

Time Allowed : Three Hours  
समय : तीन घंटे

ForumIAS

Maximum Marks : 250  
अधिकतम अंक : 250

## GENERAL STUDIES / सामान्य अध्ययन

Name Of Candidate परीक्षार्थी का नाम	Amritanshu Nayak		
Roll No./अनुक्रमांक	0701931	Medium/माध्यम	English <input checked="" type="checkbox"/> हिंदी <input type="checkbox"/>
Center Code/परीक्षा केंद्र	Online	Date/दिनांक	2/8/23

\*Center Code : For Online - 1900 / Delhi : Karol bagh - 1901, ORN - 1902, Mukharji Nagar - 1903 / Patna : Boring Rd. - 2001 / Hyderabad : Jawahar Nagar - 2101

## INDEX TABLE / अनुक्रमणिका

Q. No. प्र.सं.	Max. Marks अधिकतम अंक	Marks Obtained प्राप्तांक
1		
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Total/कुल अंक	250	

## INSTRUCTION / अनुदेश

- Please do furnish Name, Email, Roll No and Mobile in the answer sheet.  
कृपया उत्तर-पुस्तिका में नाम, ईमेल, रोल नंबर और मोबाइल नंबर भरें।
- There are TWENTY questions printed in ENGLISH & HINDI, all questions are compulsory.  
उत्तर पुस्तिका में अंग्रेजी/हिंदी में बीस प्रश्न दिए गए हैं, सभी प्रश्न अनिवार्य हैं।
- The number of marks carried by a question/part is indicated against it.  
प्रत्येक प्रश्न/भाग के लिए निर्धारित अंक उसके सामने अंकित किए गए हैं।
- Answers must be written in the medium authorized in the admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided.  
उत्तर प्रवेश पत्र में अधिकृत माध्यम में लिखे जाने चाहिए, जो कि दिए गए स्थान में इस प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के कवर पर स्पष्ट रूप से लिखा जाना चाहिए।
- 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.  
प्रश्नों में शब्द सीमा, यदि निर्दिष्ट हो, का पालन किया जाए। प्रश्न-सह-उत्तर पुस्तिका में खाली छोड़े गये किसी भी पृष्ठ या पृष्ठ के भाग को स्पष्ट रूप से काट दें।

## For Student Only / केवल परीक्षार्थी प्रयोग हेतु

Examiner's Discretion/मूल्यांकन कर्ता का विवेक :	Start Time/प्रारंभ करने का समय :	End Time/समाप्त करने का समय :
Total Marks/कुल अंक :	Mode Of Examination/ परीक्षा की विधि :	Online/ऑनलाइन <input type="checkbox"/> Offline/ऑफलाइन <input type="checkbox"/>

## For Office Use Only / केवल कार्यालय प्रयोग हेतु

*Examiner's Discretion is the marks awarded at the discretion of the examiner 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. मूल्यांकन कर्ता का विवेक अंक, आपकी लिखावट, प्रस्तुति, आरेखों के उपयोग, प्लोचार्ट, तथ्यों और आंकड़ों या समग्र रूप किसी अन्य विषय वस्तु, जो मूल्यांकन कर्ता को आपकी कॉपी में पसंद आयी के आधार पर (लेकिन इन्हीं तक सीमित नहीं) पर दिए गए अंक हैं।	ECN CODE/ ईसीएन कोड :	EG/ईजी : ① ② ③ ④ ⑤	Evaluation Date/ मूल्यांकन तिथि :
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Q.1) Investment in infrastructure is a precursor to social and economic transformation, however, the focus on economic growth may marginalise the concerns for safety. Comment.

(10 marks, 150 words)

बुनियादी ढांचे में निवेश सामाजिक और आर्थिक परिवर्तन का अग्रदूत है; हालाँकि, आर्थिक लाभ पर ध्यान केंद्रित करने में सुरक्षा संबंधी चिंताओं को हाशिए पर नहीं डाला जाना चाहिए। टिप्पणी कीजिए।

(10 अंक, 150 शब्द)

Investment in infrastructure refers to sponsoring such structures & facilities which facilitate growth & development

It is a precursor to social & economic transformation in following ways :

① Multiplier effect in the economy boosting growth & development

② Eg. Telecom & ease of doing business

② Improvement in health & education like use of piped water for drinking internet for online education

③ Reduce costs in the economy and increases efficiency Eg. Logistics like roads, railways etc

④ Grassroots development which leads to inclusive growth. Eg Inclusive service through rural electrification.

⑤ Environmentalism → Create sustainable growth. Eg Solar Power plants

However, safety of infrastructure is paramount because:

① Human life has supreme value.

Casualty due to faulty infrastructure is heart wrenching. Eg. Marbi bridge collapse

② Digital Safety → Of digital infrastructure from hacking, phishing etc

③ National Security due to importance of critical infrastructure. Eg Mumbai power grid hacked

④ Future cost increases to rectify safety.

As a result, government should conduct regular checks & audits and use quality materials. This insures quality as well as longevity of infrastructure.

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Q.2) Do you think the low Female Labor Force Participation Rate presents a correct picture about the 'working women' in India's economy? Give reasons in support of your answer.

(10 marks, 150 words)

क्या आपको लगता है कि कम महिला श्रम बल भागीदारी दर भारत की अर्थव्यवस्था में 'कामकाजी महिलाओं' के बारे में सही तस्वीर प्रेषा करती है? अपने उत्तर के समर्थन में कारण दीजिए।

(10 अंक, 150 शब्द)

Female Labor Force Participation Rate (FLFPR) refers to the percentage of women of labour force as working...  
At present it is 20%, while for men it is beyond 60%.

Importance of FLFPR data

- ① Highlights the gender disparities of unemployment
- ② Shows a perpetuation of poverty and patriarchy → Dual burden on women.
- ③ Reflects poor socio-economic indicators like health, education etc  
Eg Anaemia rate of above 40%, Malnutrition etc.
- ④ Shows regional disparity as rural.

FLFPR is higher than urban due to Agriculture.

① Indicator of household work distribution → Women are outworked by 2 times more than men.

However, it's not a true reflection of working women, because:

① Unpaid work is not included.

As per Orfam, if this is monetised, India's GDP could reach \$10 trillion.

② Informal sector labour is not effectively detected due to lack of compliance.

③ Faulty survey design, Eg EAC-PM Report mentioned how these are not able to capture accurate urban data.

Thus, there is a need to adopt innovative methods like changing recall period etc. This will help to gauge the state of inclusive growth in country better.

### Feedback

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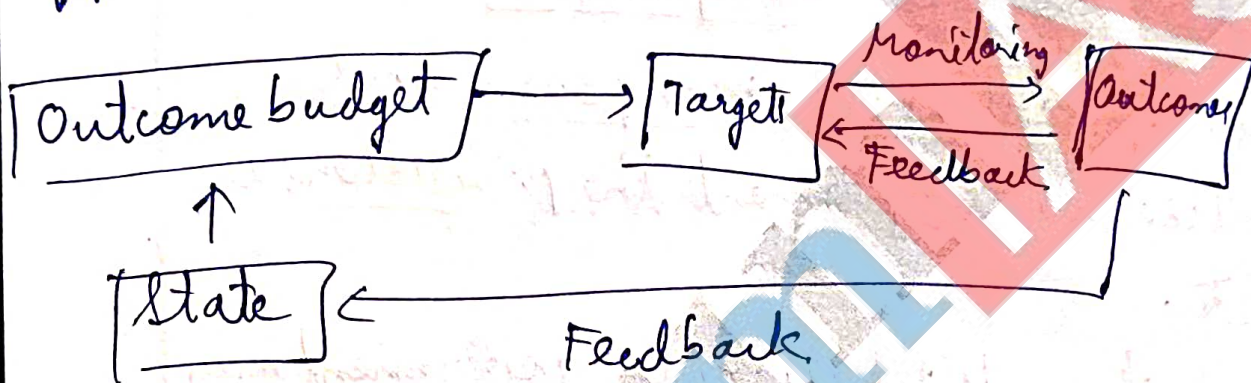
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Q.3) Outcome budget convert mullays into outcomes. Examine various advantages and disadvantages of outcome budgeting and assess its status in the country. (10 marks, 150 words)

परिणाम बजट परिव्ययों को परिणामों में परिवर्तित करता है। परिणाम बजट के विभिन्न लाभों और हानियों का परीक्षण करें और देश में इसकी स्थिति का आकलन करें। (10 अंक, 150 शब्द)

Outcome budgeting refers to use of specific targets ~~to~~ while preparing budgets. This enables the state to effectively monitor the initiatives



## Advantages of Outcome budget

- ① Measurement & Verification of targetted expenditure
- ② Increase transparency & accountability in matters of state finances.
- ③ Evidence based policy making improves its efficiency.

(4) Collaboration & feedback help to prepare customized solution for future budgets

### Disadvantages

- ① Increases overall cost of budgeting as well as cost of compliance.
- ② Lack of technical manpower and expertise to implement the provisions in spirit.
- ③ Hard targets & helicopter government may increase pressure on governance system  
Eg China's state and provincial government
- ④ Accuracy of data & inefficient allocation of funds & lack of feedback will hamper the goals of outcome budgeting.

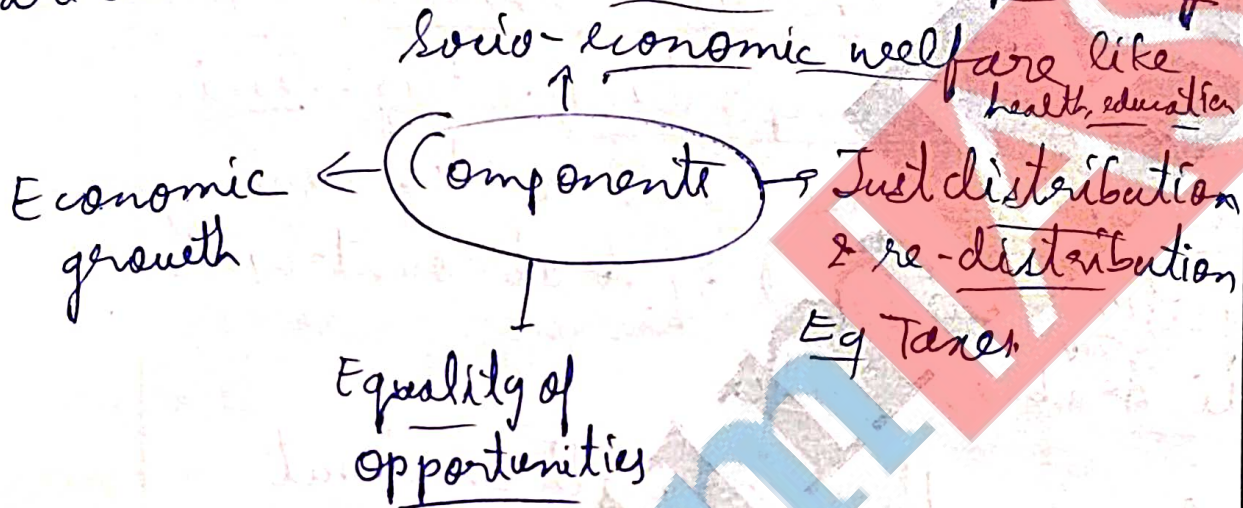
Though Outcome budgeting has been launched from 2005-06 but it is not mandatory. Thus government should bring manpower, fiscal prudence to fully implement the scheme with safeguards.

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Q.4) What do you understand by inclusive growth? Is economic growth sufficient to ensure inclusive growth? (10 marks, 150 words)

समावेशी विकास से आप क्या समझते हैं? क्या आर्थिक संवृद्धि समावेशी विकास सुनिश्चित करने के लिए पर्याप्त है? (10 अंक, 150 शब्द)

Inclusive growth refers to the phenomenon where the fruits of development are distributed to all sections of society.



### Importance of economic growth.

- ① Create additional income and security of livelihood for all.
- ② Enhances capacity of state to do welfare like free education, financial inclusion etc. Eg. Positive correlation between growth & welfare budget since 2014
- ③ Reduces inter regional & gender disparity



④ Enhances capabilities of people leading to dignified life and harnessing the fruits of growth.

However, economic growth alone is not sufficient for inclusive growth.

① Inequality is important → High Gini coefficient signifies some sections are not getting developed. Eg. Arab countries like Saudi Arabia, Qatar

② Jobless growth → Growth without increasing jobs. Eg. India

③ Poor provisioning for public goods like education, health → Prevents equality of opportunity

④ Human happiness is the basis of growth, without it growth is futile. Eg. Positive relation between economic growth & suicide rates (WEF 2022)

Thus, just economic growth is the need of the hour. State should provide for affirmative action, social security etc to boost inclusive growth.

Q.5) Evaluate the Hybrid Annuity Model (HAM) in addressing the challenges of Public Private Partnership (PPP) in the country. (10 marks, 150 words)

देश में सार्वजनिक-निजी भागीदारी (PPP) की चुनौतियों का समाधान करने के लिए हाइब्रिड वार्षिकी मॉडल (HAM) का मूल्यांकन करें। (10 अंक, 150 शब्द)

HAM refers to the investment model which is a mix of Engineering Procurement Construction (EPC) & Build Operate

Transfer (BOT) Model. Eg NHA using it for road construction.

60% of payment to private player in annuities  $\leftarrow$  Procedure  $\rightarrow$  Rest amount dependent on quality of work.

Positives of HAM vis-a-vis Challenges of PPP

① Effective risk management as cost is divided between government & private players.  $\rightarrow$  60:40

② Addresses the strengths of private of sector in engineering design and public sector of compliance. Eg Permissions are given faster.

- ③ Easier provisions make it easier to loan money or issue bonds for projects.
- ④ Enabled timely completion of projects reducing cost overruns.
- ⑤ Toll collection is with government reducing burden on companies.

Thus, even though HAM increases overall efficiency & quality, it has drawbacks:

- ① Red tapism in bureaucracy which persists leading to delays & cost overruns.
- ② Corruption & nepotism can be conducted.
- ③ Burden on government modes is more in financial terms as bonds are issued in its name.
- ④ Newer models like Swiss Challenge are competing with it.
- ⑤ Covid pandemic issues.

Thus, there needs to be a course correction in terms of financing, easier land acquisition and regulations to make HAM more equitable, efficient & sustainable.

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Q.6) Analyse the role of fisheries in nutrition security, livelihood generation, and economic growth. What are the major challenges faced by the fisheries sector? (10 marks, 150 words)

पोषण सुरक्षा, आजीविका सृजन और आर्थिक विकास में मत्स्य पालन की भूमिका का विश्लेषण कीजिए। मत्स्य पालन क्षेत्र के सामने प्रमुख चुनौतियाँ क्या हैं? (10 अंक, 150 शब्द)

The fisheries sector of India comprises of inland & marine fish export, cristacean cultivation, processing and others. In 2022, Fisheries were the 3rd highest export from India.

### Role of fisheries

#### ① Nutritional Security

- ↳ Provides essential protein, fatty acids & minerals to human body
- ↳ Increases strength & immunity of body.
- ↳ Important component of mid day meals

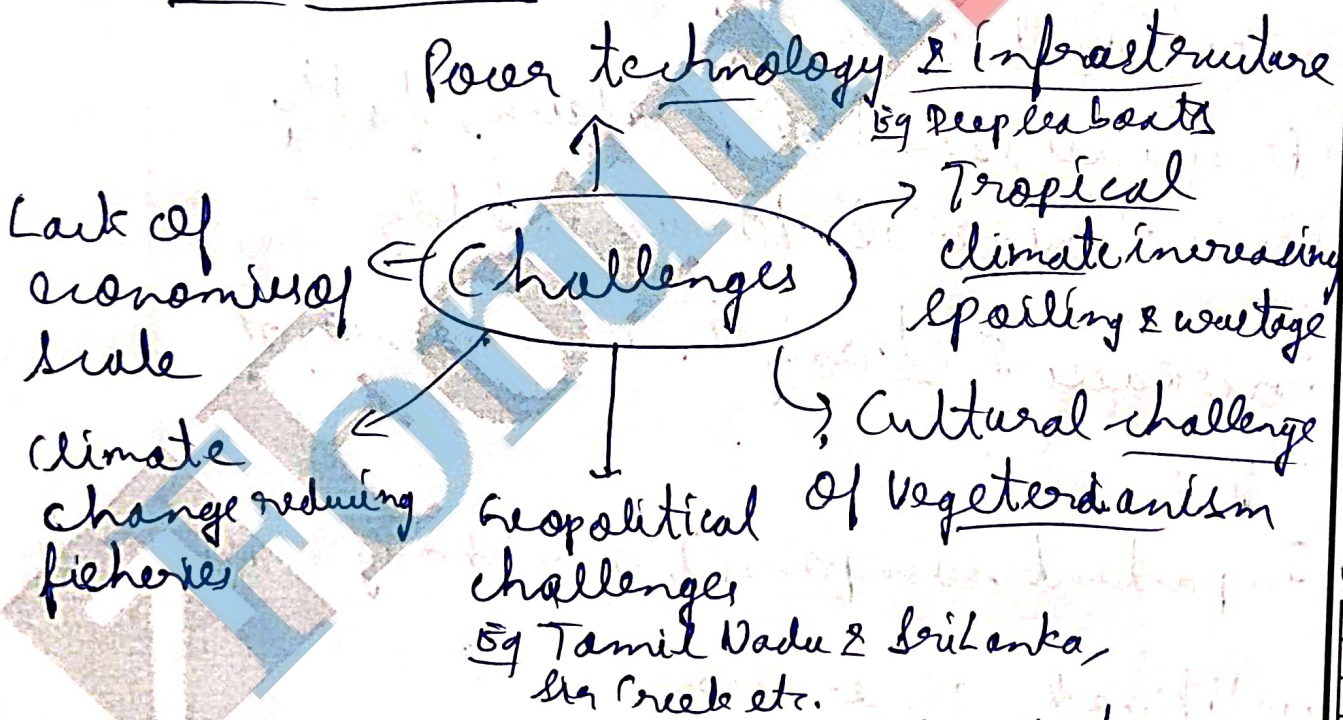
#### ② Livelihood generation

- ↳ Income security to coastal people & fishermen
- ↳ Has huge potential for food processing

210843\_613201\_1910128380\_(2023-08-03 13:12:26) and value addition. eg leafy green cultivation

Can be practised simultaneously with farming. eg Brown farms in rice fields

- ① Economic growth } Development of coastal regions & shipping industry
- } huge potential for exports
- } marginalized community benefitted
- eg Majority of fishermen are a part of SEBC classes



In this line, the government has introduced PM Matsya Sampada Yojana and other blue economy initiatives. This will boost the efficiency of fisheries sector & its sustainability.

**Feedback**  
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Q.7) In what ways can precision agriculture become a panacea for multipronged challenges plaguing the agriculture sector? Discuss. Also, analyse various impediments in widespread adoption of precision farming in India. (10 marks, 150 words)

किस प्रकार परिशुद्ध कृषि कृषि क्षेत्र की बहुआयामी चुनौतियों के लिए रामबाण बन सकती है? चर्चा कीजिए। इसके अलावा, भारत में परिशुद्ध खेती को व्यापक रूप से अपनाने में विभिन्न बाधाओं का विश्लेषण कीजिए। (10 अंक, 150 शब्द)

Precision Agriculture refers to the use of data analytics to increase efficiency of agriculture. Eg. Big data technology, Soil health assessment etc.

It can become a panacea for multipronged challenges plaguing the agriculture sector:

- ① Sustainability of Agriculture
  - ↳ Increase income from Agriculture
  - ↳ Discover ideal amount of input to get optimum output.
- ② Improve decision making through use of precise data
- ③ Reduce soil pollution by managing fertilizer usage

④ Improvement of yields by use of sensors, drones etc. even in fragmented land-holdings

⑤ Improvement of crop quality to reduce damage, management of fertilizers

Challenges against mass adoption

① Capital investment is huge to utilize it at national level.

② Lack of internet penetration (at 2%) which prevent use of advanced technology

③ Infrastructural issue like reliability of grids is poor affecting efficiency

④ Fragmented landholdings ~~do~~ to reduce the economies of scale

⑤ Subsidies discourage adoption

⑥ Lack of awareness about modern methods.

Thus, the government should adopt such methods of precision agriculture to modernize the agriculture sector thoroughly.

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Q.8) Agriculture subsidy regime in its present form fuels economic inefficiency and creates ecological imbalance. In this perspective, examine various issues related to farm subsidies. Also, recommend measures to rationalise the same. (10 marks, 150 words)

कृषि सब्सिडी व्यवस्था अपने वर्तमान स्वरूप में आर्थिक अक्षमता को बढ़ावा देती है और पारिस्थितिक असंतुलन पैदा करती है। इस परिप्रेक्ष्य में कृषि सब्सिडी से संबंधित विभिन्न मुद्दों का परीक्षण कीजिए। साथ ही, इसे युक्तिसंगत बनाने के उपायों की सिफारिश करें। (10 अंक, 150 शब्द)

Agricultural subsidy refers to the transfer payments made by government. Eg. Food subsidy, fertilizer subsidy etc.

**Benefits** → Income & food security.  
→ Increase investment in agriculture  
→ Increase output.

However, in present form it leads to:

(A) Economic inefficiency

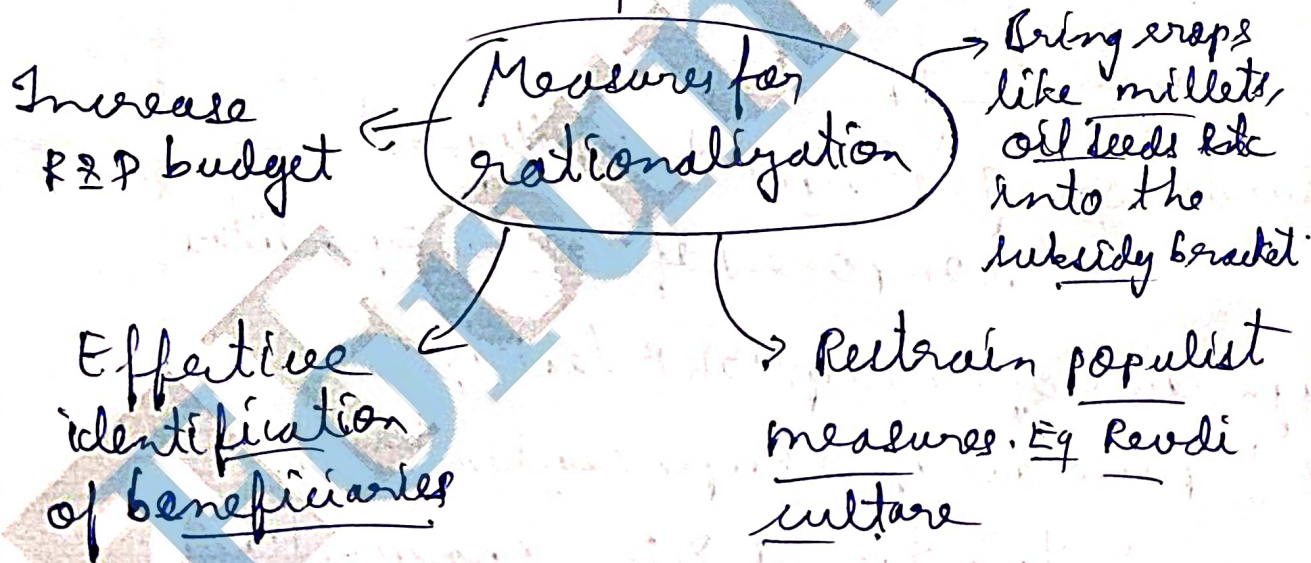
- ↳ Burden on government. Eg. Highest component of revenue expenditure
- ↳ High levels of corruption & leakages  
Eg. 15 paise out of 1 rupee reached beneficiary
- ↳ Less investment in R&D, innovation etc.
- ↳ Reduce resource efficiency Eg. Excessive use of water
- ↳ Reduce crop diversity → Reducing farming income



(15) Ecological imbalance

- Soil pollution & land degradation  
Eg In Punjab due to overuse of urea
- Water pressure increases Eg Rice & sugar cultivation
- Reduce plant diversity & genetic diversity → weakens future plants
- Increase in emissions due to GHG production

Reform MSP calculation & payment



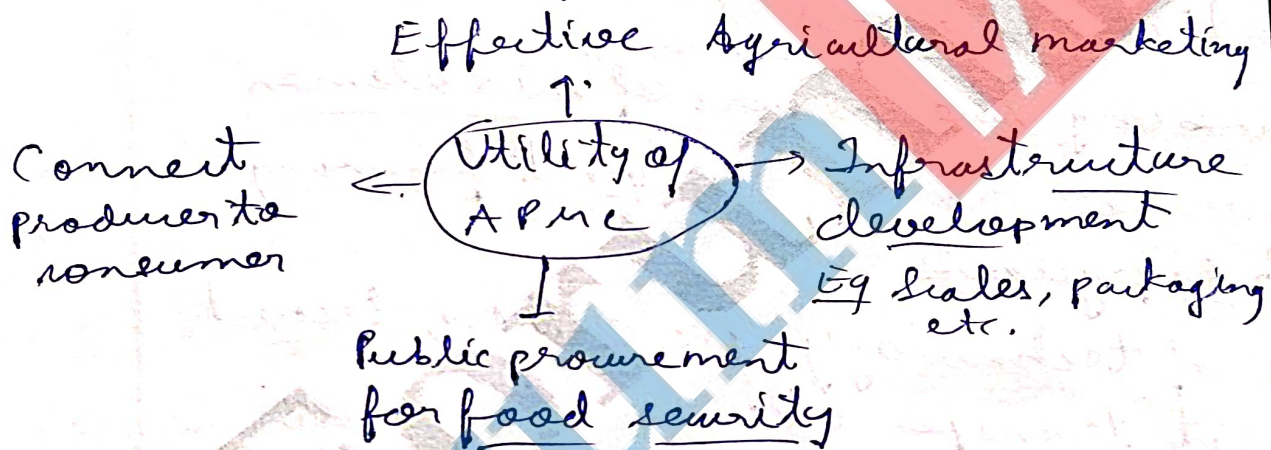
Additionally, recommendations of Swaminathan & Kelkar committee should be implemented to rationalize subsidies and improve agriculture.

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Q.9) Despite their flaws in limiting access to larger market and poor price realization for agricultural produce, APMCs have their utility. Analyse the statement and suggest reforms in agriculture marketing in the country. (10 marks, 150 words)

बड़े बाजार तक पहुंच को सीमित करने और कृषि उपज के लिए कम कीमत की वरतनी में उनकी खामियों के बावजूद, एपीएमसी की अपनी उपयोगिता है। कथन का विश्लेषण करें और देश में कृषि विपणन में सुधारों का सुझाव दें। (10 अंक, 150 शब्द)

APMC or 'State mandis' refer to the marketplaces where agriculture products are sold to the open market. It started through APMC Acts of various states as it is a state subject.



However they have flaws.

(A) Limiting Access to larger market

↳ Legal obligation to sell at APMC

↳ Middlemen taking a majority of profits through hidden charges

## ⑮ Poor price realization.

- Role of middle men to undercut farmers
- Lack of technology implementation like e-NAM to connect farmers to buyers
- withdrawal of farm bills due to protests → Reforms in APMC delayed

## Potential reforms

- ① Curbing the powers of middlemen
- ② Increase role of contract farming with safeguards
- ③ Use of technology like e-NAM, Direct Benefit transfer etc.
- ④ Improvement of APMC infrastructure like internet, logistics etc

Thus, a multi pronged approach with political maturity is needed to improve the APMC system leading to multiplier effects in the agriculture sector.

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 Q.10) Cropping pattern in the country does not fit with the agro-climatic reality, leading to unintended and undesirable consequences. Comment. (10 marks, 150 words)

देश में फसल पैटर्न कृषि-जलवायु वास्तविकता से मेल नहीं खाता है, जिसके कारण अनपेक्षित और अवांछनीय परिणाम होते हैं। टिप्पणी करें। (10 अंक, 150 शब्द)

Cropping pattern refer to the variety of crops grown in a land in a farming season. However, if it does not conform with agro-climatic reality, it can lead to adverse impacts:

① Decline in agricultural productivity

Eg. growing tea in Odisha

② Soil pollution & degradation of land

Eg Punjab & rice cultivation

③ Water tables falling drastically

Eg sugarcane cropping in Maharashtra

④ Fall in agricultural income due to increase in cost of agriculture

Eg. Input cost in Haryana.

⑤ Nutritional & food security is affected

Eg Lack of millets & oil crops

## Way Forward

### ① Sustainable Agriculture

- ↳ Ecological agriculture → use of mechanization, newer technology etc
- ↳ Pollution free agriculture → Alternate fertilizers, Zero Budget Natural Farming etc

### ② Deploy modern practices

- ↳ Data Analytics to measure soil health in relation to crop productivity
- ↳ sowing practices of mulching, zero tillage, crop rotation etc

### ③ Rationalize subsidies to promote right cropping pattern . Eg. Increased coverage to millets, organic fertilizers etc

### ④ Public Awareness Eg. International year of millets, local crop variety etc

Thus, such multi-dimensional steps will help India to attain the goals of modernizing Agriculture with climatic resilience.

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Q.11) Labour and export intensive industries are key to problems of jobless growth. In this perspective, analyse the opportunities and challenges associated with the textile sector.

(15 marks, 250 words)

श्रम और निर्यात गहन उद्योग रोजगारहीन विकास की समस्याओं की कुंजी हैं। इस परिप्रेक्ष्य में, कपड़ा क्षेत्र से जुड़े अवसरों और चुनौतियों का विश्लेषण कीजिए।

(15 अंक, 250 शब्द)

Job less growth refers to the economic growth which happens despite without corresponding growth in number of jobs.

Problems → Stagnation of growth  
↳ Lack of jobs reducing income  
↳ Higher inequality & Gini coefficient

Thus, in this context labour & export industries like the textile sector can solve issues of Jobless growth.

(A) Labour intensive nature

↳ Higher employment rates  
↳ More jobs leads to increase income to people → Inclusive growth  
↳ Beneficial to women → Reduces gender disparity. Eg Bangladesh.

## ⑮ Export Intensive nature

↳ Higher value addition to fabric leading to higher quality and exports.

↳ Export led growth leads to economies of scale leading to more jobs & higher foreign exchange

↳ Diversification of supply chains  
Eg China + 4 strategy

In addition to being a sunrise sector, Textile is in the top 3 employers of the country. However, ~~it~~ it faces challenges

### ① Factory level → Informalization

↳ Excessive focus on raw material export → Not enough on fabric formation

↳ Low quality of produce due to lack of new technology by Mechanical mills

② National level → Higher compliance  
cost cutting down profits  
↳ Informalization leads to lack of access  
to formal capital. Eg Textile MSMEs  
↳ Import dependence like high quality  
cotton

③ International level → High competition  
from countries like Bangladesh &  
Vietnam  
↳ Environmental issues like excess use  
of water. Eg Jute is the most rice  
intensive crop in east India

Thus, to improve the textile sector,  
the state has started schemes like PM-  
METRA (Mega textile parks), National  
Technical Textile Mission etc. This  
will help the Indian economy to  
harness the potential & mitigate the  
jobless growth.

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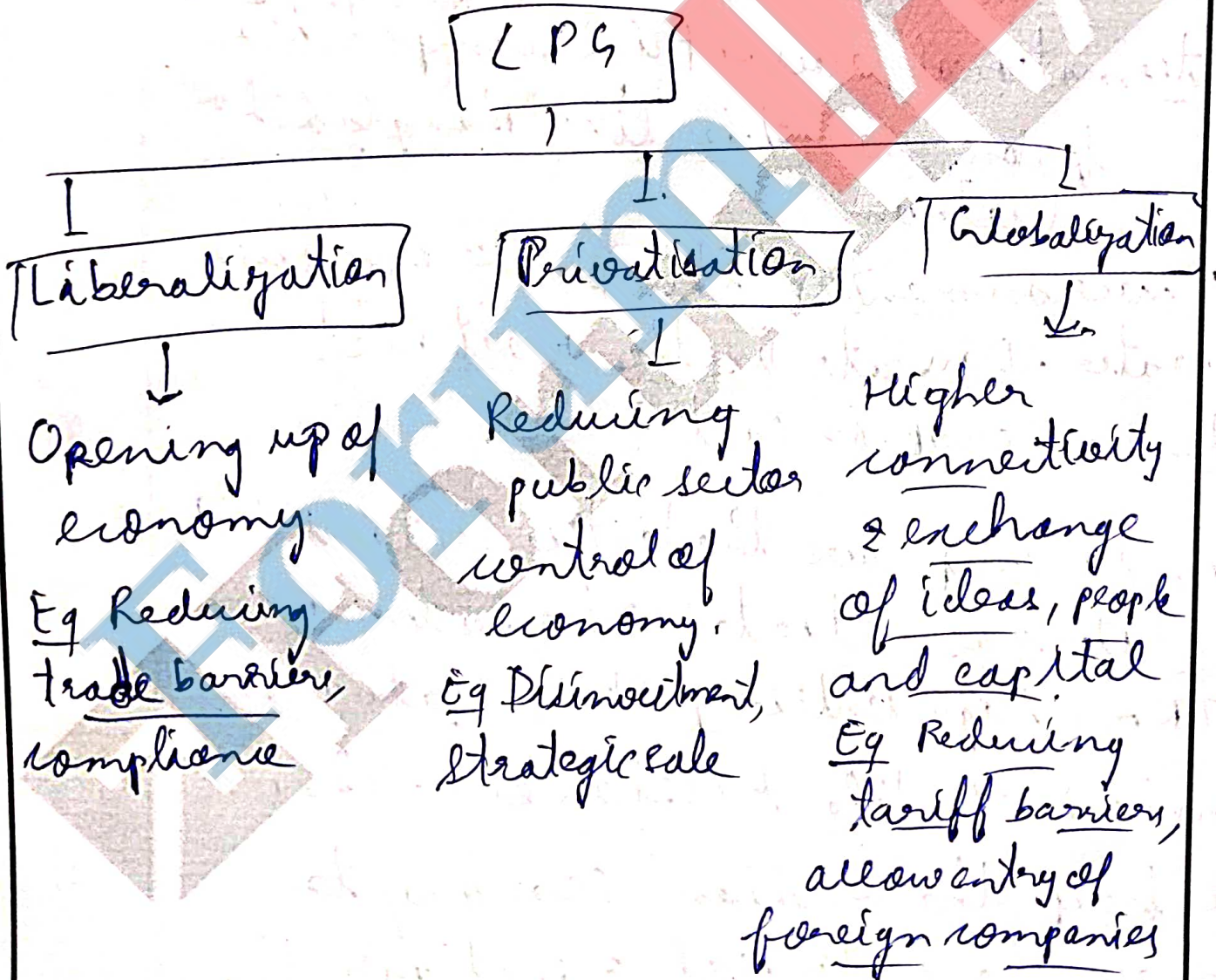


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Q.12) What do you understand from Liberalisation, Privatisation and Globalisation (LPG)? Examine the effects of LPG reforms on different sectors of Indian economy. (15 marks, 250 words)

उदारीकरण, निजीकरण और वैश्वीकरण (LPG) से आप क्या समझते हैं? भारतीय अर्थव्यवस्था के विभिन्न क्षेत्रों पर LPG सुधारों के प्रभावों का परीक्षण कीजिए। (15 अंक, 250 शब्द)

LPG reforms of 1991 were the one of the watershed moment of Indian economy which occurred due to Balance of Payments crisis of 1991.



The LPG reforms have had a

profound impact on various sectors of economy:

Sector	Positives	Negatives
Agriculture	<ul style="list-style-type: none"> <li>• Higher <u>income</u></li> <li>• Commercialization of <u>agriculture</u></li> <li>• <u>Modernization</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Inequality</u></li> <li>• Increase with <u>soil</u></li> <li>• <u>Environmental degradation</u></li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>• New <u>industries</u> set up,</li> <li>• Higher number of <u>private players</u></li> <li>• <u>Technology Transfer</u></li> <li>• <u>More jobs</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Increased competition</u></li> <li>• <u>Closure of many MSMEs</u></li> <li>• Reducing of <u>oversight</u> led to <u>worker exploitation</u></li> </ul>
Service Sector	<ul style="list-style-type: none"> <li>• <del>Not</del> Increase in <u>FDI</u></li> <li>• Kicked started <u>IT revolution</u></li> <li>• <u>Contributes 50% of GDP</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Jobless growth</u></li> <li>• <u>Access of people reduced</u></li> <li>• <u>Propagation of English, ignoring regional language</u></li> </ul>

Quaternary/  
Quinary  
Sector

- Creation of knowledge economy
- Digitalization
- Developing India rental policy

- Most control will with the west
- Minicule jobs created

However, overall the LPA reforms have been a huge positive (Eq. 7-8, Growth rates, reduction of poverty (IMF report)). But steps are needed to make this development inclusive and equitable for all.

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Q.13) In the financial year 2021-22, Indian merchandise exports have crossed the 400 billion USD mark. Identify the reasons for this spectacular performance of Indian exports and suggest reforms to further boost the exports.

(15 marks, 250 words)

वित्तीय वर्ष 2021-22 में, भारतीय व्यापारिक निर्यात 400 बिलियन अमरीकी डालर के आंकड़े को पार कर गया है। भारतीय निर्यात के इस शानदार प्रदर्शन के कारणों की पहचान करें और निर्यात को और बढ़ावा देने के लिए सुधारों का सुझाव दें।

(15 अंक, 250 शब्द)

With the \$400 billion USD target achieved, India is set to achieve its larger goal of \$1 trillion exports per year by 2025.

This marked rise of merchandise sector is due to multiple reasons.

### ① Firm level

- ↳ Higher FDI into the industries (\$80 billion plus)
- ↳ Formalization leading to formal finance.
- ↳ Increasing efficiency of MSMEs

### ② Government level

- ↳ New export promotion schemes like One district, One product, extending ECLGS scheme for export clearance

↳ Use of RODTEP for making tariffs efficient

↳ Reducing compliance needs like faceless assessment, reduction of corporate tax etc.

↳ Tax & non tax incentives like DESI Bill, Tan Vishwas Bill, PLI schemes.

↳ Rising process in sunrise sectors like solar panels, AI, ML etc.

### ③ International state of affairs

↳ Geopolitical challenges like Russia-Ukraine War, Covid crisis Eg. Petroleum refined products, import of markets etc.

↳ Rise of increased number of Free Trade Agreements. Eg. WTA, Australia

However challenges like bureaucratic red tapism, excessive compliance for MSMEs, exchange rate volatility

continue to affect the export sectors

Reform measures to improve exports include ;

- ① Minimum government & maximum governance → Rationalize compliance
  - ↳ Reduce public sector involvement in economic activities
  - Eg Disinvestment of Air India
- ② Bring down logistics cost to 7-8% of GDP from existing 13-14%.  
Eg National logistics policy
- ③ Technological development. Eg NRF bill, increase R&D budget, industry academia linkage.
- ④ Improving the facilities of SEZs  
Eg DESA Bill

Thus, India needs to focus on export led ~~and~~ labour intensive growth to fully develop into a developed country within 2047.

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Q.14) Examine the advantages of adopting new computation methodology for calculation of Gross Domestic Product (GDP) in 2015. Also, discuss the limitations of using GDP as a measure of development of a country. (15 marks, 250 words)

2015 में सकल घरेलू उत्पाद (GDP) की गणना के लिए नई गणना पद्धति को अपनाने के लाभों की जांच करें। साथ ही, किसी देश के विकास के उपाय के रूप में GDP का उपयोग करने की सीमाओं पर चर्चा करें। (15 अंक, 250 शब्द)

GDP refer to the value of final goods and services produced in the country for a given year. Eg \$3.79 trillion GDP today

New computation methodology post

2015:

- ① Change of base year to 2011-12
- ② Data from MCA-21 started to be used
- ③ Use of Gross Value Added (GVA) methods
- ④ Use of market price calculations

Advantages vis-a-vis new methods

- ① Allows for better data collection across all sectors. Eg Use of GVA.
- ② Allows for comparative analysis in an efficient way.

② Remove the effects of the 2008 crisis (Black Swan event) on the continuity of data

④ Efficient computation of Agriculture and manufacturing data

⑤ Easier international comparison due to closer alignment to UN System of National Accounts

⑥ Better capture of industrial data through the MCA21 database.

Limitations of using GDP

① Unidimensional → Captures only economic growth and not human development. Eg Sri Lanka versus Brunei

② Inequality is not captured in the data. Even GDP per capita is an incomplete look. Eg High Gini coefficient of Qatar, UAE etc



- ③ Externalities like loss of vegetation, natural resources like, pollution is not taken into account.
- ④ Human development & socio-economic indicators like education, health, poverty levels are missing.
- ⑤ Informal economy, black economy are also not under formal GDP calculations. Eg Black economy of India is estimated 20% of India's GDP.
- As a result, India has also adopted NITI Aayog's SDG & Multi dimensional poverty Index. This enables to get further insights from the GDP data and chart the course of sustainable development.

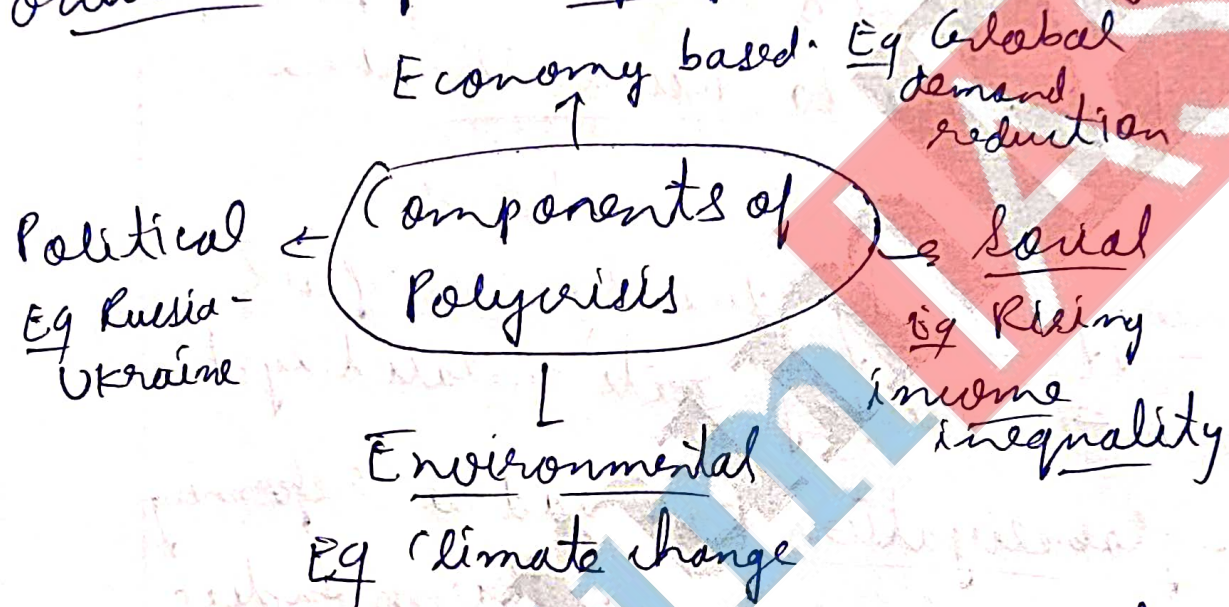
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Q.15) In an era of interconnected challenges, the emerging global polycrisis poses significant implications for India's macroeconomic stability. Examine and suggest measures to make the Indian economy more resilient to global shocks and challenges. (15 marks, 250 words)

परस्पर जुड़ी चुनौतियों के युग में, उभरता हुआ वैश्विक बहुसंकट भारत की व्यापक आर्थिक स्थिरता के लिए महत्वपूर्ण प्रभाव डालता है। भारतीय अर्थव्यवस्था को वैश्विक संकटों और चुनौतियों के प्रति अधिक लचीला बनाने के लिए उपायों का परीक्षण कीजिए और सुझाव दीजिए। (15 अंक, 250 शब्द)

Polycrisis refers to the simultaneous occurrence of many types of challenges



The global polycrisis poses significant implications on India's macro-economic stability!

- ① Rise of inflation → which affects the cost of products, reducing demand, eroding savings
- ② Fiscal imbalance which lead to

flight of capital from India and hawkish monetary & fiscal policy harming private firms.

③ Food security due to subsidies of Black Sea grain deal, loss of fertilizers imports etc, due to Russia Ukraine war

④ Energy security due to rise of all prices, ₹ exchange rate volatility etc

⑤ De-globalization can lead to reforming of global supply chains → Harm India's 'Atmanirbharata' (Self sufficiency) dreams.

Thus, in order to make Indian trade more resilient, following steps can be taken:

① Following a counter cyclical fiscal policy to provide for buffer stocks.

② Almoninbhar Bharat so that internal demand can drive the GDP growth  
Eg Not overly dependent on exports like China

③ Technological ~~the~~ innovation like R&D budgets should be increased

④ Diversifying trade and focus on value addition with a focus on sun rise sectors.

⑤ Development of deep bond & capital markets to face market shocks & external exposure.

⑥ Regionalization so that combined efforts can be employed. Eg B2MSTEC, 2202 etc

⑦ Adopting modern manufacturing to capitalize on friendshoring and initiatives  
Eg. China + 1 strategy.

Thus, India needs to be a resilient economy to counter the high tides of polycrisis and provide economic security to its citizens.

### Feedback

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Q.16) What are the reasons for increasing emphasis on the horticulture sector in recent years? Evaluate government measures for the development of the horticulture sector. (15 marks, 250 words)

हाल के वर्षों में बागवानी क्षेत्र पर अधिक जोर देने के क्या कारण हैं? बागवानी क्षेत्र के विकास के लिए सरकारी उपायों का मूल्यांकन कीजिए। (15 अंक, 250 शब्द)

Horticulture sector refers to the cultivation of fruits, vegetables etc. At present it involves around 3.5 million people and contributes  $\frac{1}{3}$ rd of Agriculture produce.

Reasons for increasing emphasis on horticulture sector:

- ① Value added products → Help to get additional income to farmers.
- ② Foster jobs & entrepreneurship in farmers and rural areas.
- ③ Developing forward & backward linkages in agricultural supply chains reducing inefficiency and increasing resilience.

- ④ Agriculture exports → A major part of \$100 billion farm exports will come from the horticulture sector
- ⑤ Crop diversification & improvement of nutritional security of people  
Eg Millet based products
- ⑥ Increase overall productivity of farms and provide choice to consumers

Government initiatives

- ① National Horticultural Mission to develop horticulture farms all over the nation.
- ② NMEO-OP → For cultivation of palm oil & increase self sufficiency
- ③ Lavender revolution to increase production of saffron in Kashmir and the north east.

- ④ Operation Greens to increase the availability of Vegetables.
- ⑤ PM Kisan sampada Yojana to develop food processing industry and channelise horticulture raw material
- ⑥ Mega food parks, VDAU schemes etc to boost exports.

However issues of fragmented land holdings, lack of warehouses (like cold storage), poor logistics and other continue to affect the Horticulture ecosystem. Thus, a multi dimensional support and effort is needed to augment existing capacities. Eg e-NAM, Computerisation of PACSetc.

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Q.17) Despite the potential to check the triple whammy of nutritional deficiency, environmental degradation, and receding farm incomes, the adoption of Millets has been abysmally low. Analyse. (15 marks, 250 words)

पोषण की कमी, पर्यावरणीय गिरावट और घटती कृषि आय की तिहरी मार को रोकने की क्षमता के बावजूद, मोटे अनाज की स्वीकृति बेहद कम रही है। विश्लेषण कीजिए। (15 अंक, 250 शब्द)

Millets refer to small seed crops like Ragi, Sorghum, Bajra etc. It is referred as the Sei Anna due to its potential to check the triple whammy.

## ① Nutritional deficiency

- ↳ They provide essential micro & macronutrients to the body. Eg Iron, Calcium.
- ↳ Counter the hidden hunger especially of children → Reduce malnutrition
- ↳ Enable to check non communicable diseases like obesity Eg Use of daliya (cooked ragi) for weightloss.

## ② Environmental degradation

- ↳ Important for crop rotation & increase nutrient recycling of soil



↳ Augments soil fertility and provide for growth of beneficial microbes

↳ Use less amount of water preserving water table

③ Receding farm, incomes

↳ Hardy crop requiring minimal care & labour

↳ Reducing need of fertilizers & water

↳ Can be used in fodder production

↳ Higher potential for value addition and exports. By Millet 'Khichidi' package, etc.

However, millet adoption has been abysmally low due to:

① Lower prices in domestic market reducing production

② Social preferences of people - Millets are looked as inferior grains

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In comparison to rice & wheats.

- ① Lack of awareness of farmers about the potential of millet,
  - ② Lack of post harvest infrastructure for effective value addition
  - ③ subsidy systems incentivizes rice & wheat production
  - ④ substitution of nutrients by vegetables, pulses and fruits which are relatively better tasting than millet.
  - ⑤ subletence farming of millet across Rajasthan, Madhya Pradesh & Gujarat
- As, 2023 is being celebrated as International Year of Millets, government should include millet in subsidy regime, technology development etc. to make Millet a global good for people.

### Feedback

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Q.18) Reforms in Public distribution system (PDS) and Food Corporation of India (FCI) are two sides of the same coin. Discuss the statement along with suitable reforms in PDS and FCI. (15 marks, 250 words)

सार्वजनिक वितरण प्रणाली (PDS) और भारतीय खाद्य निगम (FCI) में सुधार एक ही सिक्के के दो पहलू हैं। PDS और FCI में उपयुक्त सुधारों के साथ इस कथन पर चर्चा करें। (15 अंक, 250 शब्द)

PDS refers to the distribution of food grains ~~other~~ and other essential items by the state for poor. FCI (established through FCI Act, 1961) is the apex body responsible for FCI.

Reforms in PDS & FCI as 2 sides of the same coin:

① Reforming of subsidies to include diverse crops apart from rice & wheat.

② Identification of beneficiaries which led to efficient distribution

③ Black marketing includes leakages from larger PDS & even from FCI godowns.

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④ Storage of food grains is a complex issue involving both of these entities.

⑤ Quality of food grains is a common concern

But certain differences exist

① FCZ is ~~not~~ under the central government while PDS is the responsibility of state governments

② FCZ suffers mostly from personnel & infrastructure shortage issue and.

PDS suffers from low level corruption and quality of infrastructure.

### Reforms needed

① Efficient ~~private~~ Price support schemes (PSS) to prevent farmer exploitation & better price discovery.

- ② Cutting down black marketing & role of middlemen in Agriculture
- ③ Use of technology like e-NAM mechanism, Geotagging of PDS trucks, DBT transfer etc.
- ④ Reforming the MSP & subsidy regime as recommended by Shanta Kumar Committee & MS Swaminathan Committee.
- ⑤ Nutrition security through crop diversification and newer crops in MSP regime.
- Thus, there is an urgent need to reform the PDS & FCI institutions to get sustainability, financial prudence and food security for the population.

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**Q.19) Discuss the rationale behind declaring Minimum Support Price (MSP) and various issues related to MSP regime in the country. Do you think that providing legal backing to MSP is necessary and sufficient for making farming financially sustainable? (15 marks, 250 words)**

न्यूनतम समर्थन मूल्य (MSP) घोषित करने के पीछे तर्क और देश में MSP शासन से संबंधित विभिन्न मुद्दों पर चर्चा करें। क्या आपको लगता है कि खेती को आर्थिक रूप से टिकाऊ बनाने के लिए न्यूनतम समर्थन मूल्य को कानूनी समर्थन देना आवश्यक और पर्याप्त है? (15 अंक, 250 शब्द)

MSP refers to the price at which government procures certain crops ~~from~~ <sup>from</sup> farmers for public stockholding & PPS. It is decided by the Commission on Agricultural Costs & Prices (CACP)

## Rationale for PPS

- ① Provide income security to farmers and sustainability of farming
- ② Fulfill the needs of food security for deprived population
- ③ Price support scheme to counter volatility Agricultural prices at markets
- ④ Fulfill government mandates of NFSA Act, 2013; PM-POSTAN; Mid-

day meal etc

⑤ Prevent inflation and maintain buffer stocks for emergency.

Issues related to MSP regime:

① Fiscal Burden. Eg Food subsidy is the 2<sup>nd</sup> biggest cause of expenditure on budget

② Crop diversity is adversely affected  
eg Dominance of rice & wheat.

③ Excessive procurement leading to glutting of at market & wetting of produce (~ 40% of foodgrains)

④ Environmental issues of water table depletion (sugarcane), soil (rice) etc. povention.

⑤ Hampers nutritional security of people including hidden hunger.

⑥ Increases import dependence & declines export competitiveness. Eg. Pulses, oilseeds etc

Legal backing of MSP refers to the statutory backing to farm procurement at MSP prices

Role in sustainability of farming | Issues

Benefit

- ① Guaranteed income to farmers
- ② Cut down the role of middlemen
- ③ Can lead to crop diversification
- ④ Reduce inter-regional disparity

- ① Financial burden will increase manifold
- ② Hampers quality & competition
- ③ Form of freebie to gain political mileage
- ④ Hampers financial viability of agriculture

Thus, the legal backing of MSP is a penny wise, pound foolish strategy. Instead systematic reforms on price support, entry of private players, rationalizing subsidy will make farming sustainable as well as competitive.

**Feedback**  
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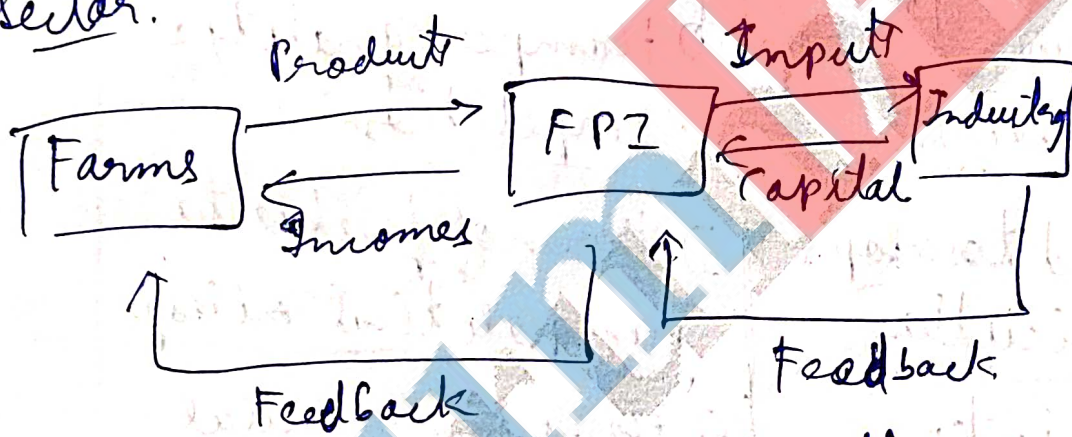
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210843 Q20) A link between unorganized farming community and formal industrial sector, FPI can play a key role in advancing the rural economy. Evaluate. (15 marks, 250 words)

असंगठित कृषक समुदाय और औपचारिक औद्योगिक क्षेत्र के बीच एक कड़ी, एफपीआई ग्रामीण अर्थव्यवस्था को आगे बढ़ाने में महत्वपूर्ण भूमिका निभा सकती है। मूल्यांकन कीजिए। (15 अंक, 250 शब्द)

FPI refers to those industries which use agricultural outputs as raw materials for value added products. At present it contributes 9-10% to Agricultural sector.



Thus by acting as a link, they can play a key role in advancing.

the rural economy by:

(1) Increase of farmer income by better price discovery and value addition.

(2) Foster jobs creation and entrepre- neurship in rural India enabling

rural economic development

③ Development of allied sectors like animal husbandry, horticulture, apiculture.

④ Infrastructural development in rural areas in terms of factories, logistics, roads, cold storage etc

⑤ Reduce gender disparity due to participation of women. Eg women dairy farmers at AMUL.

However, the role of FPI is limited because:

① Farm level issues

- ↳ Fragmented land holdings
  - ↳ Subsistence farming
  - ↳ Over-dependence on cereals & wheat
  - ↳ Exploitative role of middlemen.
- ↳ Lower produce  
↳ Lack of economy of scale

## ② Firm level issues

↳ Informal sector

↳ Lack of formal capital

↳ Indebtedness

↳ Lack of advanced technology

↳ Lack economies of scale

Eg Use of hands to extract cow milk

↳ Logistical bottlenecks like lack of roads, warehouses etc

## ③ Policy level issues

↳ Poor forward and backward linkages

↳ Lack of efficient Agricultural marketing

↳ International competition. Eg Swiss cheese, Mediterranean jelly etc

In this regards steps like Pr. Kisan

Kampada Yojana, PSL loans, ICAR

R&D projects, financial incentives are taken

This can create a vibrant FPZ sector and rural development as envisaged by

National Food Processing Policies.