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TEST CODE : 5 1 0 5 3

FIAS – MGP 2022 (C-9) – Sectional Test #3

<b>ForumIAS</b>			
<b>GENERAL STUDIES</b>			
Name Of Candidate	Shubhra Roy		
Roll No.	1910093735	Date:	28/8/22

Time Allowed: Three Hours

Maximum Marks: 250

INDEX TABLE			INSTRUCTION	
Q. No.	Max. Marks	Marks Obtained		
1			1. Please do furnish Name, Email, Roll No and Mobile in the answer sheet.	
2			2. There are TWENTY questions printed in ENGLISH & HINDI, all questions are compulsory.	
3			3. The number of marks carried by a question/part is indicated against it.	
4			4. Answers must be written in the medium authorized in the admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided.	
5			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.	
6			<p><i>Any specific messages for ForumIAS Mentors/ Evaluators with respect to your copy? Write it here.</i></p> <p>-----</p>	
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<b>Total:</b>	<b>250</b>			
<b>Evaluator's Discretion:</b>			<b>For Student Only</b>	
			Start Time   7:30 am	End Time   10:30 am
<b>Total Marks:</b>			Mode Of Examination:	Online <input checked="" type="checkbox"/> Offline <input type="checkbox"/>
<b>Evaluator's Discretion:</b> 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.			<b>For Office Use Only</b>	
			ECN CODE:	EG:
			Evaluation Date:	

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

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

As per periodic labour force survey, unemployment in India was 6.1% in 2017-18 (45 year high)

This has raised concerns over achieving demographic dividend for growth.

### Problems of employment

#### Rural

- 1) Slowdown in Agricultural sector
- 2) Lack of growth of Manufacturing sector  
(Share in GDP 17% (Stagnant since 1991))
- 3) Presence of Disguised employment in farms
- 4) Feminization of agriculture and Poverty

#### Urban

- 1) Presence of huge informal sector  
(90% of employment)
- 2) Skill-deficit prevents absorption in formal sector
- 3) High rate of unemployment in Youth — 20%
- 4) Gig and Platform workers lack social security.

## Solutions

- 1) As per Salwai Panel boost secondary agriculture to absorb rural workforce and prevent distress migration to Urban areas
- 2) Cluster based manufacturing to promote fillip to Industrial sector  
(eg) - One District One product scheme
- 3) Vocational training, Skill enhancement for better employment opportunities
- 4) Inclusive - academia linkages to design curriculums in line with job-market needs
- 5) Infrastructure Push to create multiplier effects throughout economy

Therefore urgent actions required before the demographic window closes.

### Feedback

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

(10 Marks, 150 words)

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

(10 अंक, 150 शब्द)

Recent efforts of Railway ministry for PPP in running trains received lukewarm response from private sector. Hybrid Annuity Model promotes equal sharing of costs between public and private sector but is fraught with challenges as →

- 1) Burden on private sector
  - 60% of the project cost to be met by them
- 2) Regulatory provisions
  - Payment by government based on outcome → no objective criteria

- 3) Long-term contracts fail to factor changed demand conditions → loss to private sector
- 4) Higher revenue demands from government
- (eg) Haulage + share in for Revenue running trains

## Alternate Models

1) EPC model → In uncertain economic situations, Government should shoulder higher burden.

2) Supplier-management contract  
- here private sector should shoulder responsibility of maintenance of assets

Therefore, Kelkar Committee recommendations can be implemented for better response

### Feedback

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Q.3) Imported inflation is compounding the challenges of post-pandemic recovery for the Indian economy. Discuss.

(10 Marks, 150 words)

आयातित मुद्रास्फीति भारतीय अर्थव्यवस्था के लिए महामारी के बाद की पुनर्बहाली की चुनौतियों को बढ़ा रही है। चर्चा कीजिए।

(10 अंक, 150 शब्द)

Recent COVID-19 pandemic shocks, Russia-Ukraine war and resultant supply disruption has resultant in imported inflation.

Challenges posed to recovery

- 1) Dilemma of Growth v/s Controlling inflation  
 → spike in interest rates to control money supply crowds out investment and growth
- 2) Breach in RBI's Monetary Policy target → credibility issue  
 (eg) → CPI inflation above 7%
- 3) Spillover effects on export sector  
 - due to rise in input prices.
- 4) Constraint on Fiscal Policy  
 - as increased government spending → fuels inflation.

5) Lower real income and Purchasing Power  
 → Consumption ↓ → Aggregate Demand ↓ → Growth ↓

Steps to fight Imported inflation

- 1) RBI to target soft-landing to balance growth and Inflation
- 2) Exports to be diverted to cater to domestic demand first
- 3) Promote Usage of Rupee for trade transactions to prevent slide of Rupee

As factors responsible for current issues are global in nature. precautionary approach to shield Indian economy.

## Feedback

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

(10 Marks, 150 words)

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

(10 अंक, 150 शब्द)

Inclusive growth refers to growth which is broad-based in nature.

Growth + Social justice = Inclusive growth

Inclusive growth as a process

1) Structural transformation in economy  
 Agriculture  $\xrightarrow{\text{better pay}}$  Manufacturing  $\xrightarrow{\text{higher standard of living}}$  Service

2) Skill development

→ upskill + Reskill for better employment and social mobility

3) Increased level of Awareness  
 → for raising Female Labour force participation (currently 20% (ILO))

- For Preserving Natural Capital

Inclusive growth as an outcome

1) Increased spending in education  
(eg) Currently 3% of GDP

2) Increased spending in health  
· healthy workforce → higher productivity → increased GDP

3) Recognizing Multidimensional nature of poverty

Case → Land as an asset  
→ access to electricity and sanitation

4) Ethical Wealth Creation  
· improved distribution → equality

Further Amartya Sen's capabilities approach to be adopted for development

### Feedback

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

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

In India around 1% of Population pays tax with low tax to GDP ratio of 10%.

### Reasons for Poor Compliance

- 1) Tax regulatory authorities - due to insufficient capacity or expertise
- 2) Complex procedures → promotes tax evasion
- 3) High tax rates due to socialist economy Pre 1991  
(eg) In 1980s Marginal tax rate of Income tax 97%
- 4) Presence of Underground economy → 62% of GDP (Profits on Arun Kumar)

5) Crony Capitalism → Culture of Impunity.

Further to boost Corporate sector, tax expenditures have squeezed tax base.

Measures to improve

- 1) Implementation of Tax Charter announced in the Budget
- 2) Honouring Honest Tax Payers as incentive
- 3) Economic Survey 2020-21 Suggested Process Reforms
- 4) GST reforms as per 15th Finance Commission

Therefore broadening tax net is key to Effective Fiscal Policy

### Feedback

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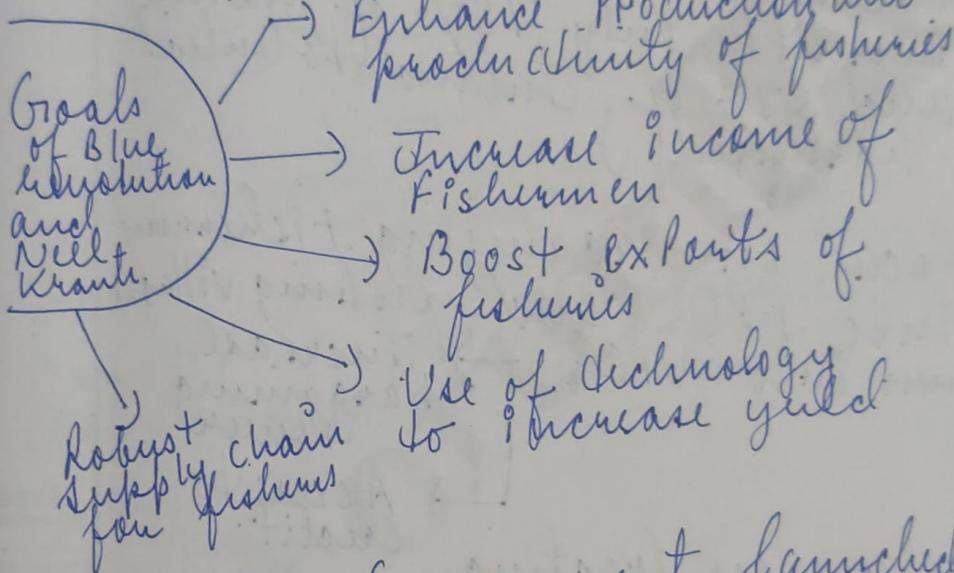
Q.6) Evaluate the potential of Pradhan Mantri Matsya Sampada Yojana (PMMSY) to meet the goals of the Blue Economy and Neel Kranti mission.

(10 marks, 150 words)

ब्लू इकोनमी और नील क्रांति मिशन के लक्ष्यों को पूरा करने के लिए प्रधानमंत्री मत्स्य संपदा योजना (PMMSY) की क्षमता का मूल्यांकन करें।

(10 अंक, 150 शब्द)

India is the second largest aquaculture nation in the world with fisheries accounting for 1% of GDP.



For this, Government launched Pradhan Mantri Matsya Sampada Yojana.

### Features and Potential

① Focus on ecosystem approach to fisheries → allows sustainable fisheries

- 2) Technology for boosting exports  $\rightarrow$  e.g. Santa platform. to connect to potential buyers
- 3) Extension services
  - to exploit potential of Inland and Marine fisheries (currently only 7.8% of Marine and 57% of Inland potential harnessed)
- 4) Focus on organizing fishermen into FPOs and fishing villages ~~men~~ into VPOs
  - $\rightarrow$  Increase bargaining power
  - $\rightarrow$  Access to credit
- 5) Focus on creating infrastructure
  - Cold Chain Warehouses for enhancing shelf-life
  - allow value addition

Thus, recent India - Japan agreement on export of Sarimi is a right step for attaining goals of Blue Economy

## Feedback

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

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

India is the second largest producer of fruits and vegetables with horticulture covering  $\frac{14}{100}$  of Agricultural area and producing  $\frac{33}{100}$  of Agriculture GDP

Benefits

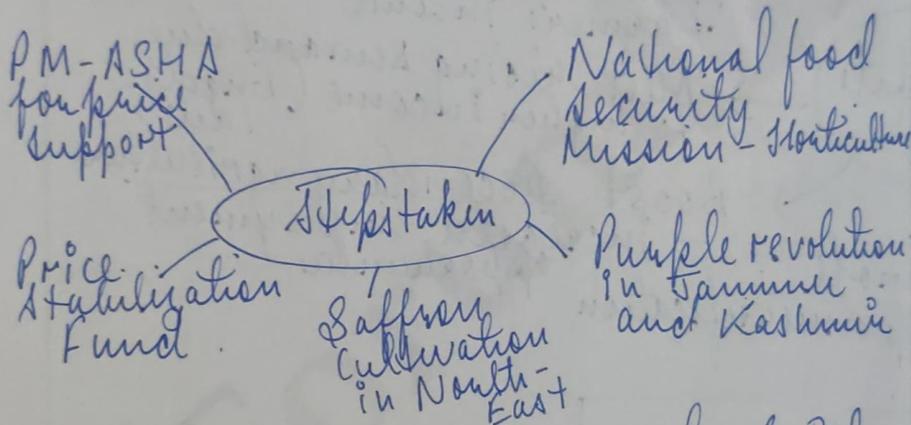
- High value realization → Boost farmer's income
- Meet rising demand due to higher income (Engels law)
- Boost Secondary agriculture - increased employment opportunities

Promote Crop diversification

## Challenges

- 1) High initial Capital Cost of production
- 2) Higher gestation period of crops like apple, Mango
- 3) Rainfed system → Vulnerable to Monsoon Changes

- 4) Yield Gap  $\rightarrow$  lower productivity per hectare
- 5) Lack of extension services for farmers
- 6) Post-harvest losses of 20-30% due to insufficient Supply Chains



Further, access to new hybrid varieties, expansion of area through Urban and Peri-urban horticulture, focus on 'Horticulture plus' crops is required to fully exploit the potential of this segment

**Feedback**

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Q.8) Food Processing sector must be developed as one of the principal industries in the country for reasons that go beyond agriculture. Elucidate. (10 Marks, 150 words)

खाद्य प्रसंस्करण क्षेत्र को देश के प्राथमिक उद्योगों में से एक के रूप में उन्नत कारणों से विकसित किया जाना चाहिए जो कि कृषि से परे हैं। स्पष्ट कीजिए। (10 अंक, 150 शब्द)

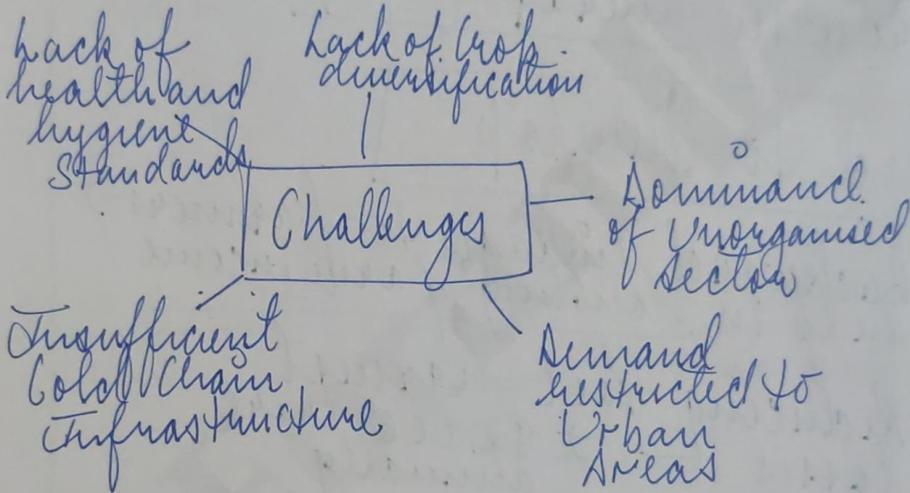
Food processing involves transformation of crops to  $\left\{ \begin{array}{l} \text{Increase shelf-life} \\ \text{increase functionality} \\ \text{value addition} \end{array} \right.$

It is a sunrise sector with growth averaging 11%.

Need to develop

- ① Backward linkages to farmers  $\rightarrow$  help in doubling farm income
  - ② Reducing post harvest losses — ₹ 92,000 crore annually
  - ③ Increase employment  $\rightarrow$  solve issue of disguised unemployment in agriculture
  - ④ Boost to manufacturing sector through Agriculture - industry linkages
- (eg) Scheme for promoting Micro food enterprises

- ⑤ Open Avenues for Agricultural exports → target of \$60 billion dollar
- ⑥ Increase female labour force participation in Rural areas — 30% of Indian farmers are women



Therefore Government's steps of PM-AASHA, Horticulture Mission, Mega food Parks is step in right direction of utilizing potential of this sector

Feedback (For OFFICE use)

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

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

(10 अंक, 150 शब्द)

Union Budget 2022-23 saw  
announcement of promoting  
Natural farming along River  
Ganga

Natural farming entails  
farming in line with nature.  
Includes

- Zero tillage
- Decomposition of organic  
manure on the  
soil
- minimal disturbance  
to natural system
- no addition  
of fertilizers,  
chemicals

Importance in Building  
Climate Resilience

① Low input intensity

- Conserves water  
(Agriculture accounts for 85% of  
water use)

② Maintain Soil Health

• Use of organic matter  
only → maintains productivity

③ Encourages crop diversification  
 Case: Monocropping robs soil of the same minerals every year → legumes fix nitrogen in the soil

④ Conservation of Soil Moisture  
 • Zero tillage, Mulching lock moisture in the soil

⑤ Integrated farming system  
 • Promotes livestock, increases productivity of land.

Decline in Productivity  
 Case: Soy lands' fertilizer ban

Lack of scientific research

Challenges

one-size fits all approach

Not entirely zero budget, as inputs need to be procured

Therefore extensive research needs to be done to balance benefits to climate and farmer's income

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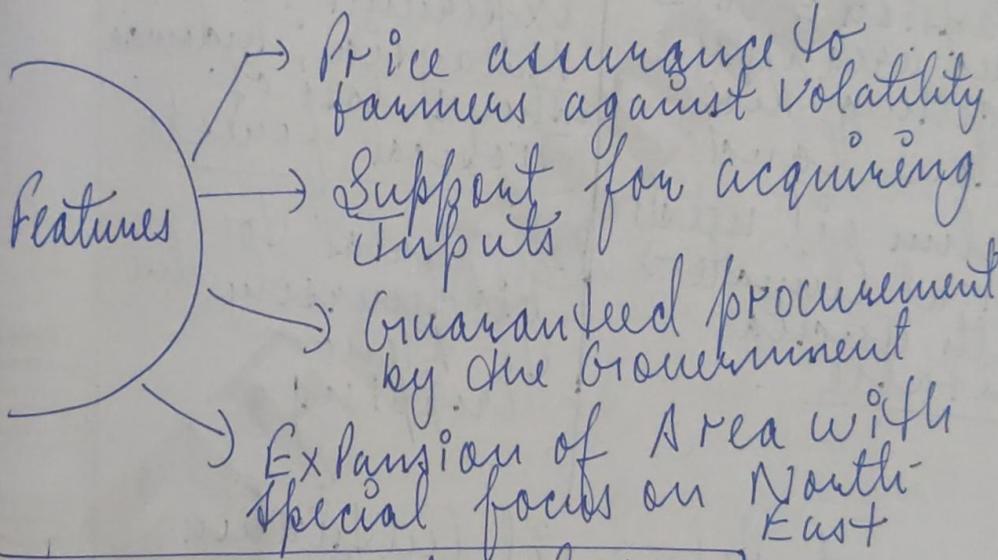
Q.10) In light of National Mission on Edible Oils-Oil Palm (NMEO-OP), critically examine economic and environmental implications of promotion of oil palm cultivation in the country.

(10 Marks, 150 words)

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

(10 अंक, 150 शब्द)

In spite of being 5<sup>th</sup> largest producer of oilseed, India imports 60% of its demand. In this light, Government launched NMEO-OP.



Economic implications

Positive

① Reduce import dependency → Save foreign exchange

Negative

① long gestation period → may still need to import

② Higher price realization due to inelastic demand

② Higher opportunity cost in terms of competing crops - Rice, wheat, Sugarcane

## Environmental Implication

### Positive

- ① May lead to expansion of Gross Cropped area by targeting rice, fallow land,
- ② Palm oil needs tropical climate -> South India suitable

### Negative

- ① International experience in Malaysia, Indonesia shows loss of Tropical forests
- ② Threat to biodiversity due to Mono-cropping

Increased Palm-oil cultivation is necessary for becoming 'Atma-Nirbhan' to avoid global supply shocks however cost-benefit analysis before expansion is required

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

(15 Marks, 250 words)

400 बिलियन अमरीकी डालर के व्यापारिक निर्यात की उपलब्धि एक आत्मनिर्भर भारत की दिशा में ठोस और सामूहिक प्रयासों का परिणाम है। इस उपलब्धि के लिए जिम्मेदार विभिन्न कारकों की पहचान करें। भारत को वैश्विक आपूर्ति श्रृंखलाओं के केंद्र में रखने के लिए आप क्या उपाय सुझाएंगे? (15 अंक, 250 शब्द)

Utilizing COVID19 crisis as an opportunity government launched the Atmanirbhar Bharat package to push India into higher growth path.

Currently India's Merchandise exports account for 1.6% of Global Merchandise exports. Achievement of \$ 400 billion target made possible through →

① Increase in Capital Expenditure [ Running animal spirits  
Crowd-in Private sector Investment

② Focus on Infrastructure to reduce logistics cost

③ Export promotion schemes  
 ↳ RoDTEP, EPCG for enhanced insurance

④ Push to Manufacturing sector  
 ↳ PLI scheme → outcome based incentives attracting foreign firm (eg) Foxconn  
 ↳ 'Assemble in India' promoting Global Value Chain integration (eg) Automobile sector

⑤ Relaxed FDI norms  
 (eg) 100% in coal sector,  
 74% in defence

⑥ Global supply chain diversification benefitting India — (China + 1) strategy

⑦ Boost to Pharmaceutical

Industry — top 3 export items

Further Measures

- ① Implementing Labour Code to promote Manufacturing
- ② New Foreign Trade Policy to direct efforts
- ③ Adopt whole-of-government approach for better synergies
- ④ Bring down logistics cost through digitization — RAIS a good step
- ⑤ UK Sinha Committee Recommendations to Boost MSME sector

Thus, enhanced exports have potential to make India the next 'Factory of the world'.

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

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

Economic survey 2016-17 put forward the idea of a uniform income subsidy to all citizens of the country

Arguments in favour

- 1) Preserves right to life and liberty (Article 21)
- 2) fulfills governments welfare obligations
- 3) Allows individuals to meet their basic needs
- 4) Provides income security to unemployed (CMIE data - 7% rate of unemployment currently)

- 5) Financial autonomy to women
- 6) Allow labour force to upgrade their skills
- 7) Nutritional security → higher productivity of workforce

### Arguments against

- 1) Fiscal cost → 12% of GDP
- 2) Difficulty in excluding the rich → regressive in nature
- 3) May lead to diversion towards sin goods
- 4) May lead to reduction in labour force participation (already low at 49%)
- 5) Exposes risk → people to inflation reduces purchasing power

6) Competitive Populism may lead to fiscal indiscipline

Therefore sufficient Cost Benefit analysis is required

### Way Forward

- 1) Option to citizens to either opt for in-kind subsidy or cash
- 2) Rationalization of subsidies and roll-out of UBT for limited population

Thus, further discussion as suggested by Economic Survey is required before adopting UBT.

#### Feedback

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Q.13) The 1991 economic reforms provided a leap forward and lifted millions out of poverty. However, comprehensive structural reforms remain incomplete resulting in sectoral imbalances and heightened inequalities. Comment. Also, discuss the key areas which should be the focus of reforms. (15 Marks, 250 words)

1991 के आर्थिक सुधारों ने लीज चलाने लगाई और करोड़ों लोगों को गरीबी से बाहर निकाला। हालांकि, व्यापक संरचनात्मक सुधार अपूर्ण रहे जिसके परिणामस्वरूप क्षेत्रीय असंतुलन और असमानता बढ़ी। टिप्पणी कीजिए। साथ ही उन प्रमुख क्षेत्रों पर चर्चा करें जिन पर सुधार 2.0 का फोकस होना चाहिए। (15 अंकों, 250 शब्द)

As per UNDP India lifted  
270 million out of poverty  
Post 1991 reforms

However 1991 reforms majorly  
focused on product market,  
leaving out factor market,  
resulting in imbalance

## Sectoral Imbalance

- ① Ignored Agricultural reforms
  - decline in Investment in the sector
  - adverse terms of trade → affects growth
  - Problem of disguised unemployment

## ② Industrial Stagnation

- failed to bring in Infrastructure push, labour market liberalization → Stagnated share in GDP → 30%

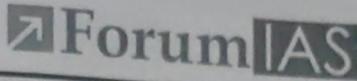
## ③ Service-led economy

- Accounts for 55% of GDP employs 28% of people
- Biased towards high skill, high capital

## Heightened Inequality

- 1) Though Absolute Poverty levels dropped, rise in Relative Poverty.
- 2) Gini Coefficient of India  $\approx 0.35$
- 3) As per Oxfam Report → 1% of population accounts

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for 73% of total wealth

4) Regional disparity  
 eg Per Capita GDP v/s Manayana of Bihar

Area of Focus for Reform 2.0

1) Manufacturing sector  
 push to absorb labour from agriculture + promote exports

2) Labour intensive services  
 like Tourism and hospitality to be promoted

3) Ashok Dalwai panel's recommendations to be adopted for 'Agriculture as an entrepreneurial'

Lastly Economic Survey 2019-20  
 Idea of Wealth creation for  
Wealth distribution to be focussed on.

**Feedback**

(For OFFICE use only)

Structure/ Presentation
Question Interpretation
Content
Value Addition
Total



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

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

Manufacturing accounts for 17% of GDP. This share has remained constant since 1991.

As per National Manufacturing Policy 2011 - target of 25% of GDP from Manufacturing sector

Reasons of subpar performance

1) Rigid labour laws

- as labour is a concurrent subject → multiple central and state laws

2) Increased compliance burden as firms grow

- 'Inspector - Raj' issue

3) Phenomenon of missing middle

- On one end are small-labour-intensive units on the other. and large-capital intensive units

4) Stiff competition from imports

- ill-effects of foreign trade agreements with Japan, South Korea

5) High logistics cost

- 12-14% of GDP

6) Infrastructural deficit

- increases cost of production

7) Poor export promotion

- lack of market research and brand building
- competition from Bangladesh, Vietnam

COVID-19 has presented opportunity as firms seek to diversify their supply chain (China + 1)

### Reforms required

- 1) Implementation of labour codes to provide incentives to grow.
- 2) Ease of compliance through single-window clearance, digital initiatives
- 3) Infrastructure boost to lower logistics cost, improve ease of doing business
- 4) Integration into Global Value chains for roping linkages.
- 5) Implement UK Aarika Committee reforms for MSME sector

Therefore Reviving Manufacturing is crucial to aim of Middle-Income economy.

Q15] Fintech is facilitating financial inclusions through innovations, but reaping its developmental potential requires overcoming critical hurdles. Analyze.

(15 Marks, 250 words)

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

(15 अंक, 250 शब्द)

Fintech refers to utilizing Information Technology tools to promote access to financial services

## Financial Inclusions through Fintech

- 1) Cash and Remittance transfers through Platforms like PayTM, Google Pay
- 2) Crowd funding → raising funds for a cause through apps like Milap
- 3) NBFC P2P lending Platforms allowing borrowing and lending w:out traditional Banking structure

- 4) Digital banks promoting Banking services in uncovered rural areas
- 5) Boost Investment in the economy through apps like Policy Bazaar, zerodha
- 6) Boost Insurance Penetration through ease of access  
(eg) Currently 4.2%

## Challenges in Fintech

- 1) Lack of proper Regulation  
- Prone to customer risks
- 2) Lack of Digital Penetration  
(eg) Tele density in Rural (57%)  
Urban (157%)  
Only 6% households have fixed Broadband connection

- 3) Inadequate Financial literacy
- 4) limited access of Digital services - only 20% of population

## Way Forward

- 1) Implementing RBI's Strategy for Financial Inclusion
- 2) Promoting Digital literacy in the population
- 3) Faster optical fibre coverage of rural Areas under Digital India mission
- 4) Satellite based Internet can be explored for last mile connectivity

### Feedback

(For OFFICE use only)

Structure/ Presentation
Question Interpretation
Content
Value Addition
Total

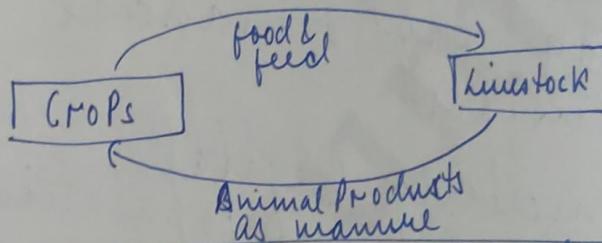
Q.16) Encouraging livestock through mixed farming can be the answer to the triple burden of low farm income, increasing land fragmentation and plummeting productivity in the agriculture sector. (15 Marks, 250 words)

Discuss.

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

Livestock accounts for 30% of Agricultural GDP with high year-on-year growth

Mixed farming involves growing of crops along with maintenance of livestock



Livestock to tackle low farm income

- ① Allows enhanced opportunity of income through diversification  
(eg) As per Salwa Panel potential to raise income by 11akh per hectare annually
- ② Export potential by leveraging indigenous breeds  
(eg) Kadaknath Chicken of MP

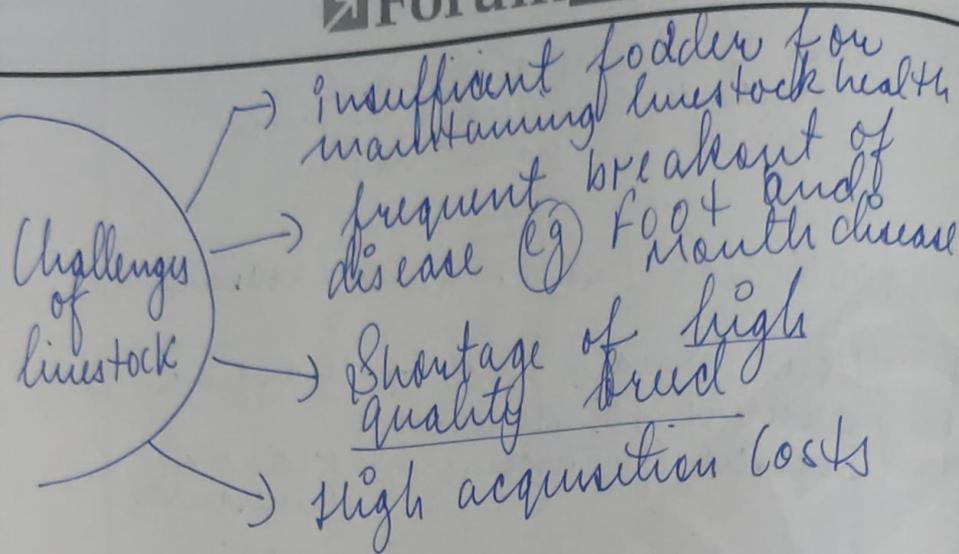
- ③ Use of Natural Manure →  
enhances soil quality → raises  
yield → more income

Livestock to tackle Land fragmentation

- ① Allow Small and far marginal  
farmers to diversify  
Sources of Income → reduced  
vulnerability
- ② Labour-intensive in nature →  
employs more women →  
inclusive growth

Livestock to tackle Productivity

- ① Enhanced Soil Quality  
to tackle nutrient loss from  
fertilizers
- ② Use of livestock for  
working on the field →  
enhances Total factor  
productivity of inputs



## Way forward

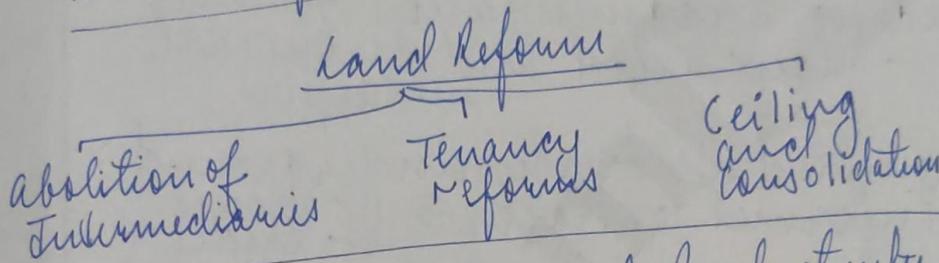
- ① Use of technology to improve quality of livestock  
(eg Indigam ~~chip~~ chip for Indigenous breed)
- ② Vaccination coverage to prevent disease outbreaks.
- ③ Expansion of credit facilities to small and marginal farmers to acquire livestock

Mixed farming has potential to usher bottom-up growth in Agriculture

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

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

Kumanappa Committee identified land as a hindrance to growth which led to introduction of land reforms in 1950s.



Land Reform improved Productivity

- ① Abolition of Renter Class improved agriculturalists surplus with increased investments
- ② Land to tiller allowed access to credit → better quality inputs
- ③ As per Amartya Sen Small farmers are more efficient — Case: Japan

(4) Cooperative farming allows pooling of Resources → increases productivity

However, some economists argue that land reforms reduced agricultural productivity →

- (1) led to fragmentation of land - low yield and marketable surplus
- (2) Shifted tenancy underground → informal contracts → no access to credit
- (3) Thwarted Mechanization  
India - 25-40% Mechanization v/s USA - 95%

### Difficulties in Land Reform Policies

- (1) Land is under State list → leads to varying Policies
- (2) Presumptive land titling → increases litigation
- (3) Lack of land Records  
No demarcation

(4) Lack of Coordination between various Ministeries handling land.

(5) Land leasing seen as a symbol of feudalism

Way Forward

- (1) Shifting Agriculture to Concurrent list
  - (2) Bringing states on-board for adopting Model-land leasing Act, 2017
  - (3) Digitization of Land Records to be pushed
  - (4) Established Land Banks to increase the availability of land.
  - (5) Legalizing Contract farming in India
- land is an intergenerational asset, its value needs to be unlocked for turning Agriculture into an enterprise

**Feedback**  
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Structure/ Presentation
Question Interpretation
Content
Value Addition
Total

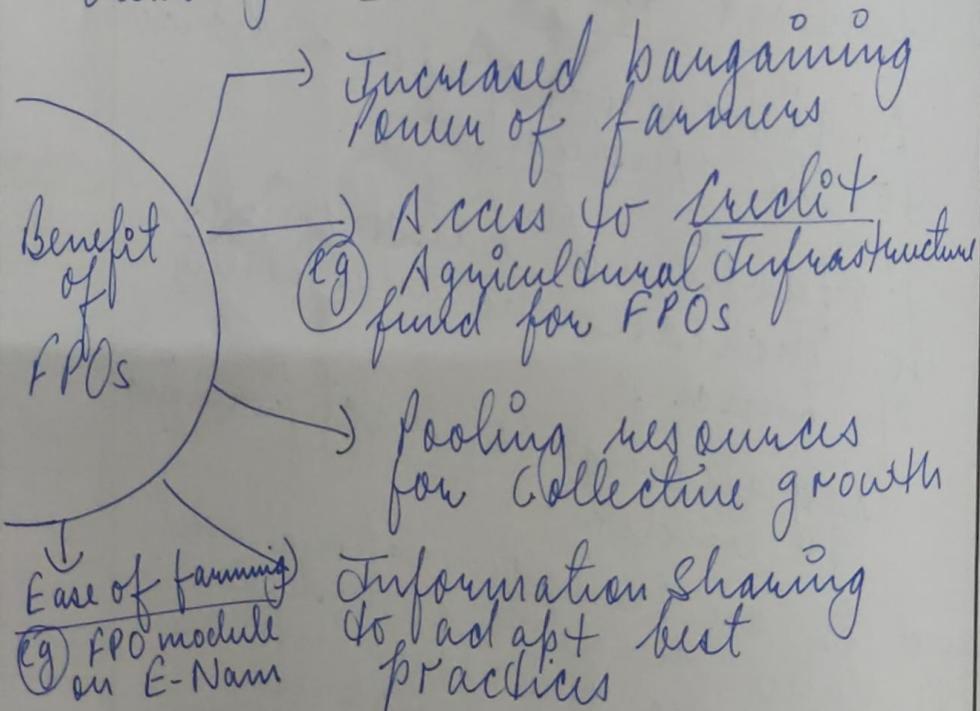


Q.18) Community institutions in agriculture offer small farmers an opportunity to increase their productivity, income, and resource efficiencies. In light of this statement, enumerate the various challenges faced by the Farmers Producer Organisations (FPO's) in the country and suggest measures to reform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

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

83% of Small and Marginal farmers account for 48% of hand holdings. Further 22% of farmers live below poverty line.

In this light Prime Minister announced the target of creating 10,000 FPOs



## Challenges Faced by FPOs

- ① Poor Organisational skills  
 • due to low-awareness among farmers
- ② Lack of land pooling among farmers for collaborative farming
- ③ Inequality among farmers  
 - benefits usurped by large farmers only
- ④ Inadequate extension services to farmers →  
 lack of relevant market information
- ⑤ Low access to credits  
 as bank hesitate to lend to FPOs

Therefore ~~5000~~ FPOs formed in last 8 years have seen limited success.

## Way forward

- ① Stand-holding by government in the initial stages to FPOs
  - ② Credit guarantee lines of MSME sector for FPOs fund
  - ③ Encourage cooperative farming for increasing Market surplus
  - ④ Contract farming for better price realization  
(eg) NESTLE's contract with Punjab farmers increased income of farmers
  - ⑤ Capital Investment in agriculture by lending to FPOs out of Agricultural Infrastructure fund.
- Thus, FPOs can be game-changer for turning Agriculture into an enterprise.

### Feedback

(For OFFICE use only)

Structure/  
Presentation

Question  
Interpretation

Content

Value  
Addition

Total

Q.19) The fundamental problem in agriculture is not the availability of resources, but their inefficient use. Comment.  
(15 Marks, 250 words)

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

(15 अंक, 250 शब्द)

Ashok Dalwai Panel to  
Double farmer's Income stressed  
on the need to reduce input  
costs and enhancing their efficiency

## Problem of Inefficient Use

### 1) Land

- fragmentation of land - 1.05 ha per farmer
- 83% of small and marginal farmers account for 48% of land holdings
- Problem of fallow lands due to tenancy restrictions

### 2) Water

- Agriculture accounts for 85% of fresh water use
- highest rate of ground water extraction in the world
- Virtual-water export due to perverse incentives  
Case: Sugarcane in Vidharba

- 3) Labour
- 20% of GDP and 45% of employment → uneven pressure
  - Problem of employment → Disguised → zero-net addition to total product

- 4) Credit
- 40% of finances still by Non-institutional sources for Subsistence purpose.
  - 8.3% of AGDP for Subsidies v/s 3% for Investments

- 5) Soil
- Fertilizer imbalance  
 ideal - 4:3:1 | Urea, Phosphorus,  
 Actual - 7:3:1 | Potassium
  - Lack of integrated Nutrient management

Green Revolution started the trend of Input-intensive

agriculture which needs to be reversed by →

- 1) Nudging States to adopt Model Land leasing Act, 2017
- 2) Promoting Micro-Irrigation through support for Small farmers
- 3) Crop Diversification through higher MSP for Millets
- 4) Stricter compliance with priority sector lending Norms
- 5) Increased spending on R & D to improve crop yield
- 6) Promoting Technologies for Precision agriculture

Therefore to improve income of farmers, enhancing input efficiency is a must.

**Feedback**

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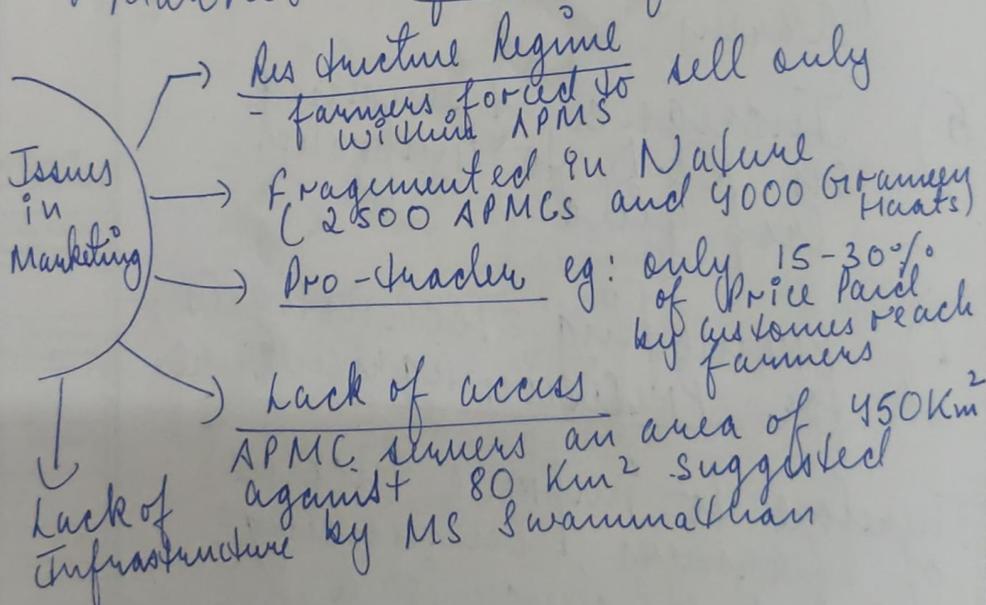


Q.20) Commercialization of agriculture into agribusiness is necessary to uphold the spirit of farming as a profitable venture. Discuss in light of changes needed in agriculture marketing. Analyze the recent govt initiatives in supporting the transformation of agriculture into enterprise. (15 Marks, 250 words)

एक लाभदायक उद्यम के रूप में खेती को बनाए रखने के लिए कृषि का कृषि व्यवसाय के रूप में व्यावसायीकरण आवश्यक है। कृषि विपणन में आवश्यक परिवर्तनों के आलोक में चर्चा कीजिए। कृषि को उद्यम के रूप में बदलने के समर्थन में हाल की सरकारी पहलों का विश्लेषण करें। (15 अंक, 250 शब्द)

Structural transformation in the economy requires weaning labour from agriculture to manufacturing.

Commercialization of agriculture involves shift in production from subsistence to for market - fork to farm strategy



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कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

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# UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.  
Content of the Question is more important than length.  
( Specimen Answer Booklet - For Practice Purpose Only)

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

## Changes needed in Agricultural Marketing

- ① Choice to Farmers to sell his produce anywhere
- ② Promotion of Intra-State and Inter-State trade for better price realization
- ③ Abolition of Middleman to allow benefits to reach to farmers
- ④ Expand the number of APMCs to reach for small and marginal farmers.
- ⑤ Infrastructure at APMCs to be upgraded for grading, sorting and packaging facilities.

## Government initiatives

- ① Model APMC Act, 2017  
• As agriculture is a state subject → model status for reform

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कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

# UPSC

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

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Answer: Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.  
Content of the Question is more important than length.  
(Specimen Answer Booklet - For Practice Purpose Only)

- ② E - Nam  
digital platform to connect APMCs across states
- ③ Agricultural Export Policy 2018  
target of \$60 billion exports by 2022
- ④ PM - KISAN  
Direct benefit transfer to improve private investment in agriculture

Though these reforms have helped in [ 3% growth of agriculture despite pandemic ] \$50 billion of export target met

However, further reforms required →

- ① Agriculture Marketing in Concurrent list (MS Swaminathan Committee)
- ② Focus on infrastructure to transition into Secondary Agriculture