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An Institute for Civil Services

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TEST COPY

VIKRAM GREWAL

Rank-51

Essay Marks - 161



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Roll No. _____

ESSAY MOCK TEST

Time Allowed: 3 hrs.

Max. Marks: 250

Instructions to Candidate

- Both sections are compulsory.
- Attempt one essay from each section.
- Each essay carries 125 marks.
- Write each essay in about 1000-1200 words.
- After finishing the first essay, attempt the next on a fresh Page.
- Any page left blank in the answer-book must be crossed out clearly.

(Examiner will pay special attention to the candidate's grasp of his/her material, its relevance to the subject chosen, and to his/her ability to think constructively and to present his/her ideas concisely, logically and effectively).

RemarksName VIKRAM GREWAL

Mobile No. _____

Date _____

Signature Vikram

1. Invigilator Signature _____

SECTION - A

1. Robotics is both the biggest challenge and opportunity for world.
2. Female participation in Indian agriculture: Empowerment or Marginalization.
3. Market is efficient, but prone to failures if irrationality or cronyism permeates the system.
4. Development will lead to peace and prosperity, only if it is humane, just and sustainable.

SECTION - B

1. A country neither belongs to its political class nor fortune 500 companies; it belongs to people.
2. A civilized society must recognize that a woman is a mother, a daughter, a life partner, but above all she is an individual.
3. It is not always the same thing to be a good man and a good citizen.
4. Chanakya may have been from India, but its Indians who never followed his advice.

P. T. O

SECTION - A

3.

MARKET IS EFFICIENT, BUT PRONE TO FAILURES
IF IRRATIONALITY OR CRONYISM PERMEATES SYSTEM.

'Cronyism is to market, what a landlord is to tenant.' — R C Dutt, Economic history of India

The Great Economic Depression of 1929-30 presented the world of economics with new and serious challenges vis-a-vis role of the state in market stability. The famous multi-pronged debate between Friedrich Hayek, Milton Friedman and John Maynard Keynes reflected this crucial phase of 'birth of post-war economics'. Hayek and Friedman supported a 'free market' with independent market forces operating separate from the government, whereas Keynes supported 'welfare economics' with predominant role of state planning. Both models were based on the question

Remarks

of the 'efficiency of the market' and whether the rational and empathetic decision making of the state could balance it towards growth.

Markets have been the base for transaction and interaction between several different communities of human civilization since time immemorial. Pliny and Strabo wrote about the free trade between Roman Empire and South Indian ports of Arikamedu, Muziris and Puhar dating back to 1st century BCE.

Markets have boosted avenues for human growth, agrarian expansion, distribution of social surplus and sustainability of the government. However, they have also been subjected to measures of irrationality and cronyism time and again. This has been seen in the fall of the Greeks, Mauryas and very lately the USSR in 1990-91.

Irrationality in markets breeds from the wide expanse of economic agents that participate in it. The producers can disrupt the markets by altering their cropping patterns eg. the skewed pattern in favour of wheat and rice after the Green Revolution in late 1960s. The consumers can disrupt market economics by making ill-informed decisions, for eg, 'Behavioural Economics' or 'Nudge economics' by Nobel winner Richard Thaler illustrates how consumers can make market disorienting moves by adopting irrational methods of choice that leads to either lopsided growth of certain firms like Google, Facebook or bankruptcy of others like BlackBerry suddenly.

The Global Financial Crisis of 2008 is a prime example of dubious growth of markets when irrational forces like investor sentiment and legal loopholes govern it.

Cronyism is referred to as the overinvolvement of the business community with the policy makers of the government. Adam Smith wrote in his magnum-opus 'Wealth of Nations' that the 'invisible hand' of the markets themselves is so effective that it can remediate its own losses through the classical 'demand-supply arrangement'. Thus, interference of the rulers with the merchants or vice-versa leads to grave dangers.

Amartya Sen once wrote of the need for 'separation of powers' within market economies. The interest of the government in monetary benefit and the interest of business groups in decision-making of government is a recipe for disaster he remarked. The 'spectre of cronyism' can lead to breakdown of the market place of the globe.

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Indian history has a plethora of examples of irrationality and cronyism leading to collapse of the fiscal and monetary administration. The market reforms of Alauddin Khilji which fixed prices and segregated markets led to impoverishment of the locale and destitution of the peasantry. Mohammed bin Tughlaq's ill starred introduction of 'Token Currency' is another example of poor economic foresight.

The 17th century crisis of Europe was caused due to warring empires and political instability. Similarly, the shutdown of the Silk Route of trade and commerce was a result of cronyism of the Central Asian tribal communities. Jadernath Sarker tells us about the irrationality of Aurangzeb's economic policy that caused market breakdown and subsequent rebellions by Jats & Marathes.

The modern period of British colonialism is also a case-study of 'crony mercantilism' that made East India Company unsustainable despite annexing wide ranging fertile spaces and critical trade routes of the world. Dadabhai Naoroji

Naoroji highlighted the 'Economic Drain' that caused gruesome inequality between colonists and colonial natives. The market was undoubtedly crushed by the burden of irrational bullionism and cronyism of Imperialism.

Capitalism and globalization have confronted us with new challenges. Market expansion of post-colonial global order has opened new economies like South Asia and Africa. However, the sudden rise of Multi National Companies (MNCs) and non-state actors have posed a threat to the sovereignty of the markets of the Third World Nations.

Irrationality and cronyism of the Cold War restricted the growth of market due to cross-national economic sanctions and blockades between US and USSR with their allies. The efficiency of the market, argued Friedrich Hayek, was on a post-war recovery phase but due to the influence of the Bi-polar cronyism of the two great powers - all chances of social growth declined.

The tampering of local governments in the market by allying with MNCs is not a 21st century update. We have numerous cases of such unethical action : US government with Ford Motors, CocaCola in Latin America, Cecil Rhodes Co. in Africa and Oil firms in West Asia have lambasted at the natural efficiency of the global market.

Nationalism and protectionism are being seen as barriers to market stability at the macro-economic level. The 'trade war' scenario between United States, European Union and China threatens the growth of trade and commerce in the future. Protectionist measures have been taken by national governments to improve their trade deficit and fiscal status. This has severely affected inflation, unemployment, oil prices and investor sentiment in developing nations.

Climate Change is another impediment in the natural working of the market. The Paris Agreement and the subsequent US and Canadian withdrawal have left huge gaps in addressing the issue of sustainable development within the fold of industrial growth. 'Green Market' remains a distant dream.

The inefficiency of the Trade institutions and arrangements obstructs the market mechanisms. The WTO (World Trade Organization) has faced prolonged disputes between developed and developing States that are fuelled by their respective national interests. The regional trade arrangements of RCEP, TPP, NAFTA, BTIA are also in the lurch.

The direct and indirect impacts of the irrational government policies on the micro-economic agents are comprehensive. The local traders, employers, households and labourers lose their livelihoods due to such acts. The flawed MSP policy of India, inefficient export mechanism as well as a failing manufacturing sector due to market intervention have led to situations such as farmer suicides, hike in unemployment and increased fiscal deficit of the government itself.

Former Chief Economic Adviser, Arvind Subramanian in the Economic Survey 2017-18 says that India is moving from a period of 'crony socialism' to 'stigmatized capitalism'. He stresses on the ill-informed yet necessary economic decisions of state governments such as massive farm loan waivers, bailing out DISCOMs through UDAY scheme and delivering on 7th pay commission. These need to be balanced by introducing structural reforms that liberalizes the market.

Disinvestment and privatization are other debatable means to ensure Market efficiency. However, the government must consider the welfare vs profit and cost-benefit ratio while undertaking such major market interventions. The over 330 PSUs certainly need to be rationalized as recommended by Rangarajan Committee.

Consumerism and sustainable economics have to strike the right balance to achieve Market efficiency. Fiscal discipline and public investment also need to offset each other. Savings rate and private investment is third and most important for India according to NITI Aayog's '3-Year Action Agenda'. Therefore, 'equilibrium' is the basis for market efficiency and irrationality and cronyism threaten it.

India is rooting for the goal of \$3 trillion economy by 2022. Market efficiency remains at the top of its priorities as can be seen from several steps such as dynamic pricing of fuel, privatization of PSUs, promotion of Entrepreneurs (Start up India, MUDRA, JAM) and the inauguration of Agri-futures, commodity trading and digital transactions.

Market is a reflection of the human condition - its diversity, insecurities, growth and pursuit of happiness. Its freedom is necessary for the natural development of its participants which include Fortune 500 companies as well as poor landless labourers. When fair competition and level-playing field will be achieved, social inclusion and holistic development will be triggered. In the 'Road to Serfdom', Hayek says that 'market is itself a rational entity' to maintain that rationality is the job of its participants.



'SECTION - B'

4.

CHANAKYA MAY HAVE BEEN FROM INDIA, BUT IT'S INDIANS WHO NEVER FOLLOWED HIS ADVICE.

The vision of statecraft is the vision of a people's sustainability. The role of 'the ruler' and 'the rule' is to be a reflection of 'the ruled'. India has been a nation blessed with several visionaries in history who have perceived and documented their perspectives in what they had thought the 'Bharat' or 'Bharatavarsh' or 'Hindustan' ought to have been. A figure called 'Vishnugupta' or 'Chanakya' occupies precedence over all other historical visionaries.

Kautilya Chanakya is known to have been an alumnus of the Great 'Takshashila' Ancient University and an adviser to Chandragupta Maurya in late 4th century BCE. His treatise on statecraft called 'Arthashastra' is our primary source to access his thoughts and principles. Kautilya is said to have helped Mauryas uproot the Nanda Dynasty and establish the first pan-Indian Empire of the Subcontinent.

As Indians we take pride in the ideals of the 'Arthashastra' that has guided not only autochthonous leaders but global heads of government and military generals in administering their rule. However, the following of Chanakya's sayings in full-measure is a questionable aspect among us Indians.

There are numerous instances that exhibit are disobedience or even ignorance of Chanakya's ideals. From the post-Mauryan period to Modern phase, India has failed to take heed to the text of Arthashastra.

Romila Thapar opines that the discovery of the scripture of Arthashastra in early 20th century in Bihar shows that the ideas of Chanakya were not able to gain direct popularity. Though the ideas of fair governance and dispensation of justice were reflected in other works like Kamandakiya's 'Nitisara' and later in Zia-ud-din Barani's 'Fatawah-i-jahandari', Arthashastra remained an overarching but somewhat virtual influence on Indian society and not a didactic and effective one.

Despite the savages of chronology and inaccessibility to the original text for centuries, Chanakya neeti did exert its importance in the upper classes - first in Brahmana circle and then in the aristocratic ruling class. The poor and illiterate masses never and still don't have access to his ideas.

However, all the above reasons for Indians not following Chanakya's advice are logistical and technical. The real problem continues to be the ignorance of the 'essence of Chanakya' that stands for good governance, obedient citizenship and realistic analysis of life's circumstances.

We Indians have failed to instill in ourselves and imbibe in the society the practical and workable elements of Kautilya's philosophy.

The concept of 'power', argues Chanakya, is a means and not an end. It is a means for stability and control of anarchy within the fold of the state polity.

But in today's India we see that the game of politics' is driven by money and muscle power. Candidates stand in elections not thinking how they are going to deliver on their promises but how they are going to increase their individual status and wealth.

Chanakya writes that the 'rone' is the embodiment of the 'will to govern' and not a will to satiate one's own lust and greed. The 'king' is the 'Swami', says the Arthashastra, he is 'married to the law' and the 'yearn to work' for the jep 'janapada' i.e. its people.

Unfortunately, in the modern electoral politics of the nation, the elected representative views the 'throne' as an embodiment of the 'monarchy' that drove the Indian political establishment for years.

'Asthashastra's' written greatness is portrayed by the notion of 'Saptanga - Rajya' with seven elements - king (svami), people (janapade), ~~treasury~~ treasury (kosha), force (danda), ally (mitra), fortified capital (durga) and ministers (advisers). Chanakya calls for a balance between these elements. In today's India, the use of 'force' against the powerless is more and the use of 'treasury' to please crony business elements is also seen. Moreover, prime ministerial executive despotism over the 'advisers' is also witnessed.

Chanakya's political philosophy also tells us about 'rajadharma' implying rule of the government to be without fear or favour. Indians of today are divided over political ideologies from 'right-wing' to 'Left-wing' thus, spreading 'fear' as well as 'favour' within the masses.

In terms of foreign policy Chanakya's doctrine of 'Mandala' is another front where we Indians have ignored his advice. Though we have made headway in pleasing the enemy 'neighbour of our neighbour' as an 'ally', for eg., in case of Afghanistan, Iran and Russia for our neighbourly treats Pakistan and China respectively; we have caught ourselves in the mix of 'Non-Aligned' policy to Multi-aligned stance causing more harm than good.

Social milieu of the Mauryan empire was similar to India of today. And therefore, Chanakya's view of a diverse society continues to be relevant today. However, we have ignored the 'strength of diversity' for societal stability that Kautilya propounds. As a result promotion of monoculture, institutionalized religion and suppression of vulnerable groups can be seen in today's India.

Economic suggestions in 'Arthashastra' support the model of a balance between taxation by the state and subsistence of the local. As Indians, we have made this provision repugnant - as we have a situation where only 1.6% of the population pays taxes. Moreover, the farmers commit suicide due to debt burden but the big

industrialists evade the law and live comfortable lives abroad after committing bank frauds and tax avoidance.

Kautilya's stress on the sanctity of the institution of the family is also being eroded by us today. The alienation of the elderly, rise of nuclear families and over-deprivation of the digital divide between generations have led to serious social and filial exclusion.

Psychological and spiritual aspects of Kautilya's doctrine has been ignored by the youth of our country who don't take into account the significance of planning and strategizing for the future. They give into instant gratification and short term pleasures. The importance of hard work is undermined by technological advancement and consumer culture.

Despite all the above crucial advice of Chanakya in political, social, economic and spiritual spheres that we have never followed, there are several ones which we have more or less followed. For example, Chanakya's emphasis on importance of religion as a moral guiding force has been given place in India which is a home to thousands of cults and religions.

Also, role of women in the economic sphere has been upheld though we are facing crisis in terms of their participation levels falling to 25% in the labour force recently.

The importance of education, health and welfare are also somewhat ignored in the model of governance in India. We do have several problems in them but achievements like 74% literacy from pre-independence 38% and MMR of 130 recently are testimony to our focus on these sectors.

Chanakya's emphasis on the clarity and strength of 'knowledge' (*jnana*) has been upheld by us and India is thus the fastest growing knowledge economy of the world. Moreover, the demographic factor of labour participation as given in Athreshastra ('more agrarian participation') is also in favour of India which is at 63% (population between 15-59 years).

There are other advice-bearing parts of Athreshastra and Chanakya-neeti that are obsolete and must be rejected. India of today has been able to reject these orthodox and menacing suggestions of Chanakya.

For example, upholding the varna system, dividing the social classes of the neighbouring regions and aggrandizing the monarchy. Chanakya advocated slavery which is downrightly rejected.

by Indian constitution.

Thus, Chanakya may have been from India but we must realize his advice was a mix of anacharistic, non-contemporaneous as well as useful and pragmatic suggestions. Therefore, in following some and rejecting others while aspiring to achieve the useful ones must be our goal as Indians of today.

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Remarks