100

VISION IAS

www.visionias.in

GENERAL STUDIES (TEST CODE : 1234)

Name of Candidate	ARCHIT NIGAM		
Medium Eng./Hindi	ENGLISH	Registration Number	104282
Center	ORN - DELHI	Date	20/8/19

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	10	
2	10	
3	10	
4	10	
5	10	
6	10	
7	10	
8	10	
9	10	
10	10	
11	15	
12	15	
13	15	
14	15	
15	15	
16	15	
17	15	
18	15	
19	15	
20	15	

Total Marks Obtained:

Remarks:

INSTRUCTIONS

1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
   उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
2. There are **TWENTY** questions printed in **ENGLISH & HINDI**
   इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3. **All questions are compulsory.**
   सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
   प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
5. 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. No marks will be given for answers written in medium other that the authorized one.
   प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे।
6. Word limit in questions, if specified, should be adhered to.
   प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
   उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

16-B, 2nd Floor, Above National Trust Building, Bada Bazar Marg, Old Rajinder Nagar, Delhi-110060

Plot No. 857, 1st Floor, Banda Bahadur Marg (Opp Punjab & Sindh Bank), Dr. Mukherjee Nagar Delhi- 110009

EVALUATION INDICATORS

1. Contextual Competence
2. Content Competence
3. Language Competence
4. Introduction Competence
5. Structure - Presentation Competence
6. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

1. Explaining the reasons behind India's lower female labour force participation rates (LFPR), list the steps that have been taken to augment it. What more needs to be done? **(150 Words) 10**

भारत की निम्न महिला श्रमबल भागीदारी दर (LFPR) के पीछे उत्तरदायी कारणों को स्पष्ट करते हुए, इसे बढ़ाने हेतु उठाए गए कदमों को सूचीबद्ध कीजिए। साथ ही, बताइए कि इस दिशा में और क्या किए जाने की आवश्यकता है?

According to world Bank estimates the Female labour Force participation rates [FLFPR] are at ~24%, which are abysmal in comparison to other emerging economies

Reasons for low Female LFPR

- Social stigma of women working stemming from Patriarchy.
- Dropout of women after marriage & child birth
- Poor skills & employability makes it difficult to compete with men.
- Safety concerns eg:- work place harrasment crimes against women.
- Migration limitations puts a limit to work options
- A few sections of women also drop out for higher education, Some women also dropout due to good income of the husband

Steps taken

- Social campaigns
  eg:- Beti Bachao Beti Padhao
- Skill India, women are given Specific emphasis
- enabling legislations.
  eg:- Prevention of Sexual Harassment at workplace Act, Maternity Benefit Act, Equal work for Equal pay etc.
- Empowering women led households through policies.
  eg:- National Food Security Act. MGNREGS, PDS etc

Way Ahead

① Land rights to rural women farmers

② Safe transport services for conveyance.
eg:- Free rides in Delhi Metro

③ Better working of Internal complaints committee under POSH at workplace Act

④ Improving sex ratio, gender sensitization, sharing of parenting ~~needs~~ responsibilities

A nation always remains stunted if the women do not participate, this needs to be reversed at the earliest.

2. Parliamentary scrutiny over public finance is an important aspect of governmental accountability. In this context, discuss the role, importance and challenges in establishing a Parliamentary Budget Office (PBO) for effective oversight of budgetary process. **(150 words) 10**

लोक वित्त की संसदीय संवीक्षा सरकारी जवाबदेही का एक महत्वपूर्ण पहलू है। इस संदर्भ में, बजटीय प्रक्रिया की प्रभावी निगरानी हेतु संसदीय बजट कार्यालय (पार्लियामेंट्री बजट ऑफिस: PBO) की भूमिका, महत्व और उसकी स्थापना में आने वाली चुनौतियों पर चर्चा कीजिए।

The Budget or Annual Financial statement is an important stage in a country's annual growth process.

Parliamentary scrutiny is ineffective due to following reasons:

(1) Lack of expertise of MPs.
(2) " " Dedicated Staff for research and information dissemination.
(3) less time given for scrutiny and study of budgetary provisions.
(4) Use of voice vote and gullotine to approve vast sections of the budget.

A Parliamentary Budget office would go a long way in addressing the problems.

$\boxed{\text{ROLE}}$ → To facilitate and deepen the Parliamentary scrutiny by indepth

analysis using dedicated Staff
They would furnish the information needed for the MPs to take better decisions

Importance → Principle of accountability, discussion and deliberation. They would help in efficient resource allocation

Challenges → ① Brute majority of Parties in the Lok Sabha.
② Anti defection law makes it difficult to go against party whip
③ Intrusion in the domain of departmentally related standing committees.

A PBO is a step in the right direction as it decentralises information to the individual level making the process of parliamentary scrutiny a process rather than being a formality

Don't write anything this margin (इस भाग में कुछ ना लिखें)

3. Highlight the various challenges faced by MSMEs in accessing credit. Also, mention some of the recent steps taken by the government and RBI to address this issue. **(150 words) 10**

ऋण तक पहुँच स्थापित करने में MSMEs द्वारा सामना की जाने वाली विभिन्न चुनौतियों पर प्रकाश डालिए। साथ ही, इस समस्या का समाधान करने के लिए सरकार और RBI द्वारा हाल ही में उठाए गए कुछ कदमों का उल्लेख कीजिए।

MSME Sector forms the backbone of the Secondary / manufacturing Sector. It helps in employment generation, entrepreneurship and economic growth.

One of the main bottlenecks for MSMEs is accessing credit.

Challenges → ① Lack of collateral for formal bank loans.

② Preference to informal sources such as friends, family, relatives etc due to flexibility in repayment and ease [due to very low documentation]

③ Limited economics of scale to justify the viability of loans

④ Aversion to unsafe loans by the Banks due to twin balance sheet problem

(5) Poor financial inclusion and financial literacy that restricts access to formal credit

Recent Steps

(1) PM-MUDRA yojna for non agricultural enterprises giving collateral free loans.

(2) Inclusion of MSME sector in Priority Sector lending.

(3) Creation of SHGs and incubation centres at technology parks for pooling of resources, sharing of machinery

(4) Easier terms of repayment for loans approved by the RBI.

(5) Portals for delayed payments, procurements etc eg:- MSME Sambandh
" Samadhaan
GeM

(6) Fixing quota for procurement under new Procurement policy.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

4. By rebalancing project risks between the public and private sectors, the HAM model has encouraged investments in the road infrastructure sector. Discuss. **(150 words) 10**

सार्वजनिक और निजी क्षेत्रकों के मध्य परियोजना जोखिमों को पुनर्संतुलित कर, HAM मॉडल ने सड़क अवसंरचना क्षेत्रक में निवेश को प्रोत्साहित किया है। चर्चा कीजिए।

The recent spurt in the construction of highways is a testament to the success of HAM [Hybrid Annuity Model] in PPP [Public private partnerships]

Mechanism

① The govt pays lumpsum 40% of the cost of the project to the private developer.

② The rest is paid in annual installments [annuities] based on the performance indicators & progress in project development.

③ There is no ownership by the private sector, nor is there a period of cost recovery. The project is transferred after completion but the maintainence is still done by the private developer.

Rebalancing of risks. :-

① Govt pays the initial seed money that removes the burden on the private sector for material & labour costs

② The govt then pays annuities based on the feasibility of the project.
This lessens the burden of failure incase the impact is not as expected.

The HAM is a variation of existing PPP models, it merely innovates the sharing of risks making it effective and attractive.

5. In view of the growing significance of FinTech innovations, discuss the potential and challenges of mainstreaming FinTech in Indian economy.

(150 words) 10

फिनटेक (FinTech) नवाचारों के बढ़ते महत्व को देखते हुए, भारतीय अर्थव्यवस्था में फिनटेक को मुख्यधारा में लाने की संभावनाओं और चुनौतियों पर चर्चा कीजिए।

FinTech innovations refer to the use of technology to cater to financial & Banking service needs.

It uses new paradigms such as artificial intelligence, algorithms, big data analysis, quantum computing, encryption etc to make the processes simpler, fast and effective.

POTENTIAL :-

(1) Increase in efficiency of operations
eg:- loan appraisal process using blockchain Technology
or
Use of Algorithms in share trading

(2) Avoid human error, mismanagement and misuse.

③ Transparency and trail of transactions
④ Diversification of services
⑤ Employment generation, forex earnings, etc

Challenges
① Potential of misuse through hacking, cyber crimes, identity theft etc
② Proliferation of technology leads to large scale impact if the service fails.
③ Lack of digital literacy and infrastructure
④ Potential monopoly of Fintech services.

The govt needs to carefully study the impact of new ideas like Cryptocurrencies, artificial intelligence etc. Create a proper regulatory mechanism and a stringent Data privacy law to protect the interests of the users.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

6. With India striving to achieve its development objectives, examine how blue economy can help in pursuing the objectives of economic development and ecological sustainability. **(150 words) 10**

भारत द्वारा अपने विकास उद्देश्यों को प्राप्त करने के प्रयास में, परीक्षण कीजिए कि किस प्रकार नीली अर्थव्यवस्था आर्थिक विकास और पारिस्थितिकीय संधारणीयता के उद्देश्यों को प्राप्त करने में सहायता कर सकती है।

Blue economy refers to using the aquatic sources such as fisheries, aquaculture, etc. It uses the oceanic resources to lead to growth, employment generation at the same time preserving the sustainability of oceans.

Importance of Blue economy →

1. Job creation the fish rearing, mariculture etc
2. Boost to food processing industry
3. Impetus to exports bringing forex
4. Nutrition security due to protien rich foods.
5. Renewable energy through Tidal energy. Extraction of minerals.
6. Tourism in coastal areas.

Blue economy and environment sustainability

(1) Maritime transport → more efficient & less emissions.

(2) Waste disposal systems

(3) Renewable energy and biodiversity protection

The govt of India has reiterated its commitment to Blue economy. It can explore the option of Blue bonds to raise resources for development in this sphere.

The SDGs also reiterate its importance making ~~them~~ it necessary in the 21st century.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

7. Despite many advantages associated with Electric Vehicles, there are many technical and commercial challenges for mainstreaming them. Discuss.

(150 words) 10

इलेक्ट्रिक वाहनों से संबद्ध कई लाभों बावजूद, उन्हें मुख्यधारा में लाने के मार्ग में कई तकनीकी और व्यावसायिक चुनौतियाँ हैं। चर्चा कीजिए।

Electric vehicles are those that use stored electricity instead of conventional fossil fuels to run.

The shift to electric vehicles has been seen both globally and domestically. The govt of India has proposed the FAME policy for popularising EVs in India.

Advantages of EVs

(1) Lesser emissions
(2) Good quality air due to less PM. [Particulate Matter]
(3) lesser import on crude oil and vulnerability to its inflation inducing fluctuations.
(4) Development of manufacturing and employment generation

Technical & Commercial challenges to EVs

① Poor battery infrastructure. limited capacity to create high energy density batteries and limited resources in India for their manufacture

② Charging infrastructure. especially rapid charging

③ High cost of Cars make them unattractive

④ Unreliable power supply and hassle of charging

⑤ Policies such as inverted duty structure.

Apart from FAME II, the govt has also reduced GST on batteries & EV components. Subsidies to potential buyers and phased electrification of public transport will go a long way in popularising EVs in India.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

8. A rapidly changing economic structure and demography require a comprehensive employment policy to address the multitude of challenges that might arise in future. Discuss in the context of India. **(150 words) 10**

तेजी से बदलती आर्थिक संरचना और जनसांख्यिकी को भविष्य में व्युत्पन्न हो सकने वाली अनेक चुनौतियों से निपटने के लिए एक व्यापक रोजगार नीति की आवश्यकता है। भारत के संदर्भ में चर्चा कीजिए।

Economy and demography are highly interlinked with the latter highly influencing the former.

Countries such as East Asian Tigers, and China have reaped the benefits of demographic dividend to gain growth.

To leverage this potential similarly India needs to balance both. Framing a comprehensive employment policy is the 1st step in its direction.

① Low skills level in India hamper large scale labour intensive industries

② As the population is youthful a thrust can be made towards manufacturing sector

③ As the population ages the service sector dominates along with increased expenditure towards medical care & insurance services.

(4) Further a comprehensive policy would help to bridge development deficits in various regions.

(5) Transfer of labour from surplus states to deficit states leads to migration. The rights of migrants need to be protected especially in informal labour

(6) Feminization of agriculture & informal sector also needs to be addressed

(7) Social problems such as caste based occupation segregation still exists
eg:- Most Manual Scavengers even today are Dalits.

A robust employment policy would place India on the path of exponential growth and high labour force participation rates

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

9. Examine the need for a comprehensive policy on e-commerce in view of its domestic expansion as well as safeguarding India's interests globally.

(150 words) 10

ई-कॉमर्स पर एक व्यापक नीति की आवश्यकता का इसके घरेलू विस्तार के साथ-साथ वैश्विक स्तर पर भारत के हितों की सुरक्षा को देखते हुए परीक्षण कीजिए।

E-Commerce sector uses internet platforms for the transaction of goods, merchandise & services

Over the past few years ecommerce sector boom has been witnessed in retail sector (Amazon, flipkart, Snapdeal) and Service Sector [Swiggy, Zomato, Uber] Netflix

A need for Comprehensive e-commerce policy has been felt.

Reasons → (DOMESTIC)

① High usage and spread, needs to managed & regulated

② Protection of the interests of the consumers.

③ Protection of indigeneous companies & enterprises from the cash rich MNCS like Walmart & Amazon.

④ Data protection due to transnational transaction and details of financial transactions

GLOBAL

(i) Platforms such as WTO propose free trade regime in e-Commerce sector which would help the MNCs.

(ii) Lobbying by foreign nations for better regulatory conditions favourable for their companies.

(iii) Challenge against Data localisation demands of India on platforms such as ASEAN & RCEP

(iv) Monopolisation by a few nations
eg:- Alibaba - China.
Amazon / Uber - USA.

Despite its challenges the e-commerce sector holds tremendous potential in terms of economic growth, employment and export of services. A balanced approach to cater to economic needs & security issues is the need of the hour.

10. Discuss the need for deepening bond markets for Indian economy. Also, identify the reasons behind weak development of bond market in India.

(150 words) 10

भारतीय अर्थव्यवस्था के लिए बॉण्ड बाजारों को व्यापक बनाने की आवश्यकता पर चर्चा कीजिए। साथ ही, भारत में बॉण्ड बाजार के अल्प विकसित होने के कारणों की पहचान कीजिए।

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

11. In the context of IL&FS crisis, explain the risks that the economy faces due to laxity in the regulation of the Non Banking Financial Companies (NBFCs).

(250 words) 15

IL&FS संकट के संदर्भ में, गैर-बैंकिंग वित्तीय कंपनियों (NBFCs) के विनियमन में शिथिलता के कारण अर्थव्यवस्था के समक्ष आने वाले जोखिमों की व्याख्या कीजिए।

The recent IL & FS crisis led to tanking of Sensex and reduced customer sentiment towards the robustness of the Indian economic system.

At the heart of the matter lies the problem of regulation of NBFCs. Though essentially under the purview of the RBI the NBFCs state of affairs have been far from desireable

Problems

① Low capital coverage provisioning for potential down turn in asset quality

② Higher dependence on short term loans rather than long term borrowings.
eg:- IL&FS needed long term credit as most of its projects had high gestation periods.

(3) Irregular credit rating system.
Despite issues the credit rating of IL&FS was very good. The conflict of interest by the issuer pays model needs to be resolved.

(4) Poor governance standards and audit mechanism.
An audit on the lines of asset quality review of the RBI needs to be brought in for NBFC.

(5) Mounting burden of NPAs especially under the govt schemes such as MUDRA loans leading to reduced credit outflow

NBFC reforms are necessary as they play a crucial link in deepening the access to credit in rural, Tier II and small cities.

They support MSME sector and important industry such as auto, export import ~~etc~~ and agriculture

Way Ahead

(1) Refinancing body to be created
(2) Revamping the rating agencies and process
(3) Provisioning for potential downturns
(4) Better audit and oversight mechanisms.
(5) Specialised NBFC cell in RBI to be created for guidance and advice.

The IL&FS was a wake up call and it would be ~~disastrous~~ a disaster to not heed to its lesson.

12. What do you understand by Universal Basic Income (UBI)? Discuss the advantages that it presents over the existing social protection schemes in India. Also, identify the criticism associated with the idea of UBI for a country like India. **(250 words) 15**

सार्वभौमिक मूलभूत आय (यूनिवर्सल बेसिक इनकम: UBI) से आप क्या समझते हैं? भारत में वर्तमान सामाजिक सुरक्षा योजनाओं की तुलना में इसके द्वारा प्रस्तुत किए जाने वाले लाभों की विवेचना कीजिए। साथ ही, भारत जैसे एक देश के लिए UBI के विचार से संबद्ध आलोचना की पहचान कीजिए।

Universal Basic Income (UBI) refers to the amount of money guaranteed every month to all beneficiaries without any discrimination or exclusion.

It is composed of 2 principles
(1) Non Conditionality / Unconditional transfers
(2) Universality i.e no exclusion.

Over the past few years UBI as a substitute for subsidies has gained traction.

The Economic Survey 2017-18 had looked into the feasibility of UBI, also some pilot projects have been carried out in Madhya Pradesh and New Delhi.

Advantages of UBI

- No exclusion errors and No inclusion errors
- Better targeting of beneficiaries
- No leakages associated with inefficient subsidy regime
- Savings for the govt especially with no need to maintain infra such as warehouses, ration shops etc
- Choice and freedom to the people to use the income as they want it.

Criticism/problems associated with UBI

① Fiscal Burden, the cumulative subsidy bill when offsetted along with universality will come out to ~ 20% of GDP.

② Lack of digital literacy and infrastructure such as authentication, Pos machines, financial inclusion at individual level etc

③ Moral hazard as UBI can be channelised to alcohol, drugs etc. It also disincentivises employment need

(4) Social mandate of policies is absent in UBI system especially targeting the poor and down-trodden.

Despite its potential problems the UBI concept can be explored further in a phased manner. Already certain progress has been achieved through income transfer schemes like ~~PM-AAS~~ PM-KISAN, Rythu Bandhu [Telangana] & KALIA [Odisha].

Their long term impact needs to be studied to arrive at a consensus for UBI.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

13. Critically examine the practice of resorting to farm loan waivers as a means to alleviate agricultural distress. **(250 words) 15**

कृषि संकट को कम करने के एक साधन के रूप में कृषि ऋण माफी का सहारा लेने की प्रथा का समालोचनात्मक परीक्षण कीजिए।

Farm loan waiver culture has gained momentum over the past few decades to alleviate the distress in agriculture sector.

Despite its short term benefits its long term effects have been scrutinised and criticised by economists such as Raghuram Rajan and Jean Dreze

Benefits of loan waivers

① Reduced indebtedness of farmers
② More disposable income leading to growth in the sector
③ Reduction in farmer suicides
④ Political dividends to the govt, used generally for populist election agenda.

Issues with loan waivers

① Most loan waivers benefit the large farmers as marginal farmers are largely dependent on informal credit

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

(2) It leads to accumulation of NPAs in banks that is borne by the taxpayer via govt recapitalisation.

(3) It is not sustainable and gives rise to similar demands across the country leading to a domino effect.

What is needed?

(1) Instead of short term gain long term reforms are needed

(a) Financial inclusion and access to cheaper formal credit to marginal farmers.

(b) Improvements in agriculture marketing for better income realisation

(c) Better insurance cover to help the farmers overcome distress

(d) Improving irrigation facilities to remove uncertainity of monsoons.

(2) New paradigms of Corporate farming and GM crops can be used to commercialise

③ Use of food processing and animal husbandry to argument incomes.

④ Income support schemes such as PM-KISAN, KALIA and Rythu Bandhu.

Due to political gains the govts usually do not look further than loan waiver. A structured shift and change is needed to break the vicious cycle that ultimately crushes the poor farmers and the taxpayers.

14. Highlight the factors responsible for rise in the number of start-ups in India in recent years. Analyzing the challenges in the existing start-up ecosystem, suggest some measures to resolve them. **(250 words) 15**

विगत वर्षों में भारत में स्टार्ट-अप की संख्या में वृद्धि के लिए उत्तरदायी कारकों पर प्रकाश डालिए। वर्तमान स्टार्ट-अप पारितंत्र की चुनौतियों का विश्लेषण करते हुए, उनका समाधान करने हेतु कुछ उपायों का सुझाव दीजिए।

Start ups are enterprises / Companies that are relatively new, cater to a selected client base and with low profits / turnovers due to quest for business expansion.

Startups try to address a specific need and client base, generally use innovations and new marketing techniques ~~diverse~~ from existing practices.

Factors Responsible for Start up Culture

- Low Job Creation rates
- Technology Boom and Proliferation of IT based services.
- Globalisation and learning from American experience
- Growth of Entrepreneurial Culture.
- Dissatisfaction from Salaried employment.
- High rates of success and profitability act as incentives
- Consumerist culture leading to new demands

Challenges in Startup ecosystem :-

① Access to collateral free credit →
Hampers the development and expansion of viable startups

② Technology, R&D Deficit →
Prevents the realisation of economies of scale

③ Rigid Regulatory environment →
High Tax regime, ~~taxa~~ unnecessary lincensing requirements.
eg:- Angel Tax issue :, Registering of Startups, Definition of startups.

④ Competition from Abroad.
eg:- Ola v/s Uber
Flipkart v/s Amazon
Big Bazar v/s Walmart

Measures to resolve them

① Schemes such as MUDRA yojna should be expanded from MSMEs limited coverage, credit schemes must be diversified

(2) Startup India's plan of industry linkage/ Mentorship has to be expanded to include Sector specific guidance in labour intensive areas

(3) Tax breaks, exemptions and liberal definition of Startups to give stimulus.

(4) Easier norms for investments from Venture Capitalists and Angel Investors

(5) Incubators and technology Parks can be used to allow sharing of infrastructure, machinery etc

Startups play an important role in the economy, attracting forex, giving employment and boosting the entrepreneurial culture. They have a symbiotic relation with demographic dividend and must be nurtured.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

15. Discuss the idea of participatory budgeting and its significance for India. Also, identify the challenges in mainstreaming participatory budgeting in India. **(250 words) 15**

पार्टिसिपेटरी बजटिंग के विचार और भारत के लिए इसके महत्व की विवेचना कीजिए। साथ ही, भारत में पार्टिसिपेटरी बजटिंग को मुख्यधारा में लाने के समक्ष आने वाली चुनौतियों की पहचान कीजिए।

Participatory Budgeting refers to involving the people / masses in the process of budget creation.

Significance

(1) Better oversight and utilisation of public funds
(2) efficient allocation of resources as per requirement and needs of the public
(3) Decentralisation of financial powers to the grass roots.
(4) Allows the people to decide the direction of policy rather than being a top down process.
(5) leads to better fulfillment of needs of animal spirits of the society.

Challenges

(1) Time Consuming process
(2) People generally lack the expertise / knowledge to make difficult / complex decisions.

③ Difficult to implement, collate and execute with efficiency.

④ Slow to react to volatile conditions

⑤ Susceptible to majoritarianism where the voice of minorities is muted

⑥ would be averse to taking rough/difficult decisions eg:- Contractionary fiscal policy, reduction in subsidies etc.

Participatory Budgeting is very important in a democracy but to be objective and empirical it also needs the inputs of experts.

In a country as diverse, complex and large as India it is difficult to arrive at general consensus via public participation.

Rather than going for complete public participation a balance is needed for ~~balanced~~ nuanced approach.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Devolution of powers to ULB's & PRIs along with interacting with pressure groups, interest groups, lobbies, unions etc is the best way forward to achieve participation in Budgeting.

16. Can the consolidation of banks help in stemming the existing problems in the banking sector? Discuss. **(250 words) 15**

क्या बैंकों का समेकन बैंकिंग क्षेत्रक में वर्तमान समस्याओं से निपटने में सहायता कर सकता है? चर्चा कीजिए।

Consolidation of Banks is also referred to as Bank mergers where 2 or more Separate entities are combined to create a Single banking institution.

It was first proposed by the Narsimhan Committee in the 1990s in a bid to improve the health of Banking sector.

Benefits

(1) Better management of Stressed assets
(2) Increased manpower, capabilities and capacity of the Banks
(3) Increase in reach and Banking service penetration
(4) offsetting of NPAs as the better managed Banks helps in bailing out the poorly managed bank.

(5) Better economies of scale leading to the emergence of international banks.

Challenges

(1) Problems in catering to niche sectors and Specialised clientele.

(2) Reduces diversity and options that leads to lower competition levels

(3) Problems of integration of new employees, obstacles are created by unions especially in case of retrenchment.

(4) No discernible change in governance architecture,

Mere consolidation of banks would not lead to resolution of problems. Governance reforms, efficient operations, proper loan appraisal process and ethical conduct would lead to better results.

The Govt has already started giving autonomy to banks, merit based appointment through Bank Boards Bureau and RBI's Asset Quality review have helped to stem the tide.

Banking sector is the backbone of the economy and its health is necessary for growth and development.

Phased consolidation such as the SBI merger or the Bank of Baroda and Dena Bank along with good work culture have to continued.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

17. There is a high cost of compliance as well as complexities associated with existing labour laws at centre and state levels. Discuss. What steps have recently been taken by the central government to address these challenges? **(250 words) 15**

केंद्र और राज्य स्तरों पर वर्तमान श्रम कानूनों के साथ अनुपालन की उच्च लागत के साथ-साथ जटिलताएँ भी जुड़ी हुई हैं। चर्चा कीजिए। इन चुनौतियों से निपटने के लिए केंद्र सरकार द्वारा हाल में क्या कदम उठाए गए हैं?

Labour is one of the main pillars of the manufacturing and industrial sector. However despite large manpower and large market this sector has been stunted in India.

One of the main reasons is the high cost of compliance and complexities of labour laws

(1) Multiple legislations often lead to confusion and problems

(2) Several archaic laws lead to redtapism and delays that affect ease of doing business

(3) Different wage ceilings create different wage regimes that lead to inconsistency in Pan India operations

(4) Problems of firing for contractual/ temporary labour stunt the growth

(5) Increased litigation costs, license costs, compliance fees and penalties lead to increase in production costs

(6) Trade unionism and other welfare measures though good in intentions prevent the competitive usage of demographic advantage.

Steps taken by the Govt

(1) Reforming existing 40+ labour laws into 4 labour codes.

(2) Uniform slab of National minimum wage throughout the country

(3) Easier norms for hiring contractual labour leading to drastic increase in hiring process

(4) Welfare Schemes such as PM Rozgar Protsahan Yojna that covers the employer's provident fund contribution

(5) PM Shram Yogi Mandhan scheme to provide pension services to informal sector workers.

(6) Single window clearances for licenses and reduced inspector raj leads to better ease of doing business

Labour reforms would go hand in hand with economic and industrial reforms. They impart sustainability and vigour to the manufacturing sector feeding into programs such as Make In India, Skill India, MEIS [Merchandise export from India scheme] etc.

This would place India on the same trajectory as that of South East Asian tiger economies.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

18. Why have Special Economic Zones (SEZs) in India not been able to achieve the desired objectives? In this context, suggest some measures to revive SEZs in India. **(250 words) 15**

भारत में विशेष आर्थिक क्षेत्र (SEZs) वांछित उद्देश्यों को प्राप्त करने में सक्षम क्यों नहीं हो पाए हैं? इस संदर्भ में, भारत में SEZs को पुनर्जीवित करने के लिए कुछ उपायों का सुझाव दीजिए।

SEZs [Special Economic Zones] are regions specially demarcated for industrial, manufacturing and tertiary activities which is not considered the territory of India in conventional sense.

Benefits :-

1. Reduced law compliance
2. " Tax Burden
3. Flexibility in trade using foreign exchange
4. Support of ancilliary services in one region eg:- Banking, Stock exchange, rail, road, ports etc.

Issues

Despite its potential they have failed in its mandate.

1. Delays in setting up SEZ

② Problems of land acquisition for SEZ
③ NPAs in Banking Sector leading to less infra development
④ ~~Depress~~ 2008 financial crisis crippled the manufacturing sector.
⑤ Bureaucratic red-tapism and apathy in issues such as environmental clearances and issue of licenses.

Way Ahead

① Coming up with a new and improved SEZ policy to take into account changes in post globalised economy.
② New means such as plug and play models where all work for SEZ is done and kept ready for the industry to use immediately
③ Govt support, better tax breaks and incentives
④ Time bound bureaucratic processes that lead to efficient development in SEZs

SEZs have a vital role to play to convert India to an investment led economy, promoting exports and forex earnings. Economic benefits and Social benefits such as employment and poverty eradication would help in achieving the dream of $5 Trillion economy.

19. Why has the contribution of manufacturing sector, as a percentage of the GDP, remained stagnant in the recent years? In this context, analyse the achievements of National Manufacturing Policy, 2011 with regards to its intended objectives. **(250 words) 15**

विगत वर्षों में GDP के प्रतिशत के रूप में विनिर्माण क्षेत्रक का योगदान स्थिर क्यों रहा है? इस संदर्भ में, अपने लक्षित उद्देश्यों के संबंध में राष्ट्रीय विनिर्माण नीति, 2011 की उपलब्धियों का विश्लेषण कीजिए।

Despite over 70 years of independence and over 25 years of LPG economic reforms the manufacturing sector remains stunted in India.

The contribution to GDP has stagnated to ~30% in recent years despite India entering into the positive phase of demographic dividend.

Reasons

(1) Complexity and multiplicity of labour laws.

(2) Delays in land acquisition and project clearances eg:- environmental clearances

(3) Restricted flow of credit due to stressed banking sector by NPAs.

④ Low Skills level in the labour force which is currently less than 10% as compared to over 90% in Japan.

⑤ Reduced R&D and economies of scale. Due to this reason ~~they~~ they lose out to cheaper goods from China, Japan, South Korea and South East Asia

⑥ Retrograde govt policies such as high ~~tax~~ Surcharges, inverted duty Structure, high GST taxation etc

⑦ Low support to MSME Sector which forms the major chunk of manufacturing Sector

⑨ Obsolete infra and machinery.
eg:- Cotton textile and silk industry is losing to Bangladesh & Vietnam.

20. One of the goals that a developing economy aspires for is to bring down the Incremental Capital-Output Ratio (ICOR). In this context, what are the constraints that underlie the efficient conversion of savings rate to investments in the Indian economy? Also suggest some measures to improve this efficiency. **(250 words) 15**

एक विकासशील अर्थव्यवस्था जिन लक्ष्यों की आकांक्षा रखती है उनमें से एक वृद्धिशील पूंजी-उत्पादन अनुपात (इंक्रीमेंटल कैपिटल-आउटपुट रेश्यो: ICOR) में कमी लाना है। इस संदर्भ में, भारतीय अर्थव्यवस्था में बचत दर के निवेश में कुशल रूपांतरण के समक्ष आने वाली बाधाएँ क्या हैं? साथ ही, इसकी कुशलता में सुधार हेतु कुछ उपायों का भी सुझाव दीजिए।

Savings and investments are two sides of the same coin and play an important role in economic growth.

India's savings comprises of household savings, corporate / business savings and govt savings.

Household savings comprise the biggest chunk, however despite a healthy savings rate the rate of investment especially private investment has been continuously falling in India.

Constraints

① Twin Balance Sheet problem.

② Excessive govt borrowings during the phase of 2008 financial crisis led to crowding out of pvt investment

③ Low access to financial services such as Mutual funds, Bonds, Shares and debentures, this leads to Savings bank account being the primary source of parking money.

④ ~~Govt~~ RBI laws mandating CRR & SLR to banks, instead of investing the excess reserves, most of the money is used to buy Gsecs.

⑤ Falling interest rates have also given a hit to savings rate. Most people instead of investing in India prefer to invest abroad.

Way Ahead

① Reducing Repo rate, CRR, SLR
② Better streamlining of FDI norms.
③ Resolving NPAs.
④ Improving Bond and Share market

Bringing down incremental Capital output ratio is necessary and giving an impetus to savings and investments leads to it