

~~Shashank Ch~~

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TEST - 08

GS SCORE

GS MAINS TEST SERIES 2016

75

INDIAN ECONOMY

Time Allowed: 3 hrs.

Max. Marks: 250

Q.	Marks	Instructions to Candidate
1.		- There are 20 questions. - All questions are compulsory - The number of marks carried by a question is indicated against it. - Answer the questions in NOT MORE THAN 200 words each. Contents of the answer is more important than its length. - Answers must be written within the space provided. Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.
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Name SHASHANK CHAUDHARY

Roll No. —

Mobile No. —

Date 21-5-16

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REMARKS

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Q1. What do you understand by RuPay and discuss its potential benefits to India? Explain how it can help India to emerge as a Regional Financial Center and Global Financial Service Provider? (12.5 Marks)

Ans RuPay is the government ^{financial} service which acts as the payment gateway between the bank and the customer.

It has mandatory usage provision in the Jan Dhan scheme if the customer is willing to avail special services.

Benefits to India:

- Cheap service, best suited for country like India.
- Encourages cashless economy, which is an important tool against black money.
- Promote financial inclusion and financial services to the poor.

RuPay holds the potential for helping India to emerge as a Regional Financial Center and Global Financial Service provider because:-

Remarks

Precisely discuss the benefits comparing with VISA, MasterCard and try to cover all major benefits

- SAARC countries have large poor population which can take benefit from RuPay.
- India is already one of the top players in the service sector, hence it has the requisite digital and human capital.
- It will be helpful in global fight against blackmoney.
- Extending Financial inclusion to the poor world wide.

Therefore, India needs to capitalise on the potential benefits of RuPay.

Avoid casual approach
(Ref. links)

Precisely discuss the issues related to RuPay and way forward

34

Q2. The past two years have observed a general fall in food inflation? Critically analyze the major reasons behind this decline; also discuss why the pulses and edible oil have registered a reverse trend with a significant price rise? Describe its impact on nutritional availability in India? (12.5 Marks)

Ans Food inflation is generally seen in India due to supply side constrained. Though in recent years a general fall in food inflation has been observed. Decline related percentages

This is due to:-

(i) Improved productivity

Due to investment in agriculture ~~eg. 10~~, better irrigation facilities and good farming practices productivity has improved.

(ii) Improved forward linkages

Better storage, transportation and distribution mechanisms, cost of food products have declined. Precisely mention the govt. initiatives

(iii) Improved MSP regimes in various crops

MSP have protected the farmers and crops from price fluctuations.

However, the pulses and edible oil faced a reverse trend and their prices have hiked. This is because:-

} - Briefly elaborate

Remarks

(i) MSP regimes for oilseeds and pulses are not robust as wheat and rice.

(ii) farmers are not encouraged to grow pulses and oilseeds

(iii) Most of the domestic requirements are met through imports ~~as~~ which are expensive.

Cover more factors This greatly impacts nutritional availability because:-

(i) Pulses are relatively cheap ~~source~~ source of proteins; higher prices mainly affect the poor.

(ii) Oilseeds are needed for cooking and fat requirements. High oil seed prices affects the prices of ~~at~~ cooking oil which is negative for nutritional basket of the poor.

Therefore, government should take measures to reduce high inflation in oil seeds and pulses ~~via~~ via mechanisms like MSP, public procurement etc.

Remarks

Q3. The growth of the major multilateral economic and financial institutions has been much less than desirable. Discuss its major impact on global economy with a particular focus on developing countries? Suggest a roadmap to strengthen these institutions, so that they can become capable of addressing major global issues, as well as small issues of poor countries in Africa and Asia? (12.5 Marks)

Ans- Multilateral economic and financial institutions are important for a robust global economic regime which addresses the issues of global development, slowdown etc.

However, the growth of multilateralism in global financial institutions have not been desirable. The Brettonwood institutions like IMF and World Bank are hegemonised by developed countries like U.S.

Positive impacts of such institutions on global economy :-

- (i) They have helped developing nations in the crisis situations e.g. loan from IMF by India in 1991.
- (ii) They are the platform for developing countries to display their concerns.

Remarks

Precisely discuss the reasons for their declining stature and failure at few critical time-period

In brief (a short para)

(iii) They have insured that the interests of developing nations are not ignored in the global growth process.

(iv) promoted sustainable and inclusive growth

Negative Impact:

(i) Assistance from them are tied with capitalist conditions

(ii) They have ~~not~~ ~~pre~~ failed to prevent sub-prime crisis and Eurozone crisis.

Strengthening these institutions:

(i) membership quota of countries from Asia and Africa should be increased.

(ii) ~~condition~~ countries like India, Brazil and South Africa better understand the economies of developing nations, hence they should be included in decision making process.

(iii) proper review and monitoring mechanism for developing countries in Asia and Africa.

Remarks

Concluding paragraph required for every ans.

First mention about the global slowdown as intro

Q4. Analyze the New Foreign Trade Policy of 2015-2020, amidst the rising challenge of decreased demand for exports due to impending global slowdowns? Also discuss some adjustments that can be made in advance to face the upcoming slowdown in the least impacting way. (12.5 Marks)

Ans- The New Foreign Trade Policy strives to boost Indian exports in the challenging environment of global slowdowns.

It envisages to :-

- (i) Improve the quality and quantity of exports in
- (ii) Reducing red-tapism for the exporters.
- (iii) Single ~~web~~ window clearance for licences and permits for exports.
- (iv) Boost textile, ~~ex~~ electronics etc exports.
- (v) Ease of doing business in the country with convergence with "Make in India" to encourage overall manufacturing and exports.
- (vi) Exploring new markets in central Asia and Latin America to boost exports.

Thus the New foreign trade policy address the challenge of global slump by exploring new markets, reducing restriction and making goods competitive.

Remarks

Genuine provisions required

Further Adjustments: -

- (i) Public investment in Special Economic Zones to promote exports.
- (ii) Tax concessions and reduction in export duties for exporters.
- (iii) Ease of getting credit for exporters to expand production.
- (iv) Infrastructure development in transport sector.

3½
Ref-hints

Avoid superficial
ans.

Remarks

Q5. The declining growth in agriculture owing to two consecutive drought years indicates a building-up of rural distress. Discuss a roadmap to ensure complete agrarian transformation to ensure sustainable livelihoods for the farmers and food security for the population? (12.5 Marks)

Ans- Due to lack irrigation facilities in 55% of the net sown area, Indian agriculture is highly vulnerable to the arbitrariness of the monsoon, leading to droughts and rural distress.

To ensure sustainable livelihood and food security following ~~stool~~ measures should be taken:

(i) Forward Linkages

Better seeds, subsidies, irrigation infrastructure etc should be provided to farmers for better productivity. Discuss the various infra. and institutional problems related to agriculture

(ii) Backward linkages

Storage, transportation, market, procurement^{etc} should be improvised to reduce wastage and losses.

(iii) Extension services for improvement in productivity

(iv) Research and development

Improvisation of seed, better fertilizers, awareness of ~~the~~ agricultural best practices are needed.

Remarks

Try to explain the measures
more specifically.

(v) Credit availability

Institutional credit should be made accessible
to farmers ~~to~~, so that they can be protected
from local money lenders.

(vi) Government initiatives like :-

- Rationalising MSP with more crops under it
- Pradhan Mantri Kishu Sichi Yojana.
- Soil Health Card Scheme.
- D D Kisan.
- National agricultural markets.
- E-Choupal ; contract farming
- Crop insurance → PM Fasal Bima Yojana

(4) All these ~~at~~ schemes need promotion
and awareness so that maximum farmers
can take advantages from them.

Conclusion required

Q6. The term Green Finance has gained a lot of attention in the past few years with the increased focus on green development. Why Green Finance is an ambiguous term and what are the issues in mobilization and effective use of green finance? Is it a sufficient step towards the sustainable development? (12.5 Marks)

Ans Green finance refers to the finances raised for investing in green technologies and green processes.

Green finance is ambiguous term because :-

- Simple and comprehensive definition have not been laid out by any authority.
- It is not ~~clear~~ clear which sectors and technologies are included ~~in~~ under green finance.
- Institutional and implementation framework have not been made clear yet.

Due to these issues and vagueness in the term itself the mobilization of finances have been inadequate. Promoters are not able to raise finances of ambiguity in the definition of green finance.

Remarks

Discuss in detail with relevant arguments.

In the contemporary era of global warming and other climate changes, the importance of green financing increases many fold. Countries all over the world have pledged to restrict global temperature rise to under 2°C by end of century, thus green finance can help be research and development of ~~the~~ clean and green technology. It will lead world towards sustainable development by infusing investments in technical and human resource development.

Further, need is to incentivise and nudge people to adopt green technologies. Banks should be encouraged to finance green initiatives and most important is to ~~can~~ clearly and comprehensively define the term.

Remarks

Q7. India has made great strides in removing the barriers to the entry of firms, talent and technology into the Indian economy. Less progress has been made in relation to exit. Substantiate your answer by analyzing a specific sector? (12.5 Marks)

Ans India has moved from Socialism with limited entry to marketism with no exit.

This has severe economic effect because the resources are stuck with the loss making firm and ~~the~~ better best utilized utilization of the resources is not done. Mention recent initiatives to facilitate entry of new firms

This can be analysed taking the example of ~~Sugar sector~~ Fertiliser sector:-

~~Sugar mills are not~~

Loss making fertiliser companies are not allowed to exit the business by the government because fertiliser is cardinal for agriculture and government do not want that its supply get reduced. Properly discuss the procedural hurdle related to exit

This increases the inefficiency of the firm and have a huge burden on public exchequer because government subsidises fertilisers..

Remarks

Way forward:

- Government should incentivise exit process.
- The resources obtained should be utilised to make further productive investments.
- The Insolvency and Bankruptcy code is a step in the right direction.

Conclude your ans.

Properly covers all the required dimensions to present a complete ans.

Remarks

Q8. Taxation is not just about financing expenditure; it is economic glue that binds citizens to the state in a two-way accountability relationship. Analyze in the context of India's fiscal capacity and fiscal discipline. (12.5 Marks)

Ans. Taxation and elections are the two mechanisms by which the citizens forus accountability on the government.

Fiscal capacity issues:

- India's tax-to-GDP ratio is very low at about 17%. ~~which~~ while the figure for OECD countries is 34%.

- The proportion of indirect taxes in the total tax revenue is very high. Indirect taxes are regressive tax and hard hit the poor.

- Recent documents from income tax department shows that only 1% of the workforce come in the tax pays income tax.

- Tax exemption and tax holidays are used by the well-off who does not need them.

Remarks

Fiscal discipline

- Government have been able to keep the fiscal deficit under the limits mandated by FRBM Act.

- However, the public spending on the social services like health and education are very poor as compared to the OECD countries.

Further steps are needed :-

- Tax base need to be broadened.
- Government should not give tax exemption in products used by rich like Aviation

Turbine fuel, Gold, Electricity etc.

- Citizens will be willing to pay taxes if they get better services, hence need is to good governance.

- Increase direct taxes as proportion of tax revenue.

- Stringent penal provisions against tax evasion and tax avoidance.

Remarks

Conclusion required

Q9. Since the mid-2000s, India's FTAs have doubled to about 42 today. Critically analyze their evolution and importance in contemporary global reality? Also discuss whether have they really benefitted India or are a mere outcome of geopolitical relations?

(12.5 Marks)

Ans. FTAs are the bilateral and multilateral agreements between the countries to remove tax barriers from trade sector.

In the last decade India have concluded FTAs with many countries to promote foreign trade.

~~Positives of FTA~~

FTAs have been signed by India with

ASEAN, Japan, Australia etc.

FTAs hold great importance towards boosting growth in the contemporary global reality because various countries are making regional

trade groupings and the countries not exploring the path of FTAs are being left out and face trade diversion. Therefore, liberalization

and globalization have made FTAs a necessity for countries to have a robust

Precisely mention the FTA history of India

Remarks

Proper analysis of major FTAs of India required

foreign trade regime.

FTA between India-EU is on the way of realisation, similarly RCEP is FTA among ASEAN and Six Indian ocean countries.

Benefits of FTAs :

- Boost exports and imports
- Improves diplomatic relations
- Provides ~~the~~ employment in export sector
- Better integration with global economy

Negative Impacts of FTAs

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- Disadvantageous for small small and micro industries
- Price ~~to~~ depression in agricultural products leading to income insecurity of farmers.
- Most favoured nation is applied to all nations.
- Indian imports have increased ~~but~~ instead of exports.
- Dependence on other countries increases, domestic

Remarks:

Capacity building is compromised.

Don't write in margin

Facts and data related to dairy sector of India

Q10. Discuss the recently announced schemes regarding dairy development in the last Union Budget? Analyze how these schemes can help to address the challenges of rural distress? (12.5 Marks)

Ans- With an aim of increasing income in rural areas, government have ~~to~~ launched various schemes and initiative to encourage dairy sector in the country.

- Investment in the ~~dior~~ dairy sector have been increased.
- Hybridization ^{of breeds} have been encouraged.
- Promotion as an alternative source of income.
- Cooperativization is promoted to emulate the success of ~~of~~ Amul.
- Health care services for farm animals
- Fodder facilities.
- Insurance ~~for~~ of animals.

These schemes ~~will be~~ ^{are} right steps in initiatives addressing the challenges of rural distress

because :-

- (i) provides an alternative source of income

Remarks

Ans lacking structure

for farmers ~~so~~, in cases of crop failure.

- Generate more income for investment in agriculture.

- operation flood was a phenomenal

success, these schemes try to emulate the success.

- Export of dairy products will increase, getting more foreign exchange.

- Also ~~for~~, the breeding process is

streamlined, hence more productivity will be achieved.

Therefore, dairy sector, agroforestry, poultry, fishery etc can help combating the challenges of rural distress.

Analytically explain the way it will supplement the income of rural households.

Remarks

Q11. The risk borne by a single party is extreme in case of both the BoT and EPC models (PPP). In the light of the above statement, explain how Hybrid Annuity Model would resolve this problem and highlight its key features? Also analyze how the adoption of this model can help in completion of stalled projects? (12.5 Marks)

Ans The Hybrid Annuity Model (HAM) is improvisation on ~~or~~ on the BoT and EPC models, it is the mixture of the two

- The risk sharing is improved ^{in HAM} ~~20%~~ as 60:40 percent, 60% for the government and 40% for the private player.
- Contract ~~have~~ mechanism have been simplified so that there are less disputes.
- Private sector is incentivised to take up PPP projects.
- Improved access to credit.

Adoption of HAM model will greatly help ^{precisely the mention the provisions and analytically} in completion of stalled PPP projects which are ^{explain} worth Rs 10 lakh crs. because now the ^{their} risk has been shared, and ^{probably} there is ^{outcome} provision for transfer of PPP ~~project~~ contract.

Remarks

to another party in case the initial party fails to complete the project.

Hence, there will be no reservations among private players to take up stalled

projects.

Properly discuss all the required dimensions

Remarks

Related facts and data
as intro.

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Q12. Even though the Government has provided adequate attention to neglected Food Processing sector in recent years, still the recent statistics suggest that many of Mega Food Parks, which were announced in the scheme have either not been established or they are on the verge of shutdown. Analyze the factors behind this trend; also suggest what should be done to reverse the trend? (12.5 Marks)

Ans Mega food parks are the common markets for the producer where the best quality food processing services are available.

However, this development is ~~being~~ skewed because :-

(i) Red tapism

licences and permits are not being provided accordingly

(ii) Lack of incentives

Farmers are not incentivised to benefit from Mega food parks, they still prefer traditional ways.

(iii) Lack of credit and investment for the promoters

(iv) Lack of awareness

Farmers are not aware about any such existing facilities

Precisely mention the aim and objectives of Mega Food Parks

Remarks

Specific problems required
(Avoid casual and superficial points)

Suggested measures to improve them:-

- (i) Information dissemination about any such programme.
- (ii) Infusion of credit and investment.
- (iii) Standardization
- (iv) Promotion to international best practices in food processing
- (v) Promotion to cooperatives in food processing.
- (vi) Achieving economies of scale in Mega Food Parks.
- (vii) Promotion to FDI

Lacking in depth
knowledge.

Very superficial ans

Remarks

Growth and slowdown related facts and data required

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Q13. Analyze the major reasons behind the recent slowdown of Chinese economy? Discuss its major impact on global economy with a particular focus on India? (12.5 Marks)

Ans Slowdown of Chinese economy can be explained as follows:-

Export Demand driven economy from Foreign markets

↓
Global slowdown due to repercussion from Subprime crises and Eurozone crisis

↓
Global demand reduced for Chinese goods

↓
Excess supply and reduced demand led to Slowdown

↓
Further China decided to ~~to~~ make Chinese Yuan ^{based on} market based exchange rate, leading to Yuan devaluation, exacerbating Chinese slowdown.

Properly explain mentioned reasons.

Remarks

Implication on world and India :-

- (i) Asian countries may indulge in currency war & devaluating their ~~own~~ currencies to ~~keep~~ maintain their export competitiveness.
- (ii) ~~On~~ Chinese exports are cheaper now, leading to flooding of Chinese goods in Indian market.
- (iii) Detrimental for domestic industries in India
- (iv) It will further make global slowdown worse.
- (v) Import of oil by China will reduce leading to further reduction in oil prices which in turn raise distress in the already suffering west Asian economies.

Conclusion required

Remarks

Q14. The next economic crisis would be a crisis generated by the fall in repayment capacity and debt trap. Critically analyze in context of the predictions made by the Economic Survey 2015-16? (12.5 Marks)

Ans - The debt-to-gdp ratio for India is high.

This requires India to reduce it so that it may not lead to a situation where India is unable to make repayment of the loans which will lead to a debt trap.

Economic Survey makes following recommendations:-

- Improve the tax-to-gdp ratio from 17% to more than 30%.
- Improve domestic credit generation
- Incentivise ^{retail} saving so that credit is available
- ~~Boost~~ Boost exports

1 1/2
Ref. hints

Discuss following dimensions
crash in commodity and oil prices

Remarks

- Crash in commodity and oil prices
- Problems and slowdown in Economies
- Financing of unviable projects
- Expected outcomes

Remarks

Q15. Discuss, why the government's efforts towards establishing a successful crop insurance system have failed so far? Can the newly launched Pradhan Mantri Fasal Bima Yojana reverse the existing dismal state of affairs; analyze the scheme on parameters of stability, inclusiveness and fiscal burden? (12.5 Marks)

Ans Given the erratic behaviour of monsoon in India and further deteriorations due to climate change, a robust crop insurance scheme is required to safeguard the welfare of the farmers.

lacunae of previous crop insurance schemes:

- (i) Not all crops were covered.
- (ii) Delay in payment of the claims
- (iii) Lack of on-farm claim assessment mechanisms.
- (iv) The insurance covers were less which were highly inadequate.
- (v) Lack of institutional mechanisms.

Precisely explain mentioned reasons

PM Fasal Bima Yojana is a right step because Briefly about PMFBY first

- (i) More stable than previous schemes
- (ii) Have provisions for on-farm claim

Remarks

assessment mechanisms.

(ii) Inclusiveness

- Nearly all types of crops are insured under the scheme.
- More farmers have been enrolled under the scheme.

(iii) Fiscal burden

- However, the scheme has higher insurance cover, this can negatively impact the public exchequer.

Properly mention the features of PMFBY and then discuss the way it will improve the scenario

Avoid casual approach of discussion

(Content lacking standard and expression)

Remarks

Q16. It is commented that India needs a bankruptcy code to fight the double cancer of NPA and lack of Ease of Doing Business. In the light of above statement, explain how the proposed Bankruptcy Code can tackle the above mentioned problems. Also mention the key feature of the Insolvency and Bankruptcy Code Bill 2015. (12.5 Marks)

Ans The parliament have recently passed the much needed bankruptcy code to deal with the failed businesses.

NPA's

- The loss making firms and failed firms are unable to service their loans, moreover they are not free to sell their assets to repay the loan. The Bankruptcy code streamlines the process of liquidation of the firm hence expedite the repayment of the loans.

Ease of doing Business

- The failed firms require capital so that they can invest it in other areas and start their new businesses. However, the inadequate exit mechanism lead to

Remarks

• ~~if~~ their capital being stuck in the failed enterprise. The bankruptcy code improves the utilization of the available resources by ~~imp~~ improving flow of capital in the economy. Hence, ease of exiting is complementary to ease of doing business and ease of starting business.

4½

Key features of the Bill:

Expedite the process of ~~de~~ liquidation with consent of all stakeholders, where bond holders get preference.

Insolvency professional to support the process.

National Companies Law Tribunal for corporate insolvency and Debt recovery Tribunal for individual insolvency.

Process need to be completed within 180 days.

Reduce interference of courts.

Remarks

Mention all major provisions

Q17. In order to attract more investment in the Hydrocarbon sector, the government has replaced Production Sharing Mechanism with Revenue Sharing Mechanism. Explain the differences between both of these models. Will the Revenue Sharing Model be able to solve the issues related to the earlier method? Discuss. (12.5 Marks)

Ans- The latest HELP policy in Hydrocarbon sector is improvisation on the earlier NELP Policy.

Production Sharing Mechanism.

In this process the emphasis is on sharing the profit that is raised from sale of the production. This leads to complexities in the sharing formula. This increases disputes in sharing the proceeds and cause trust deficit between government the private entity.

Revenue sharing Mechanism

This is simpler means of sharing proceeds where the entire revenue is divided between the partners according to the pre-determined formula. Hence, less disputes and incentives for collaboration.

Remarks

Precisely mention the provisions of RSM and then explain benefits in their context

Revenue sharing model removes the deficiencies of the previous model, it will promote investment and inclusion of private entities to work with government in hydrocarbon sector because they know they will be equally gain. This will also improve ~~not~~ exploration mechanisms and reach leading to better ~~at~~ domestic energy security.

Related apprehensions

Remarks

Q18. The growth of Indian economy since 1991 reforms can be described as the service sector led economic growth. Analyze its major impacts on the Indian Economy? Do you think that service sector led growth is sustainable in the long run? Give reasons with statistical support? (12.5 Marks)

Ans- Indian economy have registered a significant level of growth post 1991 reforms in the service sector.

Currently service sector contributes 52% to the Indian GDP which is much greater than contribution from agriculture (15%) and Industry (33%) sector.

Impacts of service ~~sector~~ led growth :-

(i) Jobless growth

By Since service sector is not labour intensive and requires highly skilled personnel it has failed to generate jobs to meet the needs of growing Indian population.

Analytically discuss the unconventional sectoral growth in India

Remarks

(ii) Weak industrial sector

By bypassing industrial sector, India have failed to develop a robust industrial sector which all other develop countries have.

(iii) Unequal regional development

Service sector firms prefer urban areas where skilled workforce is available, this has led to regional disparities. While Bangalore, Delhi are highly developed, Bihar, U.P., Madhy Pradesh are starving for investment.

For sustainable growth a strong industrial sector is required so that ~~it~~ it can absorb the labour from agriculture which currently employs largest share ^(50%) of population. This is also necessary to reap the demographic dividend.
~~Idea dist~~

Remarks

Analytically elaborate with a balanced approach

Proper intro. required

Q19. Financial inclusion is not merely about opening more and more bank accounts, but is rather about developing a habit among people to deposits their small savings into banks. Discuss the importance of financial inclusion in context of resource mobilization efforts of government? Also evaluate the Pradhan Mantri Jan Dhan Yojana in the context of the statement? (12.5 Marks)

Ans Financial inclusion is not only about bank penetration but it is about access of people to services like :-

- (i) general banking → deposits etc.
- (ii) Insurance.
- (iii) Credit

~~Ans~~ Financial inclusion is important from the context of mobilization of the resources which is required for investment in the country.

As Harrod-Domar model suggests.

$$\text{GDP growth} = \frac{\text{Investment/Saving}}{\text{Incremental Capital Output Ratio (ICOR)}}$$

While ICOR depends upon the technical expertise of the country & Investment

Remarks

depends upon the level of savings.

Therefore, financial inclusion is a step towards increasing ^r savings in the retail country.

pp. Jan Dhan Yojana have registered significant success whereby ~~millions of~~ thousands of new accounts have been opened which as ^{increased} ~~raised~~ capital ~~to~~ availability to about Rs '40,000 cr.

This capital can be used to make investments in infrastructure development in the country.

However, Jan Dhan allows opening of zero balance account which can defeat the purpose.

Performance analysis of Jan Dhan Yojana in detail required.

Remarks

Q20. Renewable energy has the potential to create a large industrial base in India apart from reducing the huge energy import bill? Critically analyse the current developments in this sector?

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Ans Government have planned to ~~total~~ generate 175 GW of power through renewable resources by 2022.

Creating large industrial base:

- To harness renewable energy, technical instruments like solar P.V. cells, DC-to-AC converters, storage batteries ~~etc~~ are required.

If government ~~to~~ promote renewable

~~to~~ scale, demand for

Q20. Renewable energy has the potential to create a large industrial base in India apart from reducing the huge energy import bill? Critically analyse the current developments in this sector? (12.5 Marks)

Ans. Government have planned to ~~to~~ generate 175 GW of power through renewable resources by 2022.

Creating large industrial base:

- To harness renewable energy, technical instruments like solar P.V. cells, DC-~~to~~-AC converters, storage batteries ~~are~~ ^{etc} required.

If government ~~to~~ promote renewable energy on large ~~to~~ scale, demand for these equipment will rise which will in turn increase employment, research and development and expansion of the companies.

Hence a large industrial sector will be created.

Remarks

Try to cover all major recent developments in field of Renewable

Sector in India

The ~~At~~ Jawahar Lal Nehru National Solar

mission envisages to create a large industrial sector of solar panels by introducing Domestic Content Requirement (DCR) in the production of panels.

However, WTO have ruled against the step ~~as~~ declaring it a step towards market distortion.

Reducing Import Bill

Addition 175 GW energy from these resources will help achieve India energy security and reduce the ~~energy~~ energy import bill which is due to ~~or~~ import of oil, coal and natural gas.

However, transformation from ~~the~~ traditional to renewable resources may not be cost effective in short term because of global oil price slump. Therefore, the development should have a long-term perspective and plan.

Remarks

4
Precisely discuss the issues related to Renewable sector of India.