

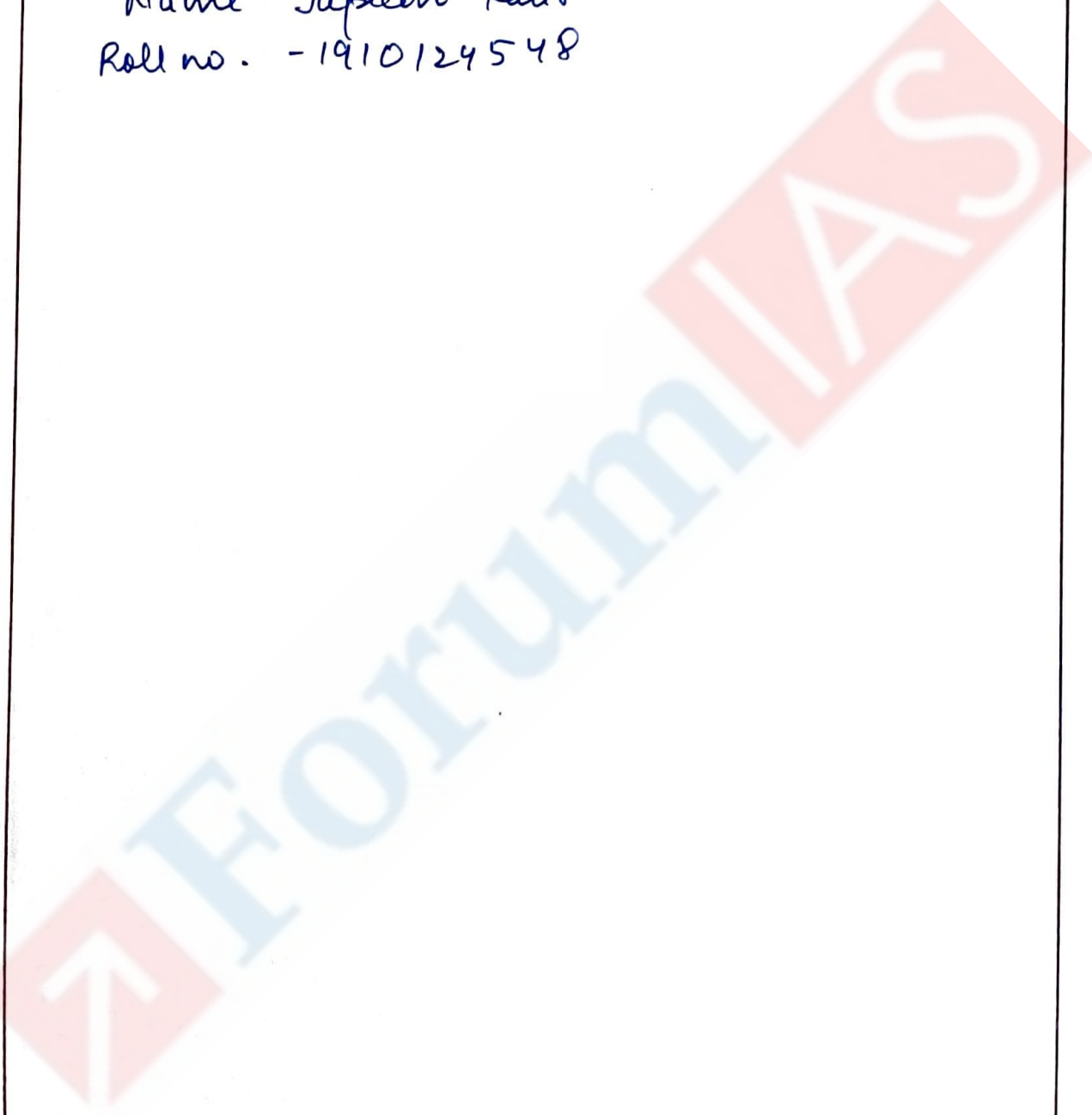
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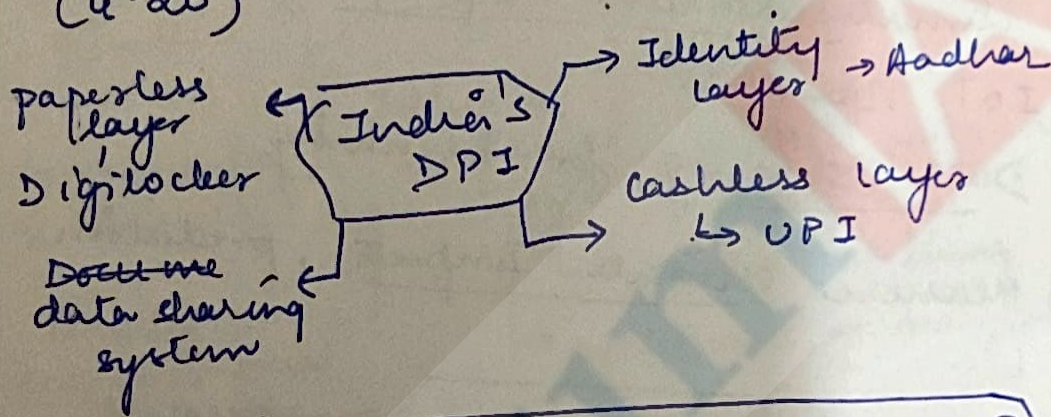
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Roll no. - 1910124548



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± DPI refers to the use of IT to provide certain services by the government to citizens for which are accessible by all citizens and are made on standardised platforms in open source
(Q-20)



POTENTIAL IN CLIMATE CHANGE

- ① MITIGATION
Reduces potential for greenwashing
- ② Institutionalise carbon markets
- ③ Promote green digital financing for green sustainability
eg Green credit Programme
- ④ Enhance energy efficiency
eg smart grids built on DPI systems
- ⑤ e-governance reduces paper based documentation

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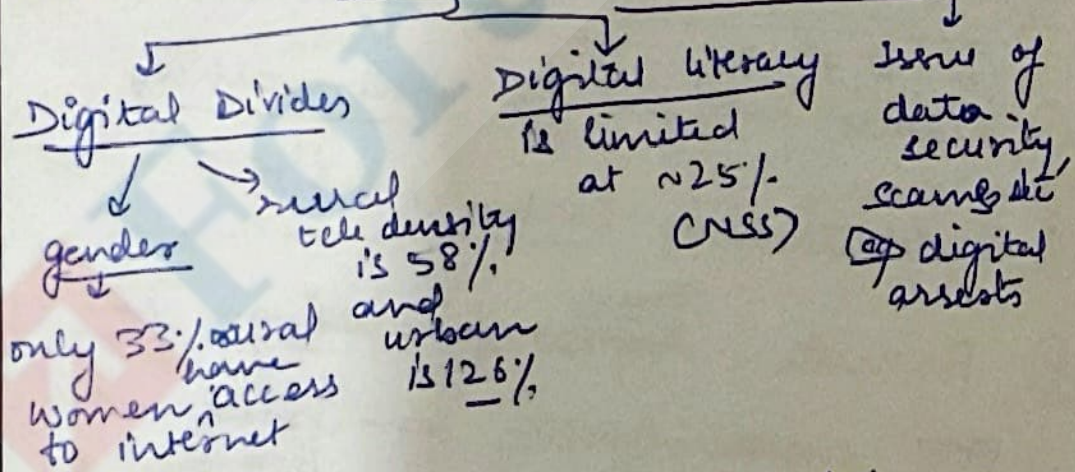
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- and GHG emissions
- (B) ADAPTATION
- (9) Development of Early warning system eg climate smart disaster management
- (10) Climate Resilient Agriculture using IOT eg KDS
- (10) Data sharing for planning
- (14) Measure climate Impacts, predictions etc.

However, many issues are present



India and other developing nations can benefit multifold from DPI given its challenges are addressed through International cooperations and platforms such as Voice of Global South Summits.

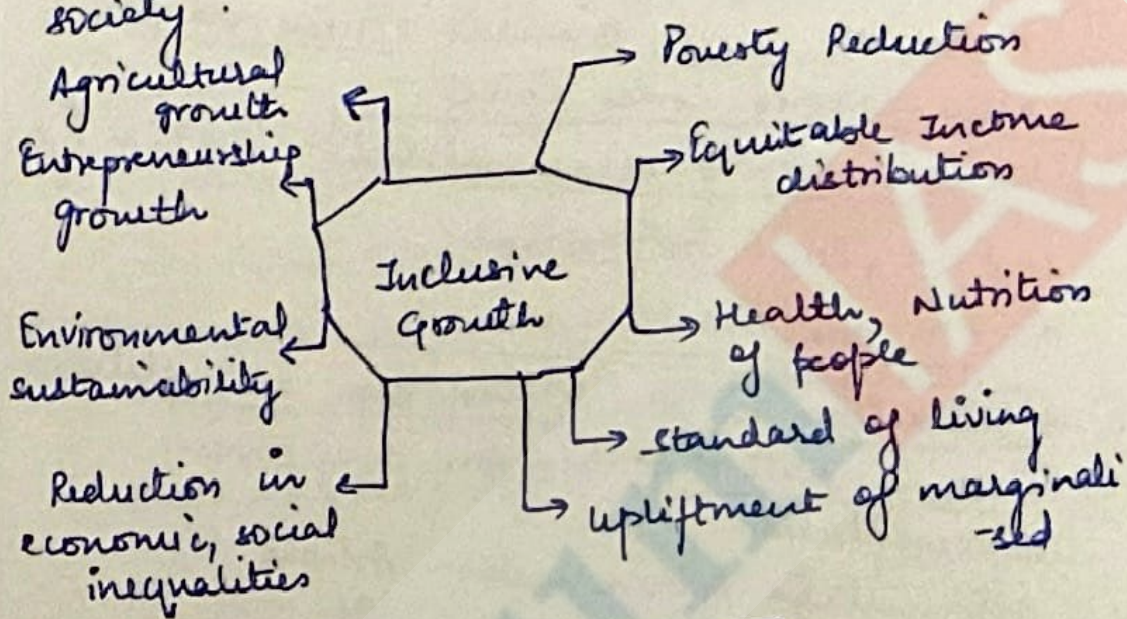


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Inclusive growth pertains to the growth of every section of society irrespective of their social, economical standing in society.



MEASURES TAKEN BY THE GOVERNMENT

- ① Poverty Reduction - 1) Employment schemes such as MGNREGA
ii) Credit Access from SFB, PSL etc.
iii) P
- ② Equitable Income Distribution - 1) Progressive Taxation
ii) Tax such as ~~we~~ luxury tax (28% GST)
- ③ Health, Nutrition - 1) PDS, PM-POSHAN for basic health, nutrition needs.

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प्रश्नों का उत्तर केवल दिए गए स्थान में लिखें। उम्मीदवारों को लिखने के लिए केवल दिए गए स्थान में लिखना है।

- 1) ICDs for Nutritional gr. growth
 11) Amrit Mahotsav for Right to Health
 12) Standard of Living - 1) Education → RTE, Sama Shiksha Abhiyan
 2) Plans to move towards living wage
 3) New Labour Codes, 2020.
- 5) Upliftment of Marginalised -
 1) FRA, 2006 for Tribal
 2) PM JAN MAN
- 6) Reduction in social, Economic Inequalities -
 1) Nari Shakti & Adhinyam → Women Representation
 2) Affirmative Action under Article 16.
 3) PwD → 4% - Affirmative Action
- 7) Environment - 1) FAME norms
 2) waste management 3) Ethanol Blending
 4) Solar Power, → PM-KUSUM etc.
- 8) Entrepreneurship - 1) Stand Up India, Start Up India
 2) MSME loans under PSL norms
- 9) Agricultural growth - 1) For Direct and Indirect subsidies → fertiliser
 2) farmer Insurance
 3) Tech based interventions → Soil Health Card
- However, India still needs to resolve its poverty paradox to achieve true inclusive growth in Amrit Kaal for Viksit Bharat @2047.



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3 The union Budget FY'2026 FY'26, adopted Debt to GDP ratio for path to consolidation and has a target of reducing government debt to $\sim 50\% \pm 1\%$ by FY31.

RATIONALE BEHIND SHIFT

- ① International standard Alignment as it is used by various Multi lateral bodies for fiscal consolidation. \Rightarrow IMF's Debt Sustainability Index.
- ② Gives space to in case of emergency from annual fiscal & deficit targets.
- ③ Addresses persistent fiscal spillage from fiscal deficit target.
- ④ Boosts Market Confidence on government's bonds and provides long term sustainability.
- ⑤ Allows space for counter cyclic fiscal policy.
- ⑥ Shifts from rigid fiscal deficit targets set by FRBM Act.

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However, it has many concerns as well

- ① Encourages annual carelessness towards fiscal deficit
- ② Considerably postpones FRBM Act's target of 40% for Centre govt. debt. to FY17
- ③ Dilutes short term accountability in favour of long term consolidation
- ④ GDP Nominated GDP growth can considerably reduce Debt to GDP ratio and create illusion of stability.

Thus, while the transition presents many advantages, short term fiscal accountability needs to be taken into account for proper fiscal consolidation.

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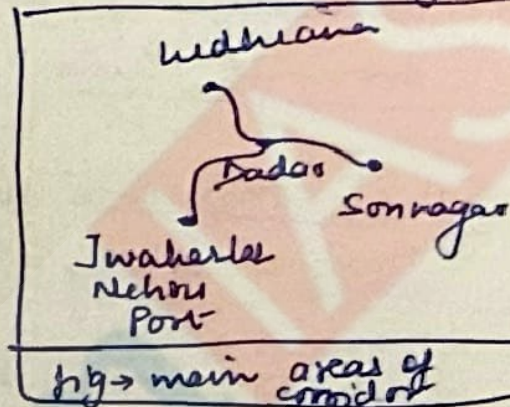
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4 Dedicated freight corridor is a railway corridor connecting major industrial centres and ports across the country

SIGNIFICANCE OF DFC

① Connects major industrial centres of the country



② Efficiency in connectivity across length and breadth of the country.

③ Significant reduction in logistic cost
[currently - 14% of GDP]

④ Allows shift of freight traffic from road (currently 60%) to railway (~25% currently)

⑤ Regional Development of regions along the corridor allowing for Inclusive Accelerated development.

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⑥ Connects with Multi-Modal Logistic Ports allowing for better Industrial Connectivity and reduced Turn Around Time.

⑦ e-commerce integration can be done easily.

However, it has some concerns as well →

- ① Reduced speed of existing railway
- ② Issue of cross subsidisation may not ϕ increase incentive for freight transition
- ③ Environmental concerns of high GHG emissions.

Despite concerns, DFC has the capability to enhance the logistic sector of the country.

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5

As per Article 112 of the constitution, the Annual Financial Statement has two components of capital and Revenue Budget.

DIFFERENCES IN THEM

Aspect	Capital Budget	Revenue Budget
Impact on Assets and liabilities of govt.	Increases or decreases them	No impact
Recurrence	Non-recurring	Recurring (eg) Salary, pension
Includes	Capital income, Capital expenditure Income, assets, liabilities of govt.	Revenue Income, expenditure → current income, expenditure
focus	→ Focuses on growth of infrastructure, employment etc.	consumption based, maintenance everyday functioning
objective Metric	development	



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COMPONENTS OF BOTH BUDGETS

①

Capital Budget

Capital Receipts

Debt creating

- i) Borrowings from Market, RBI, Internationally

Non Debt creating

- i) Recovery of loans granted
- ii) Disinvestments

Capital Expenditure

- i) Asset creation
- ii) extending loans to other entities (Corporations, organisations)
- iii) Social Investments

②

Revenue Budget

Revenue Receipts

- i) grants received
- ii) Interests on loans given
- iii) Interests on other Investments etc
- iv) Direct and Indirect Tax
- v) Custom duty

Revenue Expenditure

- i) Committed Expenditure
 - salary
 - pension
 - Interest payments

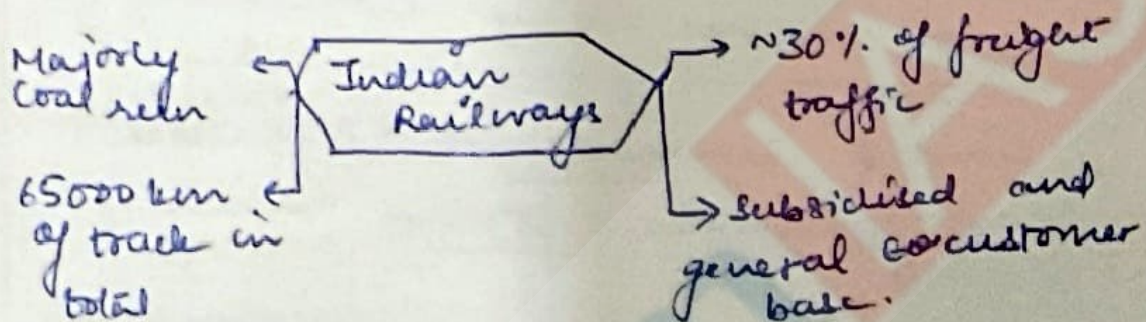
Both components of budget are utilised by FRBM Act targets of the executive to ensure fiscal discipline.

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India has the 3rd largest railways in the world. However, it faces significant operational, organisational and financial challenges.



CHALLENGES FACED BY INDIAN RAILWAYS

① Organisational -

- i) Too many separate operations for railways \rightarrow Schools, hospitals etc.
(Rakesh Mishra Committee)
- ii) High vacancy at lower levels.
- iii) Investigations are responsibility of higher staff creating issues (CAE) accountability



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iv) Overcentralisation of operations creates information a

- ② Financial - i) operational cost \rightarrow 102%.
ii) \sim 75% of budget is spent on revenue & expenditure (CAQ)
iii) limited spending on capital expenditures

- ③ Operational - i) operational capacity = 120% (CAQ)
ii) only 10% of trains are fitted with KAVACH
iii) $\&$ limited freight traffic (\sim 30%) due to high cross subsidisation.
iv) Majority accidents occur due to mismanagement (CAQ)

MEASURES TO ADDRESS THEM

- ① Black Debray Committee -
i) Separate recruitment for railway & employees.
ii) Fiscal health management of railways.

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(111) Decentralise operations of Railways.

2) Anil Kakodkar Committee

- i) LHB coaches should be used
- ii) European signaling system needs to be adopted.
- iii) Eliminate manned railway bridges &c.

3) Rakesh Mohan Committee

- i) Corporatisation of Railways.
- ii) Review ~~the~~ and reduce the extra operations ~~the~~ of Railways.

Indian Railways are crucial for proper connectivity of the country and their efficiency would help in the track to achieving Vishal Bharat.

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1] Gender Budgeting is the allocation of budgetary support specific to gender centric and gender sensitive policies for ensuring women empowerment and Inclusive Growth.

Gender Budgeting Policies

Type A =

- Gender centric
- Benefits completely to women, girls

Type B

- Gender sensitive
- Benefits both genders, but focus is on women.

→ Allocation has increased by ~37% in FY'26 from FY'25. However, impact is limited.

LIMITED IMPACT ON WOMEN EMPOWERMENT

- 1) Limited Allocation ~1% of GDP.
- 2) Excludes Care Economy from its ambit.
- 3) Main focus is on nutrition,

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- maternity, child care, etc.
↳ ignores occupational empowerment.
- i) focus is on subsidies and freebies which have limited impact.
- ii) limited allocation for truly gender centric (type A) gender budgeting
- iii) Ignores intersectionality and ideas of 'Male Breadwinner syndrome'
- iv) limited focus on reducing Intra couple Inequality for gender equality (Prof Claudia Goldin).

As a result, women empowerment remains an unachieved goal as seen from low literacy level (~50%), limited employment [PLFS → WLFPR ~ 42%]

To Enhance the Impact →

- i) focus on areas of occupational empowerment → MSME → credit linked subsidy for women.



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2) Enhance the scope of gender centric policies.

3) Institutional Capacity building for implementation of policies.

4) Improvement in social inference campaigns for nudge economics towards equality ~~eg~~ Beti Bachao Beti Padhao.

5) Focus on gender differential policies ~~eg~~ taxation policy.

6) Focus on building Purple Economy including geriatric, palliative care.

Using 5R Framework by ILO, the gender dividend can be taken advantage of to achieve A Viable Bharat in Inclusivity.

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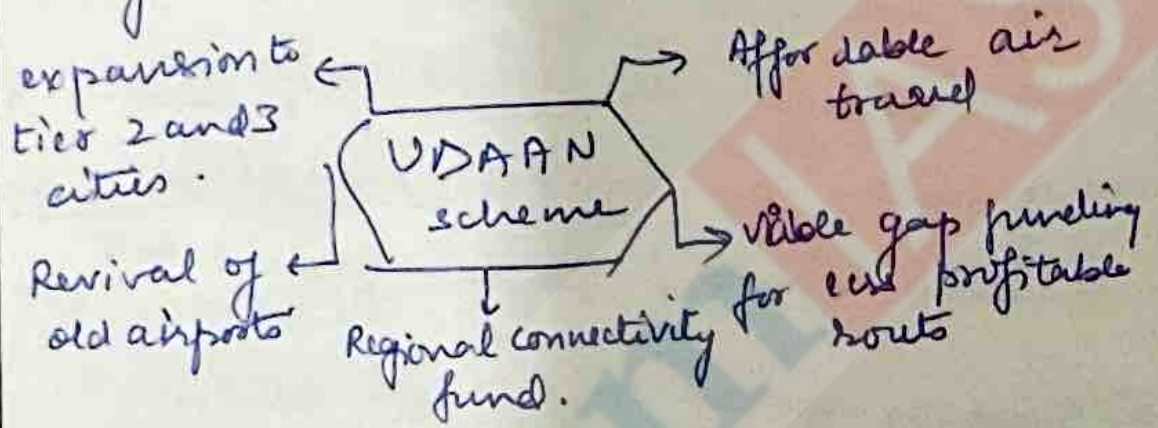
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8/11

To improve connectivity and infrastructural growth in India, enhancement of regional aviation connectivity is essential.



NEED OF ENHANCING REGIONAL CONNECTIVITY

- ① Inclusive Economic growth based on Region \Rightarrow UDAAN focuses on tier-2, 3 cities.
- ② fulfilling the growing demands of air travel
- ③ Promotion of P.F. decongestion for major air routes.
- ④ Improved access to air services



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in remote areas in times of
emergencies

- ⑤ Enhance employment in India.

ACHIEVEMENTS OF UDAAN

- ① Green field Airports ~ 90 including
heliports
- ② Increased routes of air travel to 625
- ③ Enhanced use of helicopter services
to remote areas → Anarnath, Kedarnath
etc -
- ④ Expansion of Air travel to tier 2, 3
cities → Gorakhpur, Nagpur etc.
- ⑤ Agricultural benefits through Koiche
via UDAAN scheme.
- ⑥ Growth of civil Aviation Industry
with ~ 4 new operators.

However, many challenges remain -

- ① Safety concerns → Ahmedabad crash.
- ② MRO costs have shot up due
to higher operation of Aircrafts

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(3) Cross subsidisation has increased the air travel costs for many of customo travellers.

(4) Increases GHG emissions, especially in now-operational fragile Himalayan regions.

To Improve on efficiency

(1) Aviation expert as head of AAI instead of bureaucrats (ICAO)

(2) Merge DGCA and security Arm under single authority (NITI Aayog)

(3) Greater pilot training programmes

Regional connectivity can boost inclusive growth in Armit kaal given the issues of safety and operational efficiency are addressed.

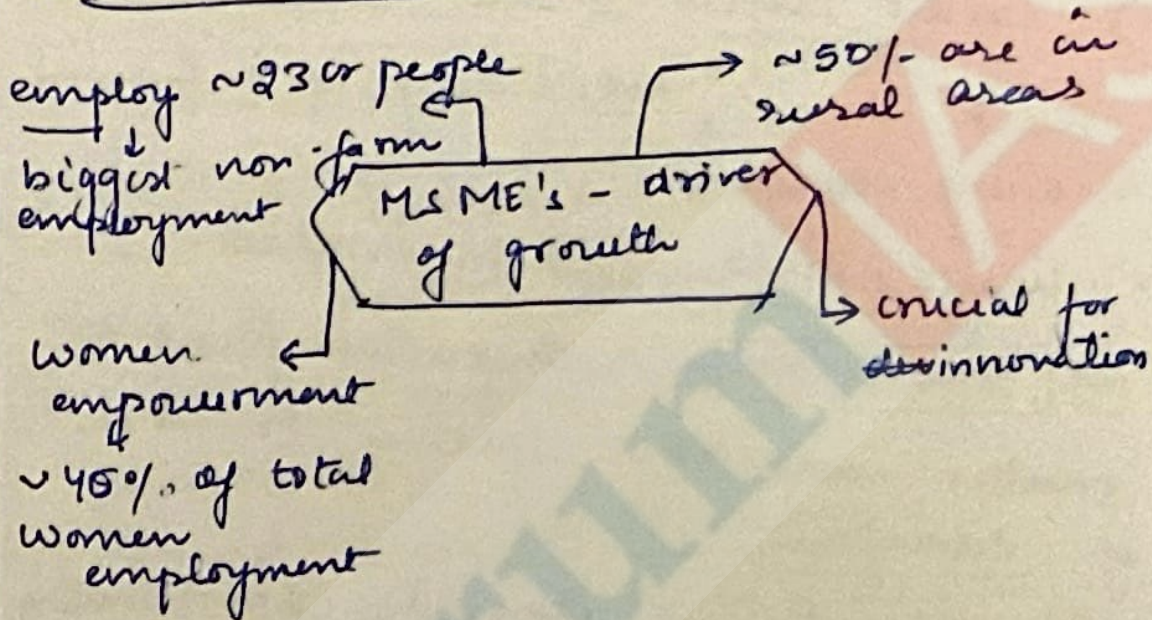
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9

MSMEs account for ~30% of GDP
and ~45% of exports of India and
are a key pillar for growth of the
Atmanirbhar Bharat.



CHALLENGES FACED BY MSME'S

① Operational -

1) Infrastructural Issues - limited
access to raw materials, power supply

eg Punjab → cross high rates of power
supply due to cross subsidisation

2) growth of mass production

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based e-commerce websites reducing profits of conventional MSMEs
eg Textile Industry of Punjab.

iii) Credit Issues - limited formal credit access, ~80% rely on informal money lenders.

iv) limited R&D and innovation.

② Expansion - i) Incentives focus on smaller industries leading to issue of 'dwarfism'

ii) International Norms (eg CBAM) limiting production of industries.

iii) Red Tapism in expansion. → As per WB, it takes 4 years to implement a contract.

MEASURES TO STRENGTHEN MSMEs

① Credit Based -

i) Greater expansion of formal credit eg credit cards to first time

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entrepreneurship (Budget ₹/26)

1) Use of Bank Mitras for financial literacy in remote areas, rural areas

2) Infrastructure - 1) use of PPP projects in MSME involving MSMEs

3) Capacity Building through schemes such as RAMP, ASPIRE etc.

4) IPPP Projects → e.g. Google & SIDB's collaboration for MSMEs

5) Expand scope of PLI Schemes

6) Focus on ease of doing business through speedy process, single window portals → SAMADHAN

As MSME's are a crucial engine of development for India and need to be in focus for achievement of Vit Atmanirbhar & Vibrant Bharat

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10

Hybrid Annuity Model is a combination of EPC and BOT Models to build an accountable system of PPP projects.

$$\text{HAM} = \text{EPC} + \text{BOT}$$

[Engineering, Procurement, Construction] + [Build, Operate, Transfer]

HAM - Pragmatic Model for Infrastructure Development

- 1) financial risk distribution with 40% obligation of govt. and 60% of private sector.
- 2) Reduces Red Tapes with land acquisition, other administrative formalities before project initiation.
- 3) Ensures accountability with periodic fund disbursement based on progress by the govt.

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- ④ Ensures timely project completion.
and reduces cost overruns
- ⑤ Budget optimization can be done
by govt.
- ⑥ Reduces size of NPA for the
banks enhancing credit access for
private entity.
- ⑦ Utilises private sector expertise and
efficiency and reduces costs.

However, it still needs improvements
as ~43% projects face delays causing
a ~~cost~~ overrun loss of ~2.5% GDP.

IMPROVEMENTS NEEDED

① Kelkar Committee -

- i) scope of renegotiation in projects
- ii) Reduce Aggressive bidding
- iii) capacity building of bureaucrats
working in this area.

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② Reduction in Red Taping which causes significant delays.

③ Greater Transparency in functioning and profit sharing.

As per CAG has flagged undue benefits given to contractors by govt. employees.

④ Focus on sustainable development and EIA in projects

HAM can bring about an efficient PPP model if its challenges are addressed and respective improvements are made.