



UPPSC MAINS 2024 - CRASH COURSE

Generic Booklet

Test Name/Code/No. : 7712238 *Economy Section Test*

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Allotted Time : 90 Minutes

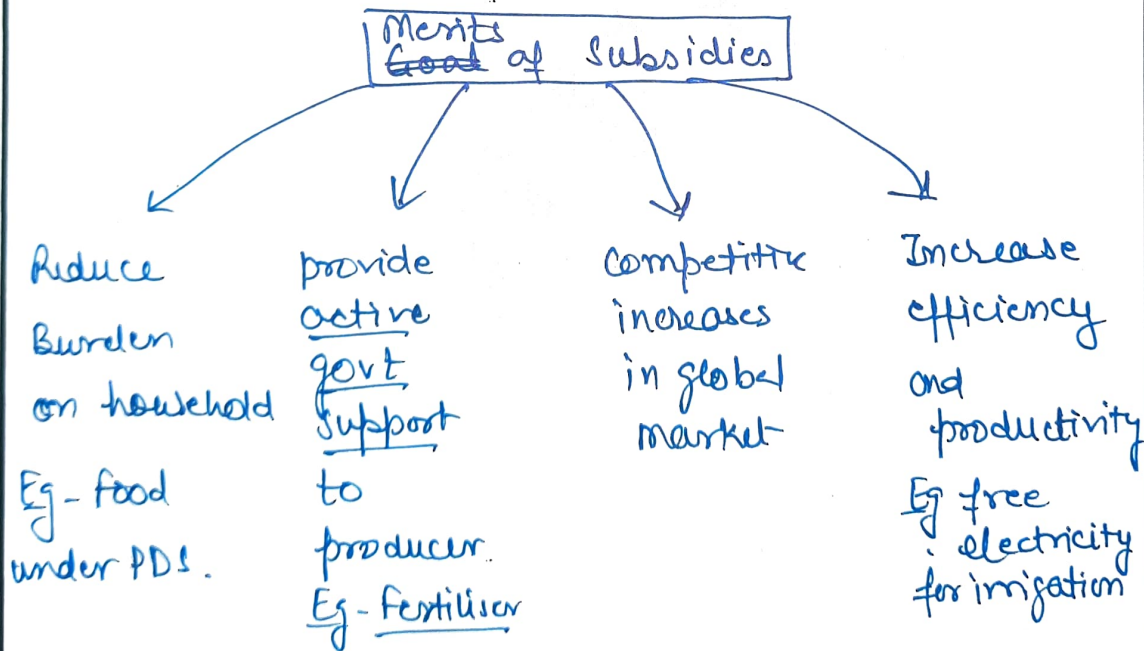
Instructions to Candidates -

- There are 10 Questions in this Question paper.
- All Questions are Compulsory.
- Answers must be attempted in the QCA Booklet only.

Q. No.	Grade/Score
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2	
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Overall Grade/Score	

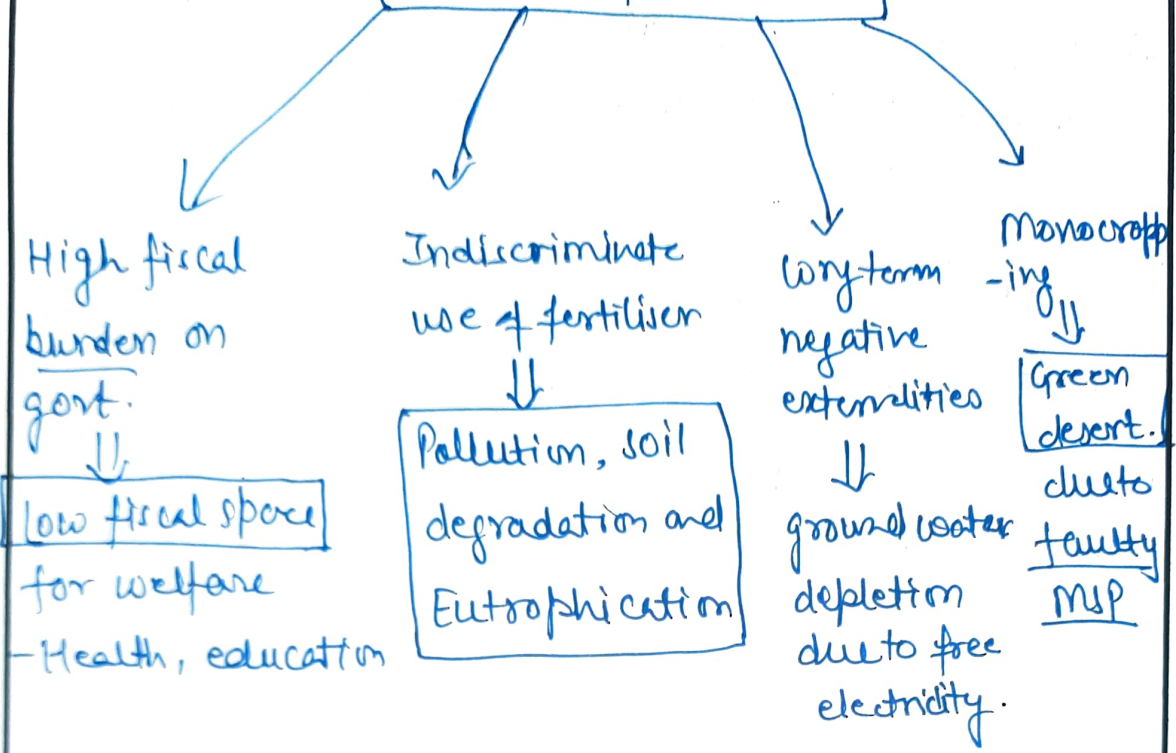
Q.1) "Subsidies while aimed at promoting welfare often strain fiscal discipline." Discuss the merit and demerits of subsidy regimes in India. Suggest measures to ensure targeted and efficient subsidy delivery.

Ans:- India provide huge subsidies to a tune of ~6% of GDP (> 6 lakh cr.) to various sectors like food subsidy, fertiliser and energy.



⇒ Though due to above govt fiscal strain increases and led fiscal deficit, and imbalance of economics.

Demerits of Subsidies



Measures to improve

- ★ Rationalised Subsidy.
- ★ Outcome based and direct transfer to user. ⇒ Reduce leakage.
- ★ Push for leaving subsidy ⇒ PAHAL subsidy.
- ★ Capacity building ⇒ Reduce demand of subsidy.

Thus subsidies are the twin edge sword can be effectively utilize to balance growth and productivity.

Overall Grading (✓)

Poor			Average			Good		
1	2	3	4	5	6	7	8	9

11min

Q.2) Critically evaluate the implementation and effectiveness of the National food security act (NFSA) 2013. What improvement can be made?

Ans:- National food Security act 2013 implemented to improve food and nutritional security and make food as right and liability on state to provide food to people.

Component Benefits of NFSA 2013

- ↳ 35 kg food (Rice / wheat / coarse) grain to household per month.
- ↳ Affordability (₹21311/kg)
- ↳ Public distribution shop for distribution.
- ↳ Entitlement based on Below poverty line

Benefit due to NFSA

- ↳ Decreased hunger and malnutrition issue.
- ↳ Reduce poverty → ~11% MPI (2023)

- ↳ Right based approach
- ↳ Streamline distribution and transportation of grains from FCI.

Challenges due to NFSA

- ↳ Inflationary issue to huge diversion of grains from market.
- ↳ Leakage and corruption ⇒ ₹ 27000 cr. Subsidy leakage.
- ↳ FCI burden with management and procurement, storage.
- ↳ WTO issue due to high subsidy.

Improvement → Dalwai Committee recommendation

- to FCI storage → Cover & Plinth.
- Digitalisation of PDS → Reduce leakage.
- GPS tracking of Transportation

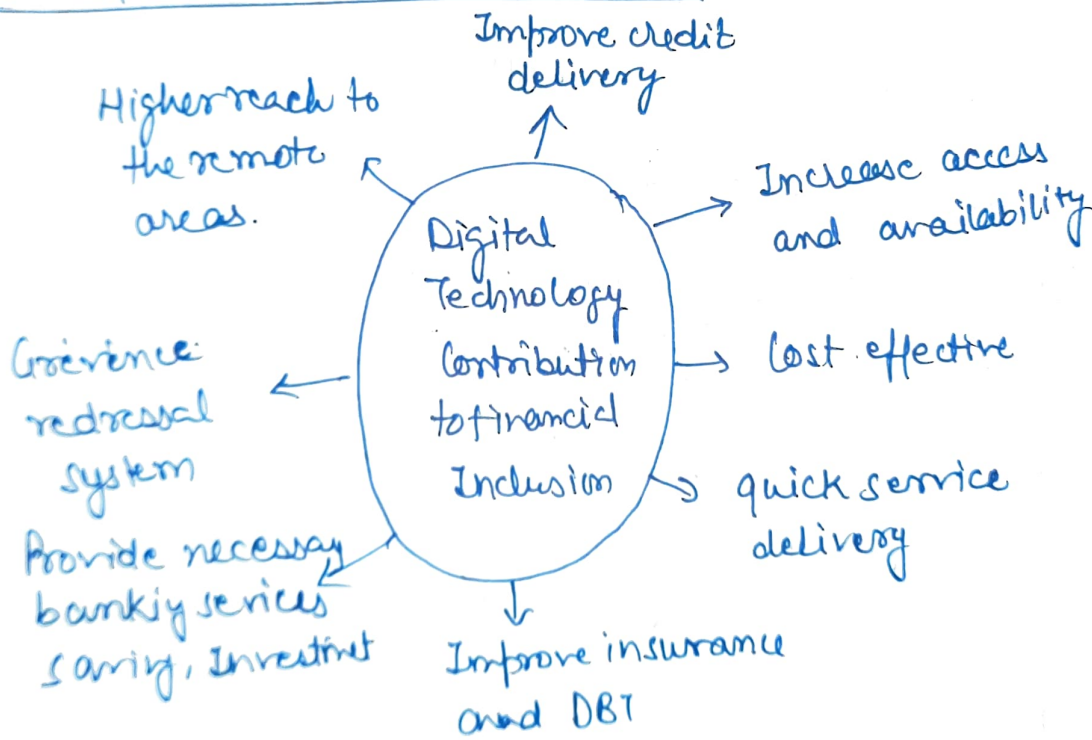
Thus NFSA not only reduce poverty but raise the productivity of worker and multiplier effect to economy.

Overall Grading (✓)

Poor			Average				Good	
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Q.3) How does the digital technology contribute to financial inclusion? Critically examine the role of fintech in bridging the financial gap in rural India.

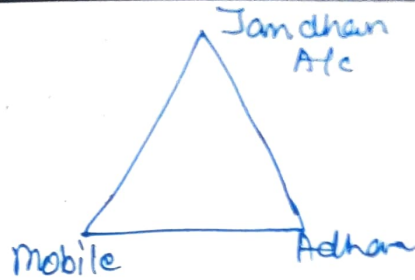
Ans:- India is one of the fastest growing digitalized country especially in fintech sector as important tool of financial inclusion and reached ~65% of the Inclusive development index (RBI).



Role of Fintech in bridging the financial gap:-

(1) Improved Banking infrastructure

(2) JAM Trinity →



(3) Effective delivery of financial help to beneficiary → PM Kisan

(4) Mobile banking → reach remote areas and improve affordability.

Challenges in financial inclusion

↳ Digital divide → Rural-Urban (70% / 40%)
↳ Male - Female (30%)

↳ High investment required.

↳ Infrastructure gap → Road, connectivity.

↳ Extremism → LWE area

Thus for financial inclusion digital technology very crucial to bridge gap and enhance the penetration.

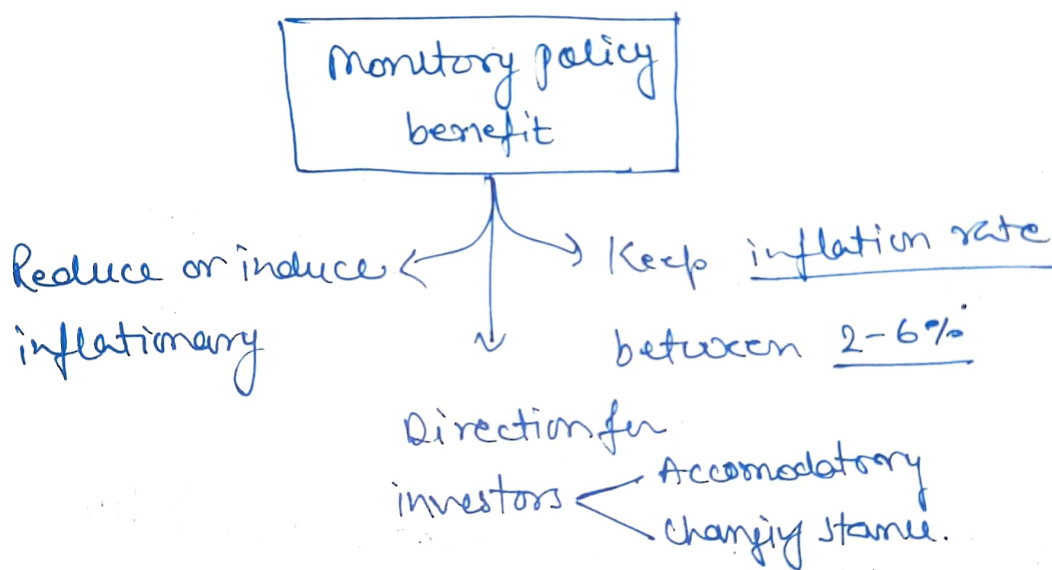
Overall Grading (✓)

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11 min

Q.4) How does monetary policy implemented by the RBI influence inflation rates?

Ans:- Reserve Bank of India release bimonthly monetary policy to target inflation control and stability in market.



How monetary policy implemented by RBI?

(1) RBI release Repo rate which is called benchmark rate at which RBI provide short term loan to banks.

- Connected to Reverse repo rate
- decide loan to value ratio
- Import the ~~force~~ value and provide stability to Market.
- Decide the cash reserve setion and liquidity in market

Benefit of Monetary policy

- Boost growth
- Unemployment check
- Stability of market
- Attract investment & FDI
- Fight slowdown and stagflation/ Recession.
- Promote inclusive growth.

Thus Monetary policy is a potest tool to address the inflation and drive economic growth in the short term measuri.

Overall Grading (✓)

Poor			Average			Good		
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Q.5) Analyse the role of PPP in the digital infrastructure sector in India. What are key challenges faced by the government in participating with private entities?

Ans:- For infrastructure development public-private-partnership can play crucial role as per reports India is facing > \$1.5 Trn shortage of Infrastructure gap.

Role of PPP in digital Infrastructure

- Provide valuable funds for investment.
- Provide expertise and technology
- Can develop interactive model like EPC (engineering procurement) Hybrid models. HAM.
- latest technology development Eg-6G.

Key challenges

- ↳ Regulatory cholestrol → Bureaucratic redtapism.
- ↳ long gestation period
- ↳ Complexity of norms, spectrum auctions etc.
- ↳ Skilled manpower deficiency
- ↳ Unpredictable govt policy regime.

way forward

- ⇒ Develop long term contract and adhere norms.
- ⇒ Arbitration and mediation council for dispute resolution.
- ⇒ Single window clearance ⇒ Ease of doing business.

Thus PPP can be used to growth of digital infrastructure through redtapism to spread red carpet.

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10min

Q.6) Critically analyse the limitation of GDP as a measure of economic welfare and development.
What alternative indicators could be used to supplement GDP?

Ans- 'Gross domestic product' is the monetary value of certain period usually one year of things goods and services produced in a defined territory.

Limitation of GDP

- * Not counted the negative externalities
Eg- pollution by industry.
- * Only the monetary value in formal sectors not in domestic sectors.
Eg- Maid working in a house.
- * No effect on the rising and reducing per capita income
Eg- Due to some billionaires many poor per capita counted in average.

Meaning of Development and economic welfare

↳ Holistic growth → Human
→ Animal
→ Biodiversity

↳ Address the weakness → Poverty
→ Hunger & malnutrition
→ unemployment

↳ Inclusive development
→ social security
→ Basic services to all
→ Financial inclusion
→ Participatory governance,

Alternative indicator could be used:-

(1) Green GDP → counted the loss
of environment during the growth
period and provide supplement
to cover the losses.
Eg- Uttarakhand and Bhutan use
Green GDP.

(2) Take per capita income → as the benchmark for growth and categorise into low, middle and higher level.

(3) Human development Index → by UNDP which count the three param
 → per capita income
 → life expectancy
 → Educational attainment.

Thus these can be provide holistic coverage but some challenge
 → Data monitoring and collection issue.
 → How to calculate environmental loss in monetary value?

Thus GDP can be replaced with alternative method for the holistic and accurate growth of economy.

Overall Grading (✓)

Poor			Average			Good		
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Q.7) Discuss how e-NAM contribute to double farmers income. Also highlight the challenges in its implementation.

Ans:- E-NAM (Electronically national agriculture market) is a pan India agriculture online market through which farmer can sell their produce to any one at their affordable rate with no intermediary.

Need of E-NAM

- ↳ Integration of all APMCs
- ↳ Digital connectivity.
- ↳ Better price discovery and boost market intelligence.
- ↳ Hassle free buying and selling
- ↳ No intermediaries role
- ↳ Use of technology.

E-NAM contribution to double farmer income

- (1) Boost income → reducing intermediaries and various commission at APMCs.
- (2) Quality wise better price discovery.
- (3) Manage demand and supply of agri produce.
- (4) Use of NWR → to get credit from banks as collateral.
- (5) Market analysis → change cropping pattern → Not from farm to plate rather plate to farms.
- (6) Protect farmer from distress sale → reduce debt and unremunerative farming → reduce suicides (30 suicides per day and ₹2000 per year)

Challenges in E-NAM

- (1) Delayed payment → till the delivery of produce.
- (2) Quality issues → rejected by online buyers.
- (3) Higher cost and digital connectivity required for E-NAM
- (4) Digital divide → Rural vs Urban
(~27%) (>60%)
- (5) Digital illiteracy → small and marginal farmer (>80% and illiterate)

way forward → Boost agri extension services in local language.

↳ Contract farming

Regulatory reform → boost private invest
ment

Thus E-NAM can solve many problem if capacity building and learning of farmers community and digital penetration done

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Poor			Average			Good		
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Q.8) Discuss economic relevance of social security scheme in fostering inclusive growth in India

Ans:- Inclusive growth index shows only 62% inclusion of Indian people (RBI) which need more innovative and focused approach in the field of social security sector.



Economic relevance of Social Security schemes fostering Inclusive growth

- (1) Provide opportunities and distribution of dividend to all
Eg - PM Jandhan yojana.

- (2) Boost entrepreneurship → start up India
 Eg - >30% women participated in startup.
- (3) Sence of Security → Social security
 as backup.
 Eg - PM Jeevan Jyoti yojana → life insurance cover.
- (4) Venture capital → Boost private
 sector to invest in small enterprises.
- (5) Multiplier effect → insurance amount
 can be invested into other
 sectors.
 Eg - LIC investment in NABARD

Challenges in securing inclusive growth

- * Unavailability of basic services.
 → Housing, electricity (>300family)
Clean water etc.

Q.9) "Dest
anything
economy

- (2) High Informal sector → >80% which unable to take benefit of social security
- (3) Unemployment or underemployment → disguised employment (>45% manpower engaged in agriculture)
- (4) Huge population → benefit of trickle down effect very meagre.
- (5) Imbalance growth → Eastern India North east region → High poverty level

Govt Measures

→ MGNREGA

→ PM Awas yojana, Jal Jeevan mission

→ Financial inclusion → PMJDY

→ Ayushman Bharat, Samagra siksha abhiyan

Thus inclusive growth can be achieved with the holistic coverage of social security schemes.

Overall Grading (√)

Poor			Average			Good		
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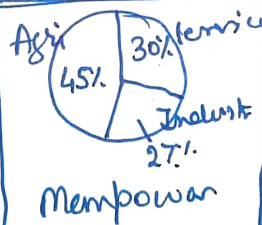
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Q.9) "Despite being one of the fastest growing economy, India continues to grapple with high level of unemployment." Critically examine the structural factors contributing to this paradox.

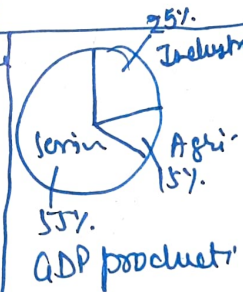
Ans → Youth unemployment in India at very high level (~15%) despite India is the 4th largest economy in the world (~\$3.5 Trn GDP) and fastest growing economy (>7% growth rate)

Reasons of jobless growth

→ Sectoral imbalance



→ Trickle down impact not happening



→ Rising inequality → due Automation
New AI/ML job replacement

→ Skilled manpower deficiency.

Factors responsible for Unemployment

- High manpower engaged in Agriculture
 - disguised employment
- Stagnant Manufacturing sector → stuck at 15% from last 10 years.
- Poor innovation and new job creation
 - Eg - IT services only in demand.
- High rate of Startup failure → due to low govt handholding → complex regulation
 - Eg - only 10% startup successful 90% fails.
- Inadequate infrastructure → poor connectivity → low economy of scale to MSMEs.
 - Eg - >90% MSME in micro sectors.

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- Missing Middle → middle class not performing in manufacturing and MSME → most in low value produce manufacturing.
- Industry - Academia Linkage → poor update of course → only 50% graduates employable.

Way forward

- Boost R&D budget → stuck 0.6% of GDP
- Updation of syllabus and new technology courses.
- Skill development → National Apprenticeship promotion scheme.
- Incentive to boost MSME → come out of micro sector → boost export.
- Labour intensive sector → PLI schemes to textile, food processing sector

Thus unemployment can be demographic disaster if not provided suitable measure to tap demographic dividend.

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Poor			Average			Good		
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18 min

Q.10) What is the concept of demographic dividend? Discuss its significance in the context of economic growth and challenges it faces?

Ans- India is one of country in high demographic dividend (15-64 yrs age group) >65% of countries over all population and average age of Indian is ~25-30 yrs.

Demographic Divident

- ↳ High younger population
- ↳ low burden of children and old age people (25%) (10%)
- ↳ Demographic window till 2041.
- ↳ Ample manpower to drive economy.

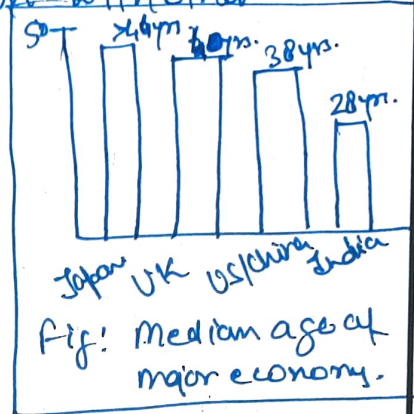
Significance of Demographic dividend in Economic growth

(1) High productive population availability

(2) Comperativity low median with other countries.

(3) low burden of healthcare and care economy

Eg- Older population
10% (2025) → 20% by 2050



(4) Enough manpower to use labours mobility part → Eg- Italy, Japan, Germany part- India labour mobility.

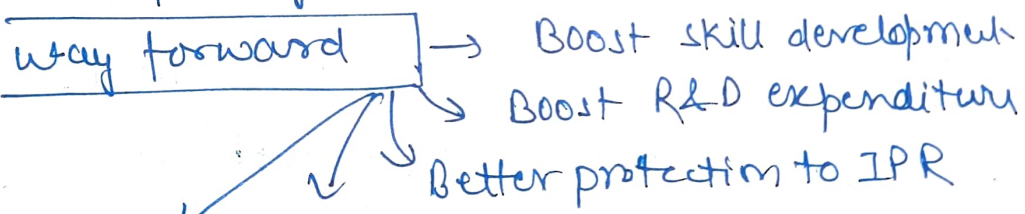
(5) Boost innovation and entrepreneurship → Rising unicorn is startup → 68 in 2025.

(6) High demand and huge market → digital service easy available + high internet user → boost online business and e-commerce.

(7) High availability of AI engineer → >20% of world AI engineer → boost industry and IT services.

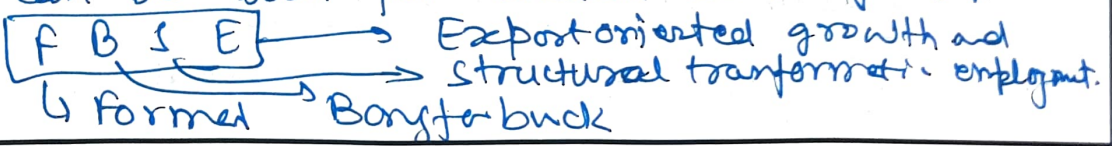
Challenges to tap demographic dividend

- High informalisation → > 80%
- Formal skill → only 5% workforces while
China-60%, S.Korea-95% skilled manpower
- Poor employability of young graduates
→ only 50%
- Regulatory bottlenecks → bureaucratic redtaping, high approval time in land allocation and environment clearance
- Complex Labour laws → No ease of doing business.



Quality education
 Expenditure > 6% of GDP
 Ease of doing business

Therefore demographic dividend can be boon for Indian economy if provide



Overall Grading (✓)

Poor			Average				Good		
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