

(Please do not write anything except the question number in this space)
कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

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Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.
(Specimen Answer Booklet - For Practice Purpose Only)

उम्मीदवारों को इस हार्शिए में नहीं लिखना चाहिए
Candidates must not write on this margin

Cohort 22 - MBP - Test 5 (Economics)

Name - Aditya Talwar

Date - 30/8/2025

Time - 5:10 p.m. to 8:22 p.m.

Roll No. - 1910169445

Instructions: All questions are compulsory. The number of marks carried by a question/part is indicated against it. Quality of the answer is more important than the length of the answer.

निर्देश : सभी प्रश्न अनिवार्य हैं। प्रत्येक प्रश्न द्वारा धारित अंकों को उसके सामने इंगित किया गया है। उत्तर की गुणवत्ता उत्तर की लंबाई की तुलना में अधिक महत्वपूर्ण है।

Q.1) "Inclusive growth is both a process and an outcome, ensuring that everyone has access to the benefits of economic growth." Discuss in Indian context. (10 Marks, 150 Words)

"समावेशी संवृद्धि एक प्रक्रिया और परिणाम दोनों है, जो यह सुनिश्चित करता है कि आर्थिक संवृद्धि के लाभों तक सभी की पहुँच हो।" भारतीय संदर्भ में चर्चा कीजिए। (10 अंक, 150 शब्द)

Q.2) Green budgeting integrates environmental considerations into the fiscal framework, ensuring that government budgets contribute to sustainable development. Elucidate. (10 Marks, 150 Words)

ग्रीन बजटिंग पर्यावरणीय मान्यताओं को राजकोषीय ढांचे में एकीकृत करती है, जिससे यह सुनिश्चित होता है कि सरकारी बजट धारणीय विकास में योगदान दे सके। स्पष्ट कीजिए। (10 अंक, 150 शब्द)

Q.3) Discuss the various challenges faced by Indian Railways. To what extent, in your opinion, can privatization help in addressing these challenges? (10 Marks, 150 Words)

भारतीय रेलवे के सामने आने वाली विभिन्न चुनौतियों पर चर्चा कीजिए। आपकी राय में, निजीकरण इन चुनौतियों से निपटने में किस हद तक मदद कर सकता है? (10 अंक, 150 शब्द)

Q.4) What is the significance of Industrial Corridors in India? Identifying industrial corridors, explain their main characteristics. (10 Marks, 150 words)

भारत में औद्योगिक गलियारों का क्या महत्व है? औद्योगिक गलियारों की पहचान करते हुए उनकी मुख्य विशेषताओं की व्याख्या कीजिए। (10 अंक, 150 शब्द)

Q.5) Though a critical component of India's growth engine, MSMEs grapple with multitude of challenges. Discuss. Also, suggest measures to support the growth of the MSME sector. (10 Marks, 150 Words)

हालांकि MSMEs भारत के विकास इंजन का एक महत्वपूर्ण घटक है, लेकिन MSMEs कई चुनौतियों से जूझ रहे हैं। चर्चा कीजिए। साथ ही, MSME क्षेत्र की वृद्धि हेतु उपाय सुझाएँ। (10 अंक, 150 शब्द)

Q.6) A robust and thriving food processing sector can address multiple issues plaguing Indian agriculture. Elucidate. (10 Marks, 150 Words)

एक सशक्त और संपन्न खाद्य प्रसंस्करण क्षेत्र भारतीय कृषि को प्रभावित करने वाली कई समस्याओं का समाधान कर सकता है। स्पष्ट कीजिए। (10 अंक, 150 शब्द)

Q.7) Discuss how nuclear technology can be leveraged in enhancing food security and agricultural sustainability. (10 Marks, 150 Words)

चर्चा कीजिए कि खाद्य सुरक्षा और कृषि स्थिरता को बढ़ाने में परमाणु प्रौद्योगिकी का किस प्रकार लाभ उठाया जा सकता है। (10 अंक, 150 शब्द)

Q.8) “India's heavy reliance on imported edible oils, stemming from multiple factors, calls for a comprehensive approach to boost domestic production and reduce this dependency.” Elaborate. (10 Marks, 150 Words)

“भारत की आयातित खाद्य तेलों पर भारी निर्भरता, जो कई कारकों से उत्पन्न होती है, घरेलू उत्पादन को बढ़ावा देने और इस निर्भरता को कम करने के लिए एक व्यापक दृष्टिकोण की मांग करती है।” विस्तार से बताइए। (10 अंक, 150 शब्द)

Q.9) What are the reasons for the huge growth of services vis-a-vis industry in the country? Explain the significance of a strong industrial base for self-reliant India ('Atmanirbhar Bharat')? (10 Marks, 150 Words)

देश में उद्योग की तुलना में सेवाओं की भारी संवृद्धि के क्या कारण हैं? 'आत्मनिर्भर भारत' के लिए एक मजबूत औद्योगिक आधार का महत्व बताएं? (10 अंक, 150 शब्द)

Q.10) Fintech's transformative capacity in fostering financial inclusion is evident but unlocking its full potential demands addressing key challenges. Discuss. (10 Marks, 150 Words)

वित्तीय समावेशन को बढ़ावा देने में फिनटेक की परिवर्तनकारी क्षमता स्पष्ट है, लेकिन इसकी पूर्ण क्षमता के दोहन हेतु प्रमुख चुनौतियों का निवारण किया जाना आवश्यक है। चर्चा कीजिए। (10 अंक, 150 शब्द)

Q.11) Despite being a progressive tax, only a small fraction of the adult population files income tax returns, and an even smaller segment pays taxes. Explore the factors that contribute to low tax compliance in India. Additionally, discuss ways to improve direct tax collection in the country. (15 marks, 250 words)

प्रगतिशील कर होने के बावजूद, वयस्क आबादी का केवल एक छोटा सा हिस्सा आयकर रिटर्न दाखिल करता है और एक छोटा वर्ग ही करों का भुगतान करता है। उन कारकों का अन्वेषण कीजिए जो भारत में कम कर अनुपालन में योगदान करते हैं। इसके अतिरिक्त, देश में प्रत्यक्ष कर संग्रह में सुधार के तरीकों पर चर्चा कीजिए। (15 अंक, 250 शब्द)

Q.12) The HAM model, amalgamating attributes of EPC and BOT, emerges as a pragmatic approach for advancing infrastructure development in the country. Explain. (15 Marks, 250 words)

HAM मॉडल, EPC और BOT की विशेषताओं को मिलाकर, देश में बुनियादी ढांचे के विकास को आगे बढ़ाने के लिए एक व्यावहारिक दृष्टिकोण के रूप में उभरा है। व्याख्या कीजिए। (15 अंक, 250 शब्द)

Q.13) The economic reforms of 1991 marked a significant leap forward for India's economy, ushering in a new era of liberalization, privatization, and globalization; however, as India marches towards 'Viksit Bharat' (developed India), the need is felt for 'Reforms 2.0'. Comment. (15 Marks, 250 Words)

1991 के आर्थिक सुधारों ने उदारीकरण, निजीकरण और वैश्वीकरण के एक नए युग की शुरुआत करते हुए भारत की अर्थव्यवस्था के लिए एक महत्वपूर्ण छलांग लगाई; हालाँकि, जैसे-जैसे भारत 'विकसित भारत' की ओर बढ़ रहा है, 'सुधार 2.0' की आवश्यकता महसूस की जा रही है। टिप्पणी कीजिए। (15 अंक, 250 शब्द)

Q.14) Explain the significance of agricultural marketing in the country. Outlining the key challenges it faces, suggest reforms to address them. (15 Marks, 250 Words)

देश में कृषि विपणन के महत्व को समझाइए। इसके सामने आने वाली प्रमुख चुनौतियों को रेखांकित करते हुए, उनके समाधान के लिए सुधार सुझाइए। (15 अंक, 250 शब्द)

Q.15) India's ambitions for self-reliance in defence sector are commendable, yet the pace of technological indigenization has been sluggish. In light of the statement, discuss the key challenges faced by the country in indigenizing the defence sector. Also, mention the initiatives taken by the government in this regard. (15 Marks, 250 Words)

रक्षा क्षेत्र में आत्मनिर्भरता के लिए भारत की महत्वाकांक्षाएँ सराहनीय हैं, फिर भी तकनीकी स्वदेशीकरण की गति धीमी रही है। कथन के आलोक में, रक्षा क्षेत्र के स्वदेशीकरण में देश के सामने आने वाली प्रमुख चुनौतियों पर चर्चा कीजिए। साथ ही, इस संबंध में सरकार द्वारा की गई पहलों का भी उल्लेख कीजिए। (15 अंक, 250 शब्द)

Q.16) Effective multimodal transport is key to improving logistics efficiency, reducing transportation costs, and minimizing environmental impacts through decreased congestion and pollution. Elaborate. Also, suggest measures to ensure efficient multi-modal transport in the country. (15 Marks, 250 Words)

प्रभावी मल्टीमॉडल परिवहन, आवागमन दक्षता में सुधार, परिवहन लागत में कमी लाने और भीड़भाड़ तथा प्रदूषण में कमी लाकर पर्यावरणीय प्रभावों को कम करने की कुंजी है। सविस्तार वर्णन कीजिए। साथ ही, देश में कुशल मल्टीमॉडल परिवहन सुनिश्चित करने के उपाय सुझाएँ। (15 अंक, 250 शब्द)

Q.17) The rationale behind the MSP system is well acknowledged, but it requires comprehensive reforms to mitigate the unintended consequences on the market and environment. Analyse. (15 Marks, 250 Words)

एमएसपी प्रणाली के पीछे का तर्क सर्वविदित है, लेकिन बाजार और पर्यावरण पर पड़ने वाले अनपेक्षित परिणामों को कम करने के लिए इसमें व्यापक सुधारों की आवश्यकता है। विश्लेषण कीजिए। (15 अंक, 250 शब्द)

Q.18) Farm mechanization can drive rural prosperity and sustainable farming, but its widespread adoption is hindered by various factors. Discuss. Also, mention initiatives taken by the government to promote farm mechanization in the country. (15 Marks, 250 Words)

कृषि मशीनीकरण ग्रामीण समृद्धि और टिकाऊ खेती को बढ़ावा दे सकता है, लेकिन इसके व्यापक रूप से अपनाए जाने में विभिन्न कारकों से बाधा आ रही है। चर्चा कीजिए। साथ ही, देश में कृषि मशीनीकरण को बढ़ावा देने के लिए सरकार द्वारा की गई पहलों का उल्लेख कीजिए। (15 अंक, 250 शब्द)

Q.19) The transition from the green revolution to an 'evergreen revolution' is essential for sustainable agricultural growth. In this context, examine the impact of green revolution on Indian agriculture. What measures can be taken to usher in evergreen revolution? (15 Marks, 250 Words)

हरित क्रांति से 'सदाबहार क्रांति' की ओर संक्रमण टिकाऊ कृषि विकास के लिए आवश्यक है। इस संदर्भ में, भारतीय कृषि पर हरित क्रांति के प्रभाव की परीक्षण कीजिए। सदाबहार क्रांति लाने के लिए क्या उपाय किए जा सकते हैं? (15 अंक, 250 शब्द)

Q.20) The textile sector in India offers vast opportunities for growth, but the realization of its true potential is hindered by a multitude of challenges. Analyse. (15 Marks, 250 Words)

भारत में वस्त्र क्षेत्र विकास की अपार संभावनाओं से परिपूर्ण है, परंतु अनेक चुनौतियों के कारण इसकी वास्तविक क्षमता का साकारिकरण बाधित होता है। विश्लेषण कीजिए। (15 अंक, 250 शब्द)

① Inclusive growth is defined by VNOP as a process of growth that entails participation from all sections leading to participative and collaborative growth outcomes

Inclusive Growth as a Process & Outcome

Process

1) Inclusion of all communities of society

Eg Nai Roshri scheme, Udaan

2) Gender equality and SDG-5

Eg KIRAN scheme for STEM for women

3) Focus on multidimensional aspects of poverty

Eg MPI went from 29% to 11% (2020)

4) Health and education focus for social development

Eg Ayushman Bharat scheme

Sarva Shiksha Abhiyan



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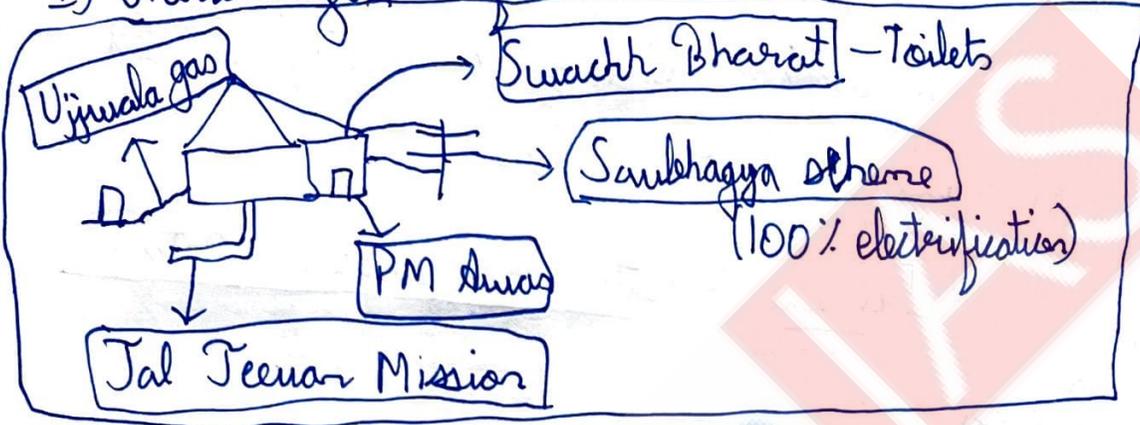
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Outcome

1.) Universalization of all services



2.) Focus on outcome based monitoring

Eg Output - Outcome budgeting by Niti Aayog

3.) Goal based scheme formulation

Eg JAM Trinity for financial inclusion

4.) Social security for all

Eg PM Shram Yogi Mandhan

The need of the times is to promote the inclusion of all in spirit of Sarvodaya for Ek Bharat, Shreshtha Bharat.

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② Green budgeting according to UNEP considers the contribution of environmental elements and the losses sustained by it for growth of GDP.

$$\frac{\text{Budget} \pm \text{Environment}}{\text{(Damage or Contribution)}} \rightarrow$$

Adjusted Green Budget

Integrates Environmental Considerations

- 1) The loss of forests and trees is quantified to show quality of growth.
- 2) Promotes the cultural ecological conceptions of sustainable living.
- 3) Helps in achievement of bottom-up planning with inclusive development
eg Uttarakhand Green Budget
- 4) Specific sectors can be targeted for



reduction of emissions

Eg Green taxonomy for 'Steel'

5.) Integration of SDGs into the budget framework

Eg Tharkhurd Outcome Budget - SDGs

6.) Replicates Multidimensional poverty model of UNDP in environmental conservation

7.) Allows the application of 3C model

○ Convergence with environmental regulation

○ Collaboration with civil society

○ Competition for achievement of sustainable growth

8.) Takes in the perspective of tribals

Eg Niyangiri gram sabha for mineral clearance

Green budget is a need of the times to ensure that India is able to show the way towards 'Missio LIFE'

③ The Indian railways is the 4th largest in the world and is often termed as the lifeline of India

Challenges Faced by Railways

1) High freight cost due to cross-subsidization

Eg Freight reduced from 86% to 27% in railways.

2) Poor multi-modal mix in Indian transportation

↳ Road : Rail : Waterways → 60 : 30 : 10

Ideal is → 25 : 45 : 30

3) Split personality between profitability and welfare

4) High infrastructure needs → 50,000 cr till 2030 (Niti Aayog)

5) Ineffective PPP model → Dileep Debray committee



Can Privatization Help?

Yes

1) Corporatization for efficiency

Eg. Rakesh Mohan committee

2) Focussing on making railways profitable

Eg. Dibek Debroy committee - do not focus

on non-core functions

3) New talent and lesser corruption

No

1) Dilution of welfare aspects

2) Attracting private partners

3) Possibility of crony capitalism

4) Safety dilution - Rakodkar committee

Railways needs to be rejuvenated to

strike a balance between privatization and

government welfareism. It requires leveraging

of PPP.

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- ④ Industrial corridors are specially designated geographical areas in India that focus on reversing the trend of de-industrialization and leveraging competitive advantages.

Significance of Corridors

- 1) Focus on advantages of the area.
Eg. Chennai - Bengaluru automobiles like Ford.
- 2) Industrial development alongwith focussed urbanization
Eg. Bangalore city as IT hub
- 3) Leveraging transport infrastructure
Eg. Delhi - Mumbai corridor or the 'Golden Quadrilateral'
- 4) Specialty products production
Eg. Gujarat corridor for 'pharmaceuticals'.

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Corridors of India



Main Characteristics

- 1.) Delhi - Faridabad → ○ IT hubs, ○ Automobiles
- 2.) Mumbai - Pune → ○ financial markets
○ Heavy equipment - [L&T]
- 3.) Kolkata → ○ Jute ○ Textiles ○ Chemicals
- 4.) Chennai - Bangalore → ○ Automobiles
○ IT hubs

Industrial corridors are like veins of the Indian manufacturing sector and will be crucial for 'Atmanirbhar Bharat'.

⑤

MSMEs are small, medium and micro enterprises of India that generate 35% of the output and 45.56% of the exports. There are more than 6# cr.

Multitude of Challenges

- 1.) Promotion of Dualy firms over infant firms - (Economic Survey)
- 2.) Lack of availability of timely credit.
↳ Credit Scissors
- 3.) Funding winter and low survivalability
Eg. 35000 startups closed in 2023.
- 4.) Regulatory fatigue and overlapping laws
Eg. 20,000 obligations in labour codes (Financial Times)
- 5.) Lack of skilled manpower
Eg. Only 51% of graduates are employable.
(India Skills Report, 2021)

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Measures to support MSMEs

1) Reconfiguration of SEZs as EEEs
Economic & Employment enclaves
(Baka Kalyani committee)

2) Limiting incentives for dwarf firms to provide to infant firms
Eg U.K. Srha committee recommendations

3) Renegotiation of FTAs to benefit Indian MSMEs
↳ Surjit Bhalla committee

4) Push to create in India, rather than just Assemble in India
Eg China + 1 strategy

MSMEs provide employment to 11 crore people in India and they need effective support to become the stars of industrialization.



⑥ Food processing sector comprises ₹2.37 lakh crore and forms 11% of the agricultural GVA and 10% of industrial GVA.

FP sector to address Issues of Indian Agriculture

- 1) Surprise sector with high growth rate - 8%, while agriculture 4%
- 2) Marketing & better price discovery.
- 3) Better shelf life and value addition.
- 4) Export possibility and popularity of Indian products
Eg Haldirams
- 5) Diversification and food processing friendly varieties
↳ Eg Zespri Kiwifruit

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6.) Attraction of FDI and investment

Eg Pepsi introduced new potato variety in Punjab

Way forward

1.) Vertical and Horizontal integration

Eg Patarjali Food Park, Hassidmar

2.) Leverage Indian entrepreneurship

Eg Suguna foods is among top 10 poultry companies

3.) Fruits and vegetables for nutrition

Eg Sri Sri Food Park, Telangana

Food processing sector as a service sector holds immense capabilities for an rainbow revolution in Indian agriculture.



②

Nuclear technology is fast getting recognised not just for its energy potential, but also for food security and agricultural applications.

Harnessing Nuclear Technology for Food Security and Agriculture

- 1.) Usage of nuclear electricity for cheap inputs in agriculture.
- 2.) Application in Saritary and phytosaritary measures.
Eg. IAEA-FAO scheme
- 3.) Better management of research in seed development.
- 4.) Better preservation practices with increased-shelf life - Nuclear Shield
- 5.) Use of nuclear tech. for higher

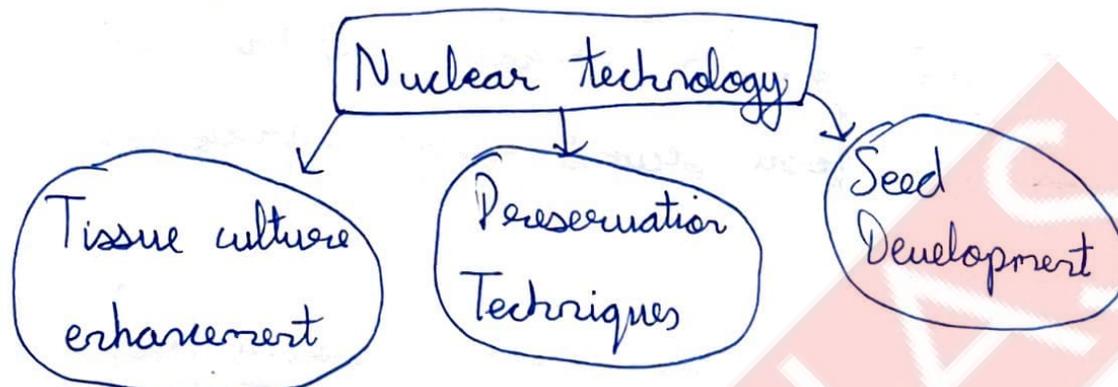
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yielding varieties



Way forward

- 1.) Collaboration with IAEA and FAO.
- 2.) Setting up of nuclear technology testing labs for agriculture at universities - eg Pusa
- 3.) Leverage Bhabha Atomic Centre for research in agriculture. - AI testing

Nuclear technology is the way of the future and with increased AI availability, Tech-Nuclear paradigm can be created for a Technology revolution in Agriculture.

8

Edible oils in India rely on imports with overall 60% dependence and upto 90% for Palm oil.

Factors for Reliance

1) Lack of diversification and reducing land area → Just 29 mha

2) High rain dependence for oilseeds
Eg 75%

3) Low yield and lower processing
Eg ○ 50% of global yield average
○ Only 10% is processed

4) Overdependence on Soybean and mustard

Comprehensive approach to boost production

1) Efficiency of irrigation and increasing yield.

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- 2) Diversify from Rice-wheat system to oilseeds - Valmiki Panel
- 3) Leverage existing initiatives → PM-AASHA
↓ ↓
Oil Palm Mission in North East National Oilseeds Mission
- 4) Mechanization of farms and cooperative farming
↳ Shriajirao Patil Committee
- 5) Increasing MSP rates for oilseeds
- 6) Increasing R & D funding for development of seed varieties and efficient usage of inputs like Nano-DAP

Oilseed revolution or Golden revolution is inevitable with correct policy and effective implementation. It is necessary for 'Gharat's' food security.

9

Services constitute 55% of GDP of India while the industrial sector just contributes 27%.

Reasons for Growth of Services

1) Rise of the IT industry

Eg 72K issue

2) Stagnation of manufacturing → 17% of GDP

3) English speaking population → export of BPO services

4) Incentivization by the government post

LPB reforms

Eg liberalization of FDI in services, while industry was mainly for MSMEs.

5) Demand for office - white collar jobs among Indian youth.

6) Rise of IITs and IIMs creating the

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Services revolution.

Significance of strong Industrial Base

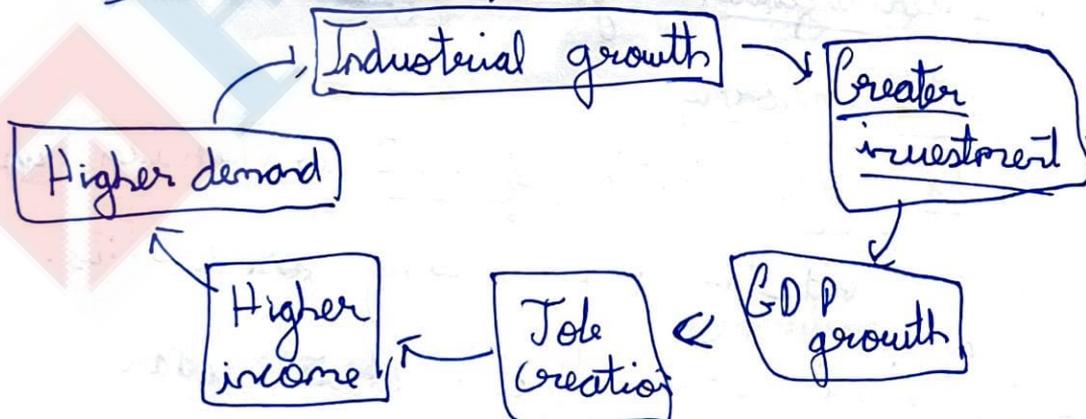
1) Large scale employment and labour intensive industries

Eg currently job elasticity of GDP is low at 0.1

2) Increase in multiplier of capital and export possibilities

Eg Current multiplier is 2.5

3) Virtuous cycle of industries



The industrial sector needs to be revived and kickstarted through schemes like 'Make in India, Make for World' for Aatmanirbhar Bharat



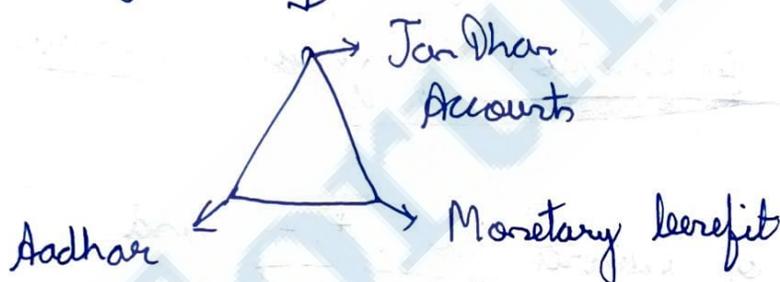
10

The financial inclusion index of the RBI has suggested that India is on the right path towards involving the population in economic activities.

Fintech's transformative Capacity

1) Welfarism to be targeted

Eg JAM Trinity



2) Increased digital literacy

↳ Increasing from 10%.

3) Resolves inefficiencies in banking system

Eg BAANKNET portal by RBI for

auctions.

4) Recognising beneficiaries and direct payments.

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Eg Aadhaar based payments system, (~~AEPS~~) AEPS

5.) easier provision of financial services

Eg ○ OCEN for markets

○ ULIN for credit access

○ BHIMUPI for payments.

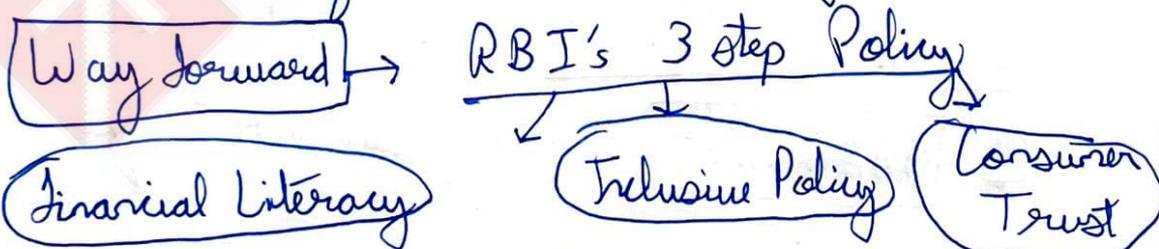
Challenges that are Evident

1.) Low financial literacy - 10%

2.) Lack of penetration of fintech in rural areas

3.) Problems of internet connectivity and branch presence.

4.) Absence of customer friendly interface.



Financial inclusion will be a gamechanger in India's growth story, as can already be seen with popularity of online bank app, UPI, etc.

11

The Tax to GDP ratio in India is close to 17% of GDP where the tax buoyancy is as low as 1.4

Factors contributing to Low Tax Compliance in India

1) Large-scale exemption

Eg 2 cr out of 6 cr MSMEs are below 140 lakh exemption under GST.

2) Decline in savings rate as well as investments

Eg Household savings reached 8 yr low of 18%.

3) Prevalence of base shifting and Profit erosion.

Eg Mauritius shift by companies

4) Low income and exemption from income tax

Eg Recent budget exemption increased to



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12 lakh

5.) 50% of all products on Consumption Purchase Index are not under GST

6.) Lack of revenue neutral rate of 15%.

↳ Arvind Subramanian committee

7.) Increase in tax base to 1.2 cr but without increase in taxes

Eg 70% of IT returns were 'zero tax returns'

Ways to Improve Direct Tax Collection

1.) Presumptive taxation - (Economic Survey)

Eg 'trench' and Ghana model

2.) Usage of common financial ID for all transaction

Eg Brazil uses TIN ID for digital payments also.

3.) Rationalization of multiple direct taxes

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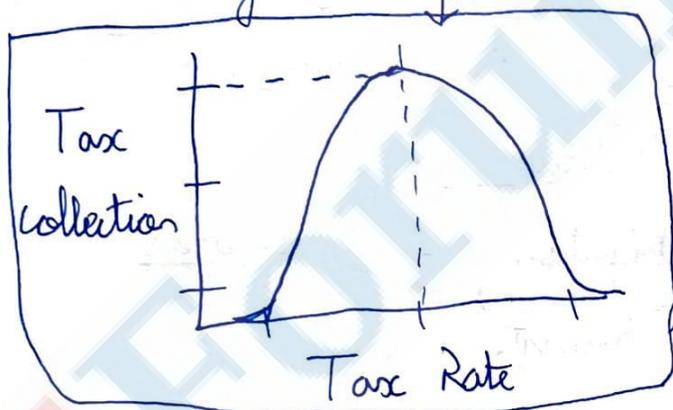
into single tax.

4) Increase in wealth tax for high net worth individuals of India

by UK taxes ~~35%~~ 50%, while India - 35%.

5) Online compliance mechanisms for better transparency.

6) following the Laffer curve



There is a need to simplify and rationalize the direct tax regime with initiatives like Direct Tax Assessment to leverage the system for financing the fiscal deficit.

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② The Hybrid Annuity model of Public-Private infrastructure has revolutionized the PPP model by balancing risk and financing.

Amalgamation of EPC and BOT

EPC → Procurement of engineering + complete financial burden on government

BOT → complete financial burden on the private entity

HAM → 60% contribution by government and 40% by private

Pragmatic Approach for Advancing Infrastructure development.

1.) Balances the risk of the private party

○ Government shares funding

○ Upfront payment + Annuity model



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- 2.) Responsibility of land acquisition and documentation on the government.
- 3.) Freedom from the risks of profitability analysis of BOT model.
Eg Delhi - Airport express line was less making for Reliance.
- 4.) Better Engagement between the government and private party
↳ Adoption of Model concession agreement
- 5.) Private party retains ownership for better credit availability from banks.
- 6.) Government initiative for road infrastructure
Eg Delhi - Meerut expressway
- 7.) INVITs can be leveraged alongwith private capital.

Challenges in the Approach



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- 1) Aggressive bidding and unsustainable contracts
Eg Renewable energy contracts
- 2) Lack of public consultation
Eg Railway projects - Mabilgarij
- 3) Mostly devised for road infrastructure

Way forward

- 1) Adoption of model concession agreement
- 2) Better usage of PPP cell and PPP investment authority.
- 3) NABFID can have a supporting role in finance - '1 lakh cr fund'
- 4) Deepening of corporate bonds for PPP
↳ H.R. Khor committee

PPP - HAM model was praised by Minister of Road Transport and it has shown the capability to reform the contract regime.

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13

The liberalization, Privatization and Globalization reforms took India from '250 billion dollars' in GDP to \$3.8 trillion. 'Reforms 2.0' can push us further ahead.

Need of 'Reforms 2.0'

1) Stagnation of manufacturing sector

Eg 17% of GDP since last decade.

2) Reduction in household and corporate savings.

Eg 'Corporate savings' reached 14% (Economic Survey)

3) Reduction in Net financial savings rate

↳ Reduced to 47 year low of 5% from average of 7.5%.

4) Agricultural stagnation and lack of effective reforms

Eg Yield of Indian agriculture is 50%
lower than global average FAO

5) Exports not up to the mark

Eg 'Current Account Deficit' of $\boxed{12\%}$

6) Jobless growth and low employment elasticity

Eg Job elasticity reduced from 0.26 to $\boxed{0.1}$ in 2023.

7) Lack of diversification in the services sector

Eg IT-BPO flourishing, but Tourism is in slow growth

Reforms 2.0 for Viksit Bharat

1) Service-based manufacturing model

Eg Raghuram Rajan committee

2) Reorientation of SEZs as Employment and Economic enclaves (EEE)

↳ Baba Kalyani committee

3) Need to leverage PPP for $\boxed{143}$ lakh cr

of infrastructure needs

↳ Kelkar Committee

4) Labour intensive manufacturing model

eg Jeans model

5) Rainbow revolution in agriculture

↳ Dalwai committee

6) Plug and play model of industries

eg Mahindra World city, Chennai

7) Renegotiating FTAs for benefit of Indian industries

↳ Surjit Bhalla committee

8) Promoting India through 'China + 1' model

'Reforms 2.0' can be like a breeze of fresh air for the Indian economy to replicate the successes and surpass the growth seen during LPG era.

(14)

Agricultural Marketing in India is mostly regulated through the APMC acts of various states.

Significance of Agricultural Marketing in India

1) Acting as a growth driver for the agriculture sector

↳ 45% of India's labour force

2) APMCs as a common market

3) Allows for better price discovery of produce

4) Inputs and various services are available at agriculture markets

↳ eg Packaging, weighing, storage

Key Challenges it faces

1) Highly restrictive and monopolistic



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- 2.) Cartelization by the traders
- 3.) High fees and levies - form 15% of value of produce.
- 4.) Lack of proper SPS measures
Eg USA rejected a consignment of Onions.
- 5.) Market proximity of 450 km²
Eg M.S. Swaminathan Committee suggested distance of 80 km².
- 6.) High post-harvest losses
Eg 92,000 cr (Ministry of FPIs)
- 7.) Spoilage and lack of proper storage
Eg '311 mt' of produce, but only 145 mt. or 47% of storage
- 8.) Low price discovery and distress sales
Eg Only 25-40% of prices in market
- 9.) Lack of penetration of e-NAM

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↳ Eg Only 383 APMC's - 14%

Way forward

1.) Establishment of cooperative based markets

Eg Shinajirao Patil committee

2.) New storage techniques to be adopted

Eg ○ Use Silo-bags technology instead of Cap & plinth method.

3.) Investment in transport to reduce post harvest losses

Eg Ashok Dalwai committee - 89000 cr need

4.) Conclusive land titling and removal of ambiguity → Niti Aayog

The Agricultural marketing segment needs a strong reforms regime to rejuvenate the 4% growth rate of agriculture to

8%

15

The Air Force Marshal Chief of India recently pointed towards the delays in delivery of strategic equipment by the sector like Tejas.

Key Challenges in indigenizing the defense sector

1) Large scale delays and lack of delivery

Eg Tejas, Chetak.

2) Lackadaisical approach of the government towards smaller equipment.

Eg Boular nests

3) Low Research and development in the country

Eg GERD is just 0.64% of GDP, while in Taiwan it is 4.6%.

4) Dependence on foreign imports of

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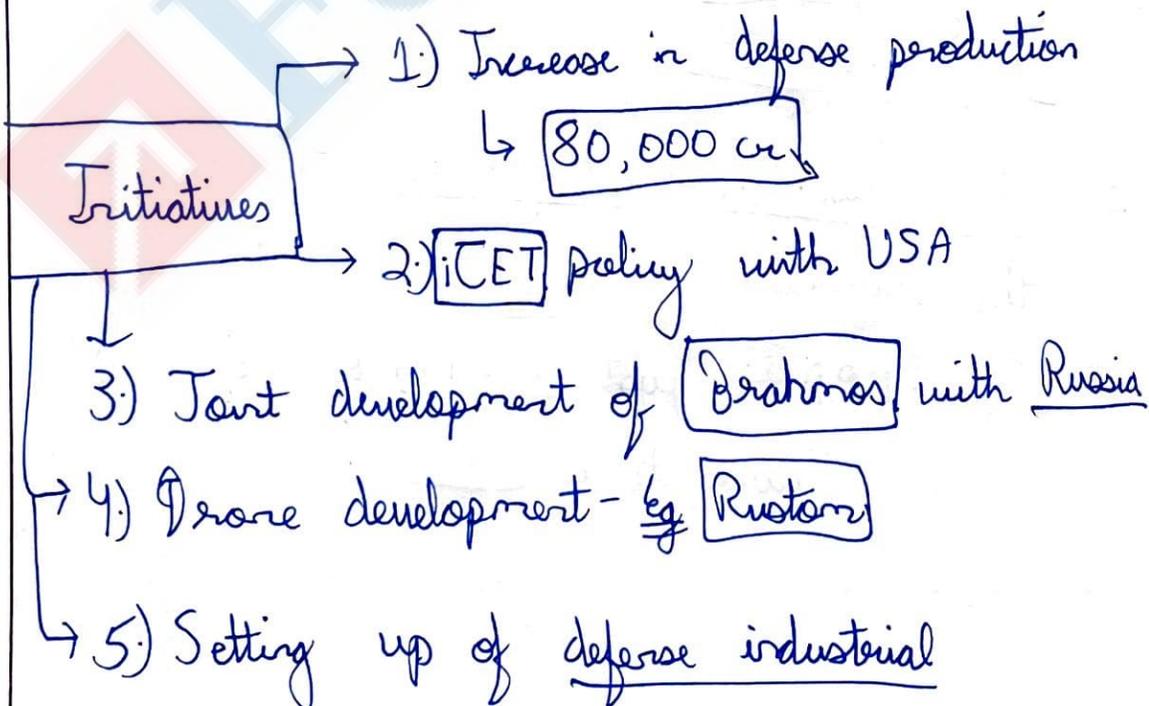
Eg China supplies 97%

5) Direct procurement of equipment without offset policy converting.

Eg CAG pointed that 70% of offset policies were not completed.

6) High role of government agencies rather than private entities → 33%

Eg DRDO holds most R&D as private is restricted.



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Corridors in UP and Tamil Nadu.

→ 6.) PPP and private procurement of parts - Zorawar and HAL

Way forward

1.) Setting up of quick assembly lines with IR. 4.0 credentials

2.) focussing on autonomy and self reliance for security.

Eg LMBs and (AK-50) is developed in Ordnance factory in Kanpur.

3.) Consultation with Army, Air force and Navy for joint production capabilities

Eg Setup Ordnance factory near Cochin Shipbuilders port.

Defence is fast gaining importance as seen in 'Operation Sindoor' and the need of the

time is Strategic Autonomy for 'Surokshit Bharat'



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16

The transportation and logistic cost as mentioned in the National Logistics Policy is 10-12% of GDP, while the goal is to reach 8%.

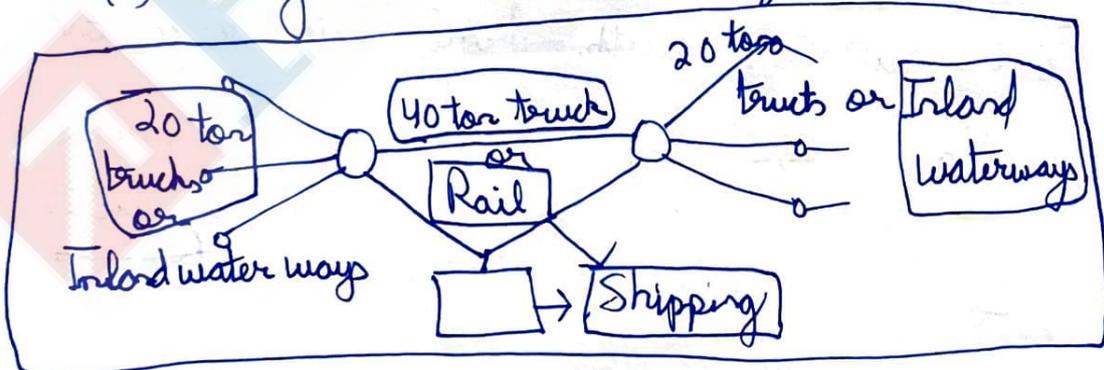
Effective Multimodal Transport

1) Logistics Efficiency

(a) Improvement in modal mix of
Rail : Road : Waterways

Eg Currently 60:30:10, but required is 25:45:30.

(b) Using the economies of scale approach



Multimodal transportation

(c) Reducing post harvest losses

Eg 92,000 cr

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2.) Reducing Transportation Costs

(a) Inland waterways is much cheaper than road or rail.

Eg But still just 1% of transport

(b) Rail freight charges can be reduced

Eg High-speed freight dedicated corridors - DFCs

(c) Best use of integrated port, rail, road and river distribution

Eg Kolkata port to Haldia port from waterways

3.) Minimizing Environmental impacts

(a) Road is used for 60% of freight

↳ Rail uses much less with lesser emission

(b) IWT vessels are significantly lesser polluting

(c) Hydrogen leased ferry - Kochi water metro

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Measures to ensure efficient transport

1) Increase the fleet of Indian ships

Eg Currently only 1% of the world.

2) Usage of cross-transportation

Eg Dokar to Rourkela for both coal and iron ore rail.

3) Reduce cross-subsidization in the railway sector

4) Use of unique transportation methods

Eg ○ Bengaluru monorail

○ Mussorie Cable car - Parnatmala scheme

5) Correcting the modal mix for efficient transportation

The transport sector requires the leveraging of schemes like Bram Sadak Yojana and UDAN scheme for efficiency of multi-modality.

⑰ The Minimum Support Price based on A_2+FL method costs 2.5 lakh cr to the government and covers 22 crops.

Rationale Behind MSP

- 1) Provision of security of income to farmers
- 2) Preventing un-competitive practices by traders like cartelization.
- 3) Procurement by the government and FCI under PDS.
- 4) Setting a minimum price regime for the entire country.

Requirement of Reforms

1) Market Consequences

(a) Only 6% of farmers get the benefits of MSP Shanta Kumar committee

(b) High level of diversions

Eg 46% diversions

(c) Distress sales and inflation

Eg Tomato farmers in Maharashtra
destroyed crop as protest.

(d) Distortionary and lack of price discovery

Eg Based on A2+FL model instead of
C2 model.

2) Environmental Consequences

(a) Prevalence of Rice - wheat model

Eg 38% monocropping.

(b) Regional disparity

Eg 80% of Punjab and Haryana farmers
get benefit, unlike Telangana.

(c) Depletion of groundwater resources

Eg 85% of entire water usage
is in agriculture.

(d) low water use efficiency and virtual water export

Eg. 38% efficiency while developed countries have 56%. CWC.

Way forward

1.) Promotion of cooperative farming ^{based} diversification

↳ Chaudhary Brahm Parbosh committee

2.) Adoption of model contract farming law

3.) Diversify from rice towards high value crops

↳ Mantek Singh Ahluwalia committee

4.) Promotion of secondary agriculture

↳ Ashok Dalwai committee

There is a need to re-look at the MSP policy and make it WTO Amber base compliant through Emergence revolution

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⑧ The level of farm mechanization in India is 45%, which is low compared to commercial farming based countries like USA and Brazil with upto 80% mechanization.

Farm Mechanization can Drive
Rural Prosperity

- 1.) End to labour issues through technology
Eg Agri-robots
- 2.) Use of precision agriculture for better efficiency
Eg Weeders and Drone based AI recognition.
- 3.) empowering the female labour force
Eg Drone Didi scheme

Sustainable Farming

- 1.) lesser use of inputs like fertilizers.

- 2) Better chances of integrated farming system.
- 3) Harvesters and weeders with minimum soil disturbance.

Hindered by Various factors

- 1) Lack of capital availability
- 2) Large number of small and marginal farmers - 86% (10th agriculture census)
- 3) Fragmented landholdings
Eg 1.08 hectares average ownership.
- 4) Lack of capital expenditure in agriculture sector.
Eg Only 15% - compared to 30% in the economy
- 5) Lack of R & D and funding
Eg GERD is just 0.64%.
- 6) Low digital literacy, specially in

rural areas - lesser mechanization.

↳ 38% (CBWE)

Initiatives by Government

- 1) Capital subsidy for purchasing mechanized equipment - (35%)
- 2) Interest subvention on loans
- 3) Sub-mission on agricultural mechanization
- 4) Custom Hiring centres

Way forward

- 1) Establishment of more custom centres.
- 2) Cooperatives can be incentivized for purchasing mechanical equipment.
- 3) Setting up National Institute for Mechanised skilling

Mechanization is the way to the future progress of our Golden agriculture sector which is essential for Viksit Bharat @ 47.

19

The Green revolution starting in early 1960s under the leadership of Lal Bahadur Shastri and M.S. Swaminathan now needs an Evergreen revolution to sustain.

Impact of Green Revolution

Positive,

- 1) India transformed to the 'Brain Bowl of the world'.
- 2) Ushered in higher yields
eg Wheat HYV seeds in Punjab
- 3) Production of food crops increased to ensure food security
eg '72 mts' to 311 mts today.
- 4) Created a regime of food importing country to exporting country.
- 5) Increased the incomes of farmers of India.

Negatives

1) Created regional disparities

Eg Punjab-Haryana benefitted but not Bihar - Jharkhand.

2) Focus on monocropping led to soil salinization

Eg Rajasthan

3) Fertilizers excessive usage led to contamination

Eg Blue Baby syndrome in Punjab

4) Large scale exploitation of Groundwater

Eg 21 cities to be ground zero soon [WMI]

Measures to usher in Green Revolution

1) Diversification for rainbow revolution

Eg Dalwai committee - increased diversification

by 1 hectare leads to increase in income by 1 lakh

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- 2) Promotion of blue economy and secondary agriculture - Meera Kumari committee
- 3) Introduction of HYV seeds of other varieties - Oilseeds like Mustard, Soybean
- 4) Participatory Irrigation management
Eg 85000 Pori Panchayats in India.
- 5) Intercropping + Multicropping
Eg Mustard with Wheat
Soybean with Bajra
- 6) Renaming the PDS and MSP regime
↳ Mantek Singh Ahluwalia committee
- 7) Provision of targeted and universal welfare to farmers - Shanta Kumar committee

Emergreen revolution proposed by MS Swaminathan is the need of the hour to increase the GVA of agriculture from 17% to 25%.

20

The Textile sector is the 2nd largest employer in India after agriculture with 4% direct and 6% indirect employment.

Multitude of Challenges

1.) Lack of focus on competitive advantages
Eg Tute industry is declining

2.) Challenge from other players
Eg Bangladesh witnessed 70% growth in textile.

3.) Lack of skilled labour - only 4%, while South Korea has 96% skilling.

4.) Lack of capital availability

5.) Large number of very small textile plants

6.) Absence of a proper regulatory mechanism for SPS of textile



products.

7.) No focus on export orientation of GI products.

Eg Pashmina, Banarasi Saree.

8.) Slow growth of mechanization

Eg Mostly hand mills are used in Bengal

9.) Technical textiles raw materials are imported.

→ 1.) 2nd largest silk production

Vast Opportunities → 2.) 2nd largest cotton production

↓
3.) largest producer of Tute and Mesta

→ 4.) Presence of many varieties of fabric
Eg Muga Silk, Eri, Mulberry, Tassar

→ 5.) Large number of artisans and India as
Mother of textiles

Way forward

- 1) Promotion of recharization of jute mills.
- 2) Export orientation for specialty products
Eg Dodo carpet, Amerocha carpet.
- 3) Yield of ^{fabrics} ~~textiles~~ to be made better with HYV seeds.
- 4) Promote 'Brand India'.
- 5) Easy availability of capital
↳ Eg Introduce a new Priority sector lending obligation for textiles.

Textiles are the creation of the early Indians as seen in Indus valley excavations.
We need to leverage our skilled artisans through schemes like PM Vishwakarma.

