis
- 7) Agreement for government procurement
⇒ guaranteed market
- 8) Address the problem of missing middle

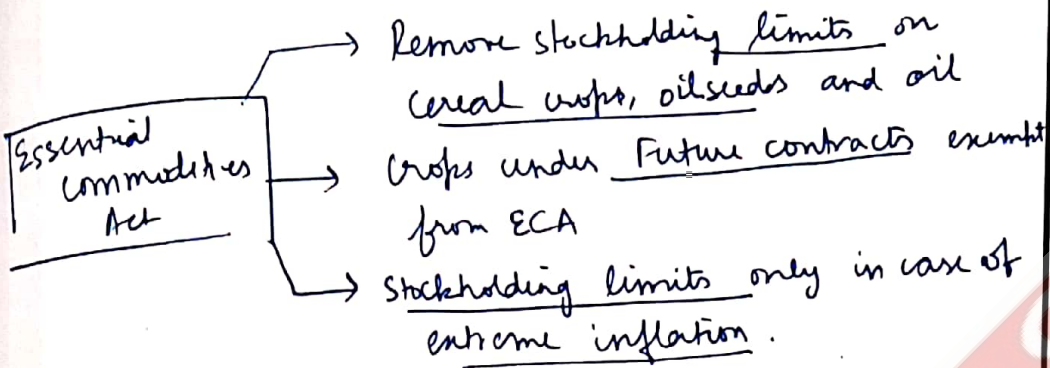
MSME sector provides a significant role in economic development and due care should be taken to promote the sector.

Feedback (For OFFICE use only)

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Q11 Farm laws were passed by the government in Sept 2020 but have been kept on hold by the Supreme Court to address farmers grievances. The three farm laws are aimed at development of farming as an enterprise.





Hence, they will help transform farming into enterprise.

Although there are some concerns.

- 1) Might gradually do away with MNCs.
- 2) Dispute Redressal Mechanism delays \Rightarrow Marginal farmers live hand to mouth.

Way Forward, gita gokarnath the chief economist of IMF praised the farm laws as a step in right direction but the implementation of the laws should right.



Q17 PM-KISAN is aimed at providing monetary benefit of Rs 6000 per year in 3 installments to all farmers irrespective of land holding size.

The performance of PM-KISAN

- 1) Reduced/No Corruption as money is transferred via DBT (Direct Benefit Transfer)
- 2) Women empowered as provided financial independence
- 3) Provide farmers with ~~state~~ money for agricultural inputs

Criticism of design and implementation

- 1) A large number of fake farmers registered
- 2) Duplicity of registration
- 3) No limit on land-holding : Even rich and well to do farmers provided with DBT.
- 4) Recently, news report of several crore fraudulent beneficiaries.

Way Forward

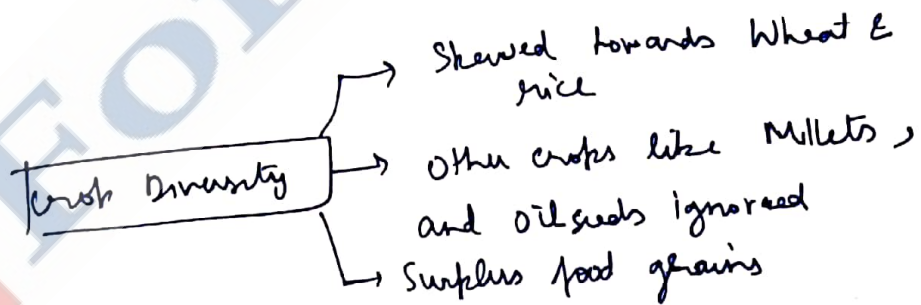
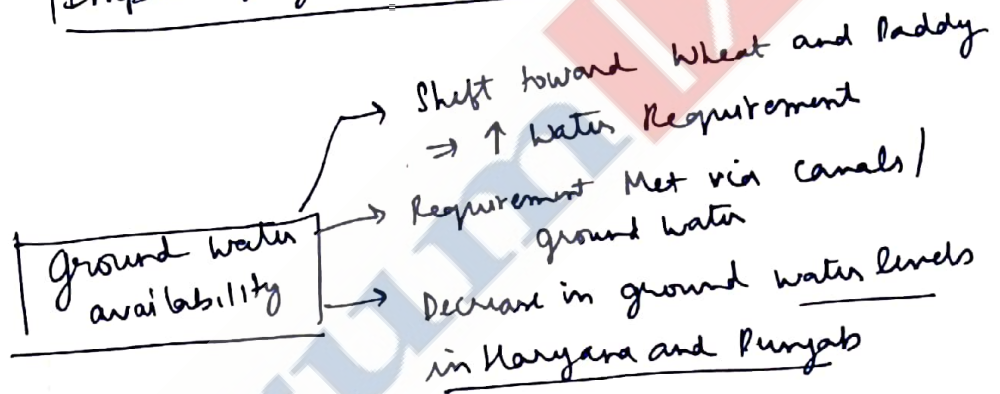
- 1) Identification of beneficiaries should be proper
- 2) Limit on land-size for beneficiary
identification

Although the scheme is a good step towards universal basic income there should be stocktake of similar experiments and the implementation should be correct.

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Q18 In the 1960s, with the advent of High Yielding Varieties (HYV), Irrigation and price guarantee ushered the green revolution and provided India with much needed food security.

Impact of green Revolution



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Cropping Patterns in Northern India

- Shift to dual crops
Winter - wheat, Summer - Rice
- Canal Irrigated areas of Punjab → Rice
- groundwater irrigated areas of Haryana → Wheat.

Impact on Health and Well Being

- 1) Reduced nutritional input : Focus on rice and wheat in diets
- 2) Bioaccumulation : Excessive use of pesticides and fertilizers ex: Endosulfan
- 3) Eutrophication : Degraded water bodies due to excessive fertilizer runoff.

Way Forward

- 1) Crop Diversification : Millets, Nutri-cereals, oilseeds, Pulses uptake
- 2) Neem coated urea : Better uptake by plants
- 3) Nutrient Based subsidy

The above steps should be taken to make the green revolution greener.

Q19 Climate smart agriculture refers to the agricultural practices that reduce the amount of green house gases (GHG) emissions, & is sustainable and has a positive impact on society.

Role in climate change mitigation

- 1) Sustainable : Make sure there is inter-generational equity
- 2) Reduce green house gas emissions
- 3) Focus on climate tolerant varieties
- 4) REO into hybrid and GM crops that are better prepared to climate change Ex: Loosest attacks.

State Intervention in climate smart agriculture

- 1) Promoting ZBNF with its 4 pillars bjmitra, jiva mitra, moisture and mullching
- 2) Organic farming promotion; PM- Paramparagat Krishi Vigyan Yojana

Challenges in adoption of climate smart agriculture

- 1) Small land holding size and land fragmentation
- 2) Lack of technical knowhow and education
- 3) ~~lack of~~ apathy towards climate change; still seen as a distant phenomenon
- 4) Resistance to change; Stubble burning continues despite alternatives

The above challenges can be addressed by proper policy intervention.

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Q.2 One Nation - One Ration Card (ONORC) scheme aimed at seamless access by the citizen to the PDS irrespective of residence.

Critical challenges in implementation

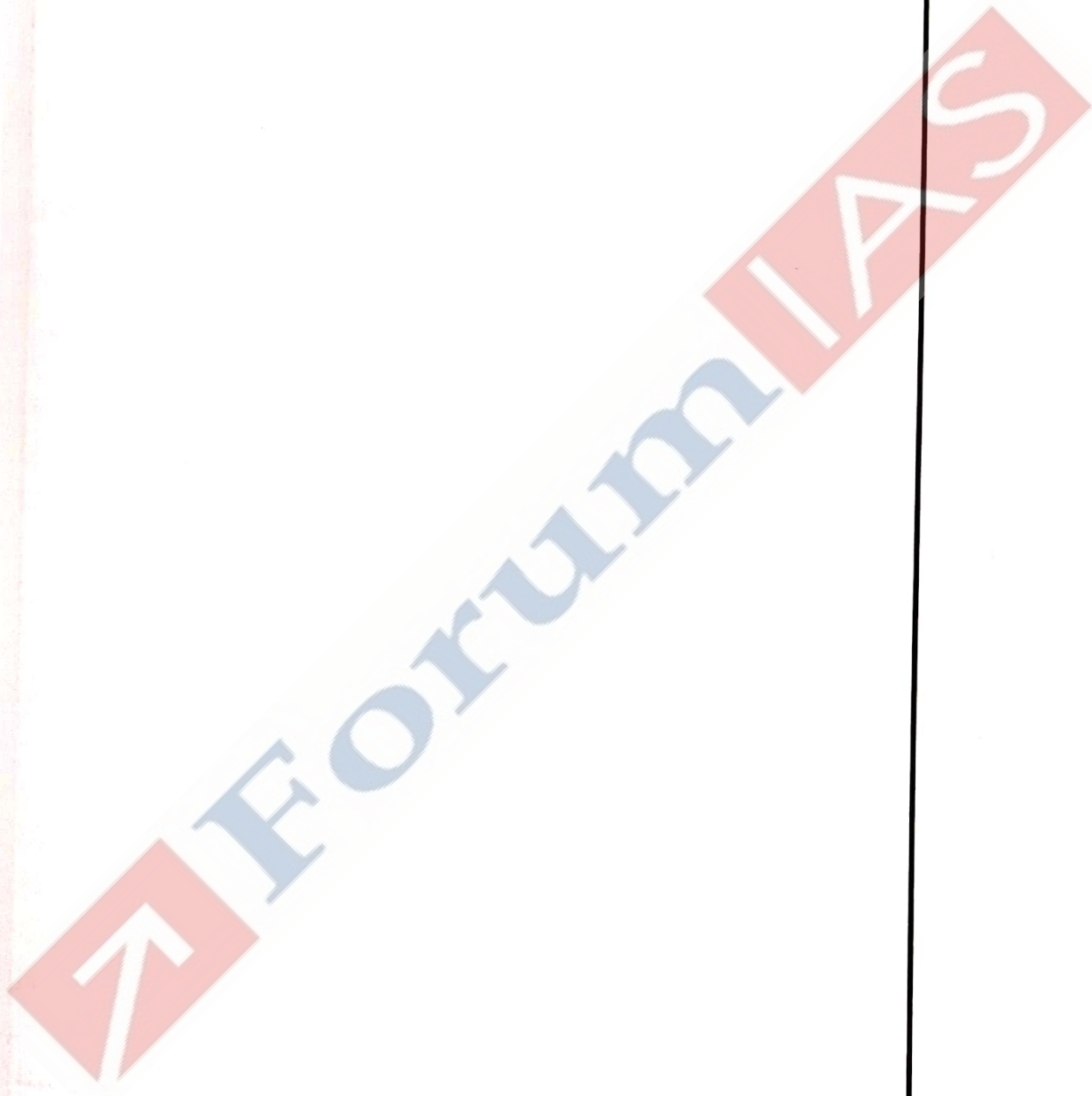
- 1) Need for a central digital infrastructure
- 2) Transferring of food grains from one state to another.
- 3) Issues raised by the states :
 - stockpiling according to the demand
 - duplication of access across states.

ONORC can help address ~~these issues~~ problems of PDS :

- 1) can address issue of duplication of ration cards
- 2) can provide nutritional security to urban poor who have migrated from villages

(Don't Write anything in this Area)

ONRC is a step forward in providing quality service to citizens.



Mentor Feedback Questions

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Test Goal

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Outcomes

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Marking Scheme

| Mark | Good | Average | Below average |
|-----------|----------------------|-----------|---------------|
| 10 Marker | 3.75 – 5.0 | 3.0 – 3.5 | < 3.0 |
| 15 Marker | 5.75 – 7.0 | 4.0 – 5.5 | < 4.0 |
| ✓ | Key / Relevant Point | | |
| ✗ | Vague / Irrelevant | | |

* Subject to change without prior notice.