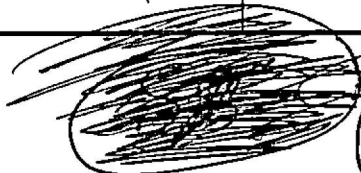
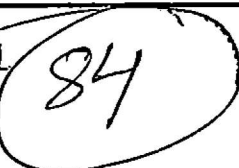


INDIAN ECONOMY & INTERNAL SECURITY

Time Allowed: 3 hrs.

Max. Marks: 250

Q.	Marks	Instructions to Candidate
1.		<ul style="list-style-type: none"> • There are 20 questions. • All questions are compulsory. • The number of marks carried by a question is indicated against it. • Answers to questions no. 1 to 10 should be in 150 words, whereas answers to questions no. 11 to 20 should be in 250 words. • Keep the word limit indicated in the questions in mind. • 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.
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		

Name BHARANI V

Roll No. _____

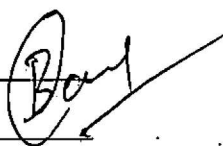
Mobile No. _____

Date _____

Signature _____

1. Invigilator Signature _____

2. Invigilator Signature _____



REMARKS

--

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

390

UPSC

For practice use only
प्रैक्टिस के लिए

Section - A

Q.1.

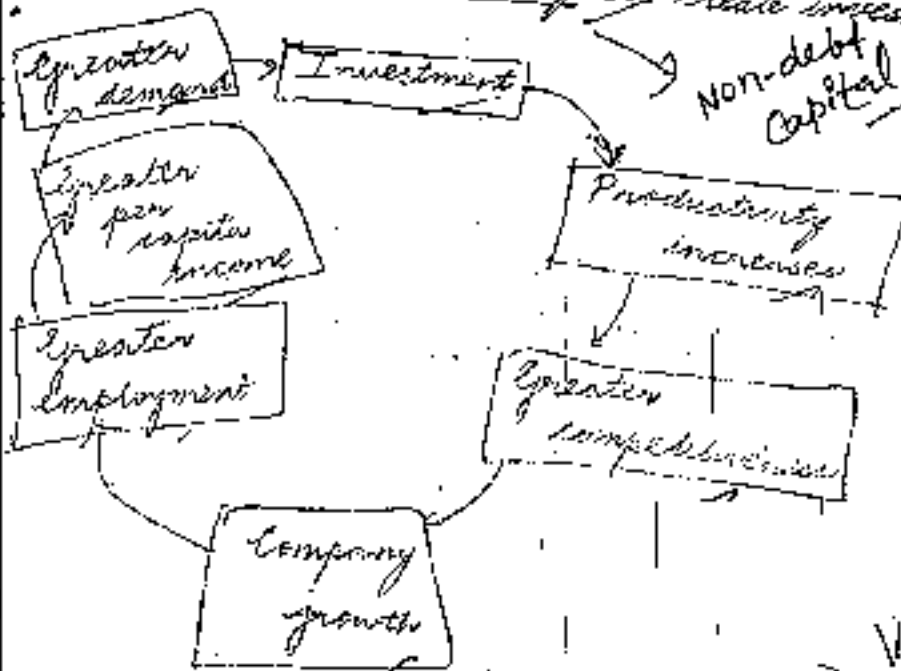
Foreign Direct Investment helps to increase the investment level and thereby income and employment in the recipient country. However, on the flip side, it can also reduce internal resilience of the domestic economy. Comment.

Foreign Direct Investment (FDI) refers to investment of more than 10% of a company's valuation. It is seen as stable unlike ~~FFI~~

investment by a foreign entity.

How it increases investment, income & employment

• Brings in foreign money to create investment



Therefore, FDI creates a vicious cycle of investment, income and employment.

Virtuous

Mention more advantage of FDI such as Improved managerial skill technology

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या के अंकितन पुरान लिखें।

UPSC

For practice use only
सिर्फ अभ्यास के लिए

Reduction of resilience of economy

• Dependence on foreign capital is risky as flight of capital can occur.

• Greater productivity could displace local jobs Ex: Post 1991, many silk weavers lost their jobs

• FDI in sectors like single-brand retail could create disadvantageous marketing conditions for local firms

• Loss of strategic autonomy due to dependance on foreign capital

Provide a balanced conclusion as well

Quote any example

Can give 2/180
talk about
Exploitation
to local
Resources
Can affect
foreign
exchange
market

15

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only

प्रैक्टिस के लिए

UPSC

Q.2 When technological progress takes place, it calls for new type of skills to handle new technologies effectively. But when the rate of new skill formation lags in keeping pace with new technologies, it results in surplus labour specialized in older skills. To what extent will this impinge upon Industry 4.0's success? Analyze.

→
→
Industry Impact

Technological progress leads to creation of skills of higher order. For Ex: Better data collection created an entire industry offering data analytics services.

Impact of lack of specialized labour on the success of Industry 4.0

Industry 4.0 deals with technologies like AI, ML, IoT, CPS etc. These need complex knowledge of coding, statistics, electronics etc.

Application of these technologies in Industrial Processes.

As a service based export economy, India might lose out on a significant chunk of service exports due to lack of

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या ही लिखें। अन्य कुछ न लिखें।

For practice use only
प्रैक्टिस के लिए

UPSC

H.R. ?

Besides, the current skillset might be obsolete for the market needs. Hence, it would directly impact the success of Industry 4.0.

Steps taken to address this

Creation of missions on AI and CPS Universities like ~~IIT~~ IIT-Kolkata and IIT-Kgp. have begun to offer specialized degrees in the same.

Creation of a huge startup ecosystem in Bangalore and Hyderabad focussed on R&D and data services.

Need more elaboration
↓
Talk about increased unemployment, shifting of Companies Investment etc.

3/2

Good. Can also suggest about global Partnership, Industry-Academia Collaboration etc.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
दिखा प्रश्न के लिए

Q3

A contraction in manufacturing output, especially in the sensitive capital and consumer goods segment, pulls down industrial growth. Examine their impact on Make in India programme.

Introduced well

Manufacturing output, measured by PMI, is an indicator of the level of economic activity in the manufacturing sector.

Impact of contraction in capital & consumer goods segment

Capital goods feed into other goods, so a multiplier effect is created. Ex: Machinery drives other products

Consumer goods indicate levels of disposable income and are an indicator of demand.

Fall in consumer goods like vehicles has serious implications

Impact on Make in India

Better, if you also quote GDP figures etc. to explain contraction in manufacturing in India.

Explained well

mention objectives of Make in India as well

(Please do not write anything except the question number in this space)

कृपया प्रश्न स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
प्रैक्टिस के लिए

- Serves as a detriment to the program
- Leads to job losses, shutting down of companies
- Stops the flow of foreign capital
- Containment of export growth

Also link it with rising unemployment →

Way Forward

- Industry specific stimulus to spur production & demand
- Creation of incentives like M.SIPs
- Relaxing limits of FCI and reducing LTCG to attract foreign investments

Labour reforms, improved credit mechanism, making of workforce etc. Can also be suggested.

Q5

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
विशेष अभ्यास के लिए

Q4.

Trends in the labour force participation rate and unemployment do not reflect social or economic mobility. What do you make out of this statement? Analyse with reference to the recent labour force participation rate data.

→

The recent Labour Force Participation Rate (LFPR) and Unemployment Rate (UR) data present a grim picture. UR is at a 45-year high of 6.1%.

→
Mention LFPR as well
Amount 49%

→

Social mobility

- LFPR is very low for women at 23%
- LFPR is also low for the marginalized communities in both public & private sectors

→

Economic mobility

Incomes seem to have stagnated [at a per capita income of 2000\$] and India is heading towards a middle income trap.

Kindly Explain the increased Socio-Economic mobility

Women, SC, ST sections have the lowest access to higher education, income and family income.

(Please do not write anything except the question number in this space)

कृपया केवल प्रश्न संख्या ही लिखें।

For practice use only this sheet.

UPSC

Actually sit in the hall you need to analyse different facts/figures in this respect

per capita income impacting upward
Economic mobility

Way Forward

Focus on human capital development -
Education, Skills & Health

specific schemes for the weaker sections
like Stand up India need to be enhanced

9

Analysis of report on L.F.P. and unemployment is missing

(Please do not write anything except the question number in this space)

एक ही इलेक्ट्रॉनिक नंबर पर सभी के अभिलेखित हुए हैं।

For practice use any kit. उभय २ दिव

UPSC

Q5. The "paradox of economic growth" is where the economy grows but, so does income inequality. Analyse the statement with reference to the latest report released by Oxfam.

Oxfam report of 2018 stated that the richest 1% of population cornered 43% of the wealth created, depicting massive inequality. This happened when the economy grew at 4%.

Mention more causes such as -

Reasons for inequality

Agricultural distress, Regressive taxation system, growth etc.

Prevalence of poverty

Lack of access to education, skill, health

Skewed development towards cities

Lack of mobility for women, SC/ST

Lack of infrastructure like telecom to grow

Measures taken to correct this inequality

Also mention Lorenz Curve to explain increase in inequality with increase in growth rate.

Most of the reasons also mentioned in that report.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
सिर्फ अभ्यास के लिए

Usually
talk
about
Progressive
taxation
Improved
spending
on Agriculture
etc.

• RTE Act 2009 followed by Samagra Shiksha
Abhiyan for holistic education
 • Ayushman Bharat scheme to reduce
 Out of Pocket Expenditure
 • Poverty eradication through Antyodaya
 • NFEN and Bharat Net; Operation
Digital India
 • Bachao Beti Padhao, Stand Up India etc.

Question
is not
about
poverty,
But it
is about
inequality,
Provide
suggestion
acc to
that.

2.5

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या ही लिखें।

For practice use only

सिर्फ अभ्यास के लिए

UPSC

Q6. Limited access to social security (especially health and pensions), and reduced state contributions in social sector are primary reasons behind high incidence and prevalence of poverty. Comment.

→ Post the 1991 LPG reforms, the state spending on the social sector has been declining. This put the social welfare in the hands of private organizations leading to poverty.

Lack of access to health care too has the same effect

No access to health insurance

Poverty

Low income

High Out of Pocket expenditure

No energy to work

Identify other factors responsible for poverty as well

High Population Growth etc

Disability as well as low capacity of state health infrastructure

Relationship of w Poverty and Reduced Soc of Expenditure by state explained well

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या ही अधिकृत रूप में लिखें।

UPSC

For practice use only
सिर्फ अभ्यास के लिए

Steps taken to resolve this

• Ayushman Bharat to provide health insurance to 5 crore families

• PM-KISAN and PM-Shriam Yojna
Mandhan Yojana to put more money
into the hands of people

• Pension scheme for farmers with
up done by states

Pension schemes for unorganised sector



Identify other reasons as well and then conclude acc to that

(Please do not write anything except the question number in this space)

कृपया इस स्थान पर केवल प्रश्न संख्या ही लिखें।

For practice use only

केवल अभ्यास के लिए

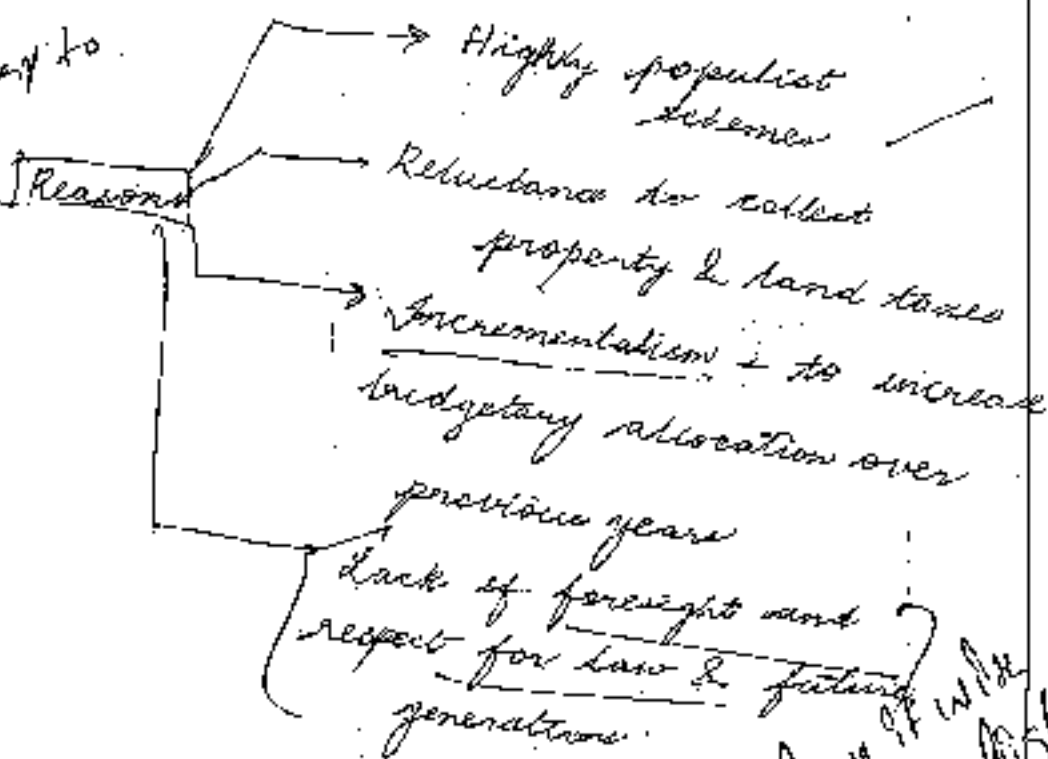
UPSC

Q 7.

Majority of the Indian states financial position appears to be somewhat stretched. Both the fiscal deficit and the debt to GDP ratio of the states look problematic. Analyse the stand taken by 15th Finance Commission and critically evaluate its potential operational effectiveness.

→ While the FRBM recommends a debt to GDP ratio of 20% for states, it is at 20% and is increasing. In addition, states like AP have an unsustainable debt of Rs 3.5 lakh cr.

Around 25% and most of states have more than 25% of GDP ratio



Due to this their revenue expenditure

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
केवल अभ्यास के लिए

UPSC

Stand taken by 15th FC

Relate these with their 15th FC

- States must stick to fiscal discipline and cannot resort to populist measures
- Sticks to the fiscal glide path

Operational effectiveness

- Unlikely to work because of political commitments

9.5

Kindly discuss the potential impact of 15th FC's TORs on states' finances and also write challenges such as Reduced Revenue of states

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
विश्व-अभ्यास के लिए

Q8. According to Fugitive Economic Offenders Ordinance, 2018, a fugitive is defined as someone who has left India to avoid criminal prosecution or who is already overseas and refuses to return to face the law. Taking a cue from the statement, differentiate between a Fugitive Economic Offender and a non-wilful defaulter. Also analyse steps taken both at domestic and global level to eliminate such loopholes.

Be clear, introduce it about the need for such law in India.

→ FEO as one who left the country in which he/she committed an economic fraud & meant to be arrested - Ex: Vijay Mallya & Nirav Modi

Non-wilful defaulter is one

who genuinely attempts to run a business but fails and is unable to repay loans.

Take a note provisions of FEO bill if difference between non-wilful defaulter

Steps taken

Passage of FEO bill, 2018

(Diversions of loan: 100 cr, Agreements with G-20, OECD etc. on been made etc)

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only

सिर्फ अभ्यास के लिए

data sharing

• Informing the authorities beforehand about a potential economic offender.

• Automatic Exchange of Information

with Switzerland.

Also add PMLA Benami Prohibition Act, etc.

likely, analyze the FEO unit is well its address the last part better.

2.5

(Please do not write anything except the question number in this space)

अपने ही स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
सिर्फ अभ्यास के लिए

UPSC

Q 9. Has Anti-India sentiments in Nepal and Bangladesh provided a fertile ground for non-state actors to wage a proxy war against India, utilizing these two land frontiers? How should India attempt to eliminate this peril?

→ India shares a border with 7 countries including Nepal and Bangladesh. (These have been a source of numerous anti-India activities.)
Or whether better.

→ Nepal

Anti-Indian sentiment due to:

Goods point
Madhesi economic blockade
Usheering in of the communist revolution and support from China

Anti-Indian activities:

- Terrorism, FICM and drug smuggling by the ISI due to open borders
- Influx of cheap Chinese goods

→ Bangladesh

Anti-Indian sentiment due to:

- Partition hangover that is exploited by ISI

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
निर्दिष्ट अभ्यास के लिए

UPSC

Recent exercises like NRC Citizenship

Amendment Bill, Pongnya ~~exercise~~

Unsettled water disputes like Tasitar
Anti-Indian activities

Sampling
Topic

Terrorist groups like HUJI like sanction

besides Naga & Mizo separatists

Demographic change in North East through
illegal migration

Ways to tackle this problem

Strengthening of intelligence by SSB and
better border management through BOLD-GIT

To address
this first

Having bilateral talks and extradition

Emphasis more
upon the maintaining
specially relations with these
India's neighbourhood 2nd policy
neighbours

2/2

(Please do not write anything except the question number in this space)

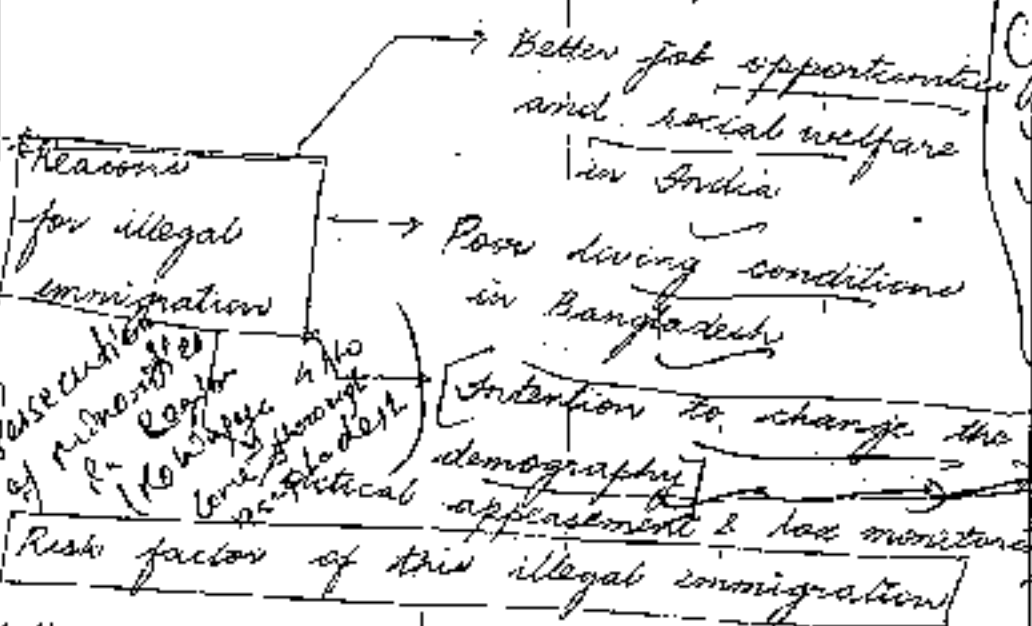
कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
सिर्फ अभ्यास के लिए

UPSC

Q. 10. It is estimated that about 15 to 18 million illegal Bangladeshi immigrants are in India, who are spread all over the North Eastern States. Critically examine the risk factor the situation brings with it.

Due to the riverine border between India and Bangladesh, ~~there~~ illegal immigration has been taking place for decades, ~~thus~~ creating numerous troubles for India.



Huge change in demography of states like Assam and West Bengal.
Pressure on resources like jobs, water etc.
Influx of about 40000 Rohingyas

Good mention of persecution of minorities (to highlight political appeasement)

Good points

Not appropriate to waste this.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या ही लिखें।

For practice use only
लिखने के लिए के लिए

UPSC

carefully
write
source of
your information

Indigenous population turned into a minority; impacting political structures

Radicalization of elements leading to terrorism fuelled by ISI; besides serving as a conduit for FICM & drugs

Measures taken to combat this

Better monitoring by BSF and use of techiques like Comprehensive Border Management and BOLD-GIT

Periodic extradition of identified illegal immigrants

Creation of NRC and Citizenship Amendment Bill

Suggest
Bilateral
talks and
other
relevant
measures
as well

Can also
talk about
Easing of tourist
visa policy as they
know provide cheap
leisure



(Please don't write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

The practice use only

केवल अभ्यास के लिए

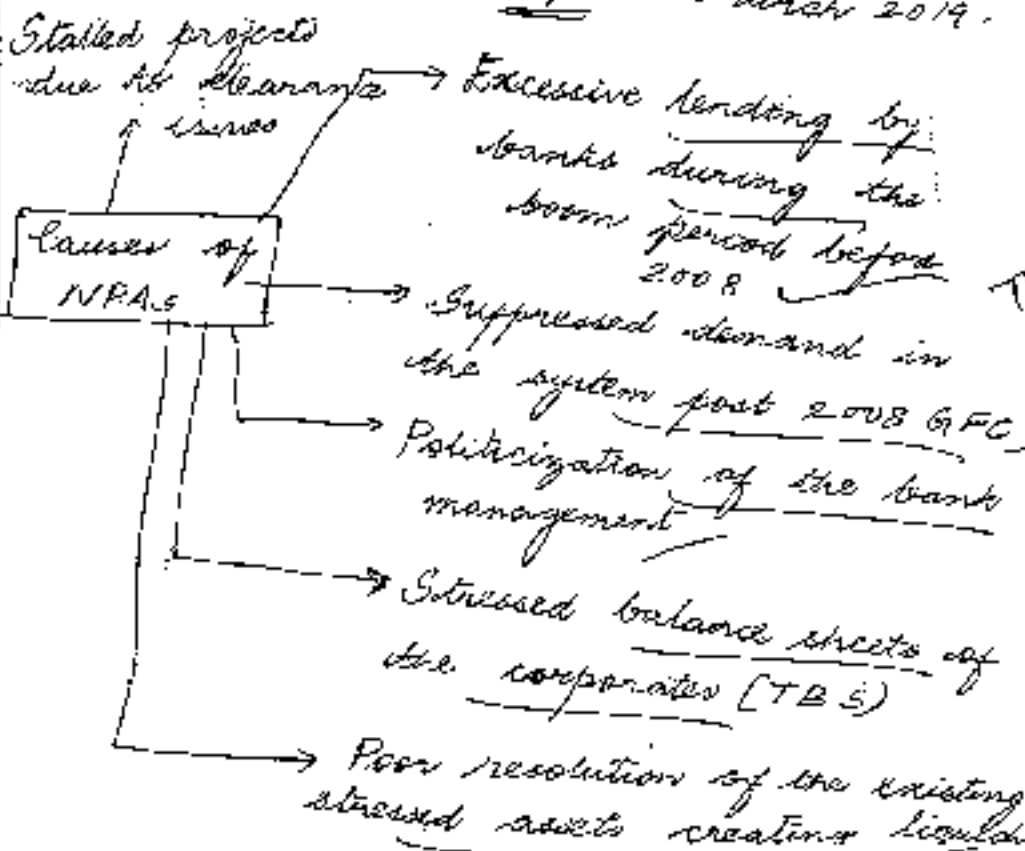
UPSC

Section B

Q.10. The diagnosis of worsening Non-performing Assets (NPAs) reveals five different causes. Analyse these causes and suggest fiscal stimulus and reformatory measures to clean up the underlying reasons for drought in credit mechanism.

Good, if you have defined it.

Non-Performing Assets (NPAs) are those assets of banks on which interest is not being paid even after 90 days of beginning of the repayment period. The NPAs in India stand at 9% in March 2014.



Though mentioned points are good, you need to further elaborate well.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न नंबर के अतिरिक्त कुछ न लिखें।

UPSC

For personal use only
विवेक जगदाल के लिए

Steps taken by the government to tackle these issues:

Corporate balance sheets :-

- Better corporate governance by implementing recommendations of the Uday Kotak panel
- Credit profiling through CRISIL
- Gradual lowering of tax rate to 25%

Banking reforms :-

- Creation of Bank Boards Bureau to recommend bank chiefs
- EASE framework to assess bank performance
- PCA framework of non-performing banks by RBI; merger of SBI and 5 associate banks

Also talk about Initiation of Asset Quality Reviews

- Bank recapitalization to the tune of Rs 2.5 lakh cr (recently 70,000 cr has been announced in the Budget)

Resolutions of stressed assets :-

- Insolvency and Bankruptcy Code (IBC, 2016) to oversee resolution

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
केवल अभ्यास के लिए

UPSC

- Project Sashakt as an overarching mechanism
- Sector specific schemes like PARIWARTAN for the power sector

Way Forward

→ Largely well attended
↓
Also take about the need to review ownership structure of Banks.

Worked for quicker environment and land clearances through single window media and update of L.A.P.R., 2013
Sector specific stimulus for core sectors like telecommunication that are bleeding due to intense competition.

6

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
निर्भी अभ्यास के लिए

UPSC

Q. 12. By diversifying the export basket, India's Foreign Trade Policy has tried to explore new markets and products, besides increasing India's share in its existing traditional domains. Analyse key features and operational effectiveness of Trade Policy 2015-2020.

Good
Hand

The Foreign Trade Policy of 2015-2020 (FTP) had set a target of 900 Billion USD by 2020. ~~But~~ ^{As} the current exports ^{are} however ^{are} only 400 Billion USD.

Features of FTP

- Incentivizing labour intensive export sectors like textiles through M-SIP's
- Creation of world class infrastructure oriented for exports like CEZ & NIMZ
- Promoting start-ups in areas like bio-technology and Artificial Intelligence

• Diversification of the export basket

→ Products:

mentally
Schemes
such as
MGEI
SERP

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ भी न लिखें

For practice use only

केवल अभ्यास के लिए

UPSC

- Creation of value added products like fruits, pickles, furniture etc. for export to EU & USA
- Exploring services like hospitality, financial services as opposed to the regular BPO services

→ Markets:

- Reduction of reliance on traditional export markets like USA & Japan
- Exploring Africa as a market due to its rising rapid middle class

Creation of world accepted sanitary & phytosanitary standards like Codex

Operational effectiveness

While sectors like mobile manufacturing have grown nearly 4-fold; labour intensive sectors like textiles & leathers have moved to Vietnam & Bangladesh

Africa and Latin America
Even if factors are being given on geo market
need has moved

Good point

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
सिर्फ अभ्यास के लिए

Issues with FTP

Couldn't capture the benefits ensuing from the USA-China trade war

Unutilized and poor infrastructure and logistics costing 13-14% of GDP

Way Forward

Immediate need to undertake labour and land reforms to attract companies [passage of 4 to labour codes]

Opening up of FDI in non-traditional sectors like single-brand retail

5/2

China
dismissed the
current
program
over a
longer
and then
issues
associated
with the

Suggest
fast
conclusion
of ongoing
negotiations
etc

(Please do not write anything except the question number in this space)

कृपया केवल प्रश्न संख्या ही इस स्थान पर लिखें।

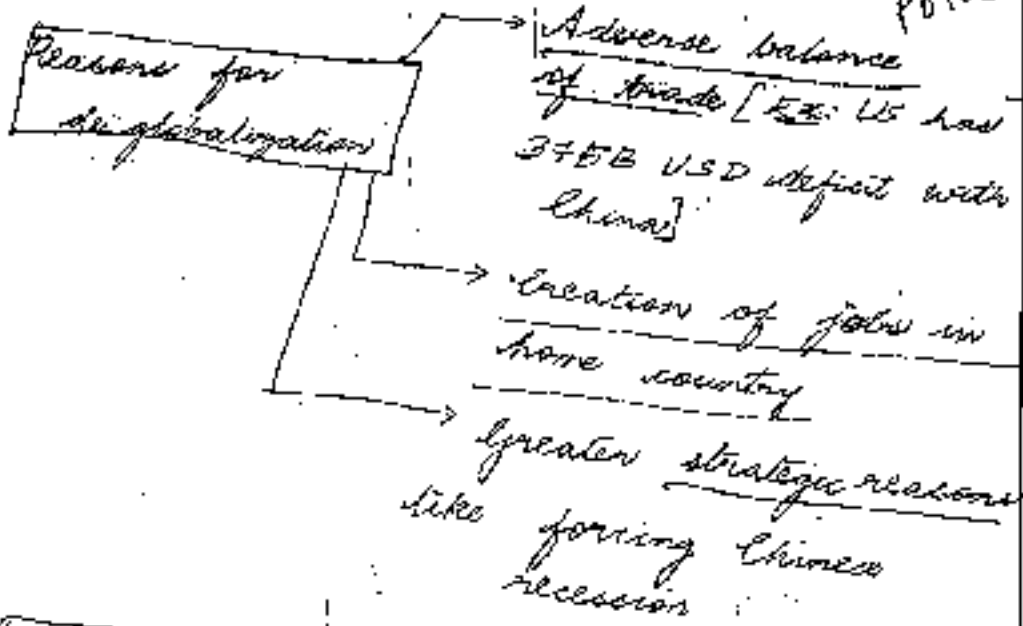
For practice use only
(केवल अभ्यास के लिए)

UPSC

Q 13. Discuss India's export and import trade basket in light of deglobalization threats. Explore areas where India can chart out a new growth strategy.

→ Deglobalization refers to a situation where the global supply chains get de-linked and countries move towards isolation. Ex. US-China trade war, Brexit.

for
Introduction



Try to provide more general causes such as Rise of Right wing etc

Impact on India

Export basket:

• Ability to fill unfulfilled demand like Soyabean to China

Needs more explanation

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या ही लिखें।

For practice use only
प्रति अभ्यास के लिए

UPSC

• Dairy products, meat products and value added products like butter do not find markets under the garb of Sanitary & Phytosanitary measures & services.

• I.T exports take a hit as well due to non free movement of professionals.

(WTO may expand to EU like policy the same)

Mention
H-1B VISA
Restrictions

② Import basket:

- Stress on import of oil and other crude commodities
- Excessive pricing of gold due to massive domestic demand

Not due to devaluation effect

Areas that India must target

- Joint oil exploration with Russia and Vietnam in Sabah & South China Sea to diversify import basket
- Selling value added products like shoes

technology
drive
threat
with

later to Africa that has a higher rising
oil import & U.S Sanction on Iraq
India is a major regime
need to also mend road

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल सवाल के अंकित क्रम ही लिखें।

UPSC

For practice use only
केवल अभ्यास के लिए

middle class

Focus on state of the art technologies
like IR, A.V., Blockchain, AI, Electric
vehicles to make India a hub of

technological exports.

Roping in private sector to create a
defense manufacturing ecosystem like

Brahmos to Vietnam.

Creating quality standards to export
processed food.

fast on negotiation of
many FTAs (keep it)
can also be
suggested

Alto
talk
about
some silver
lining
India's
esp.
infatue
U.S.-China
trade war

5

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
केवल अभ्यास के लिए

UPSC

Q14. The WTO and the Doha Development Agenda has remained a white elephant which India and other developing nations have been trying hard to move around. What do you make out of this statement? What options are available to India in shaping effectiveness of WTO?

The Doha Development Agenda (WTO summit) related to food security for developing countries that ended in a "Peace Clause"

Why is it a white elephant?

Issues raised by developed

Reducing 'Removing' Amber box subsidies and retaining only green box subsidies

10% for developing and 5% for developed

Limiting subsidies to 10% under the claim that over-subsidization is taking place

Issues raised by developing

Developed countries subsidizing to the tune of 190B USD while developing countries are at 5B USD

Food security is mandatory and cannot let external forces determine it.

Though agricultural subsidy was also one of the issues, there was more issues actually highlight etc.

Better mention 'come of year etc'

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only

प्रश्न संख्या के लिए

Q14. The WTO and the Doha Development Agenda has remained a white elephant which India and other developing nations have been trying hard to move around. What do you make out of this statement? What options are available to India in shaping effectiveness of WTO?

→ The Doha Development Agenda (WTO summit) relates to food security for developing countries that ended in a "Peace Clause".

→ Why it is a white elephant

Issues raised by developed

→ Removing amber box subsidies and retaining only green box subsidies
→ Limiting subsidies to 10% under the claim that over-subsidization is taking place

Issues raised by developing

→ Developed countries subsidizing to the tune of 190B USD while developing countries are at 5B USD

→ Food security is mandatory and cannot let external forces determine it.

UPSC

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
प्रिक्टे गल्यान के लिए

usually mention issues such as -
Access to medicines
Special and differential treatment

Due to the sprossing positions taken by the developed and developing nations, it has resulted in a stalemate. It has also not let the agorids of developed countries to move forward.

- Discussions on e-commerce
- Women inclusion at workplaces

• TRIPS plus mechanism for IP regulation

Declining relevance of WTO

- USA showing no interest in its proceedings by not appointing judges to the dispute resolution forum
- Rising importance of regional groups like APEC
- Many countries not abiding by WTO rules through imposition of tariffs

Also add the consensus clause of WTO as major obstacle

Need to explain stance of US EU and some details

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न के संदर्भित अंक ही लिखें।

For practice use only

केवल अभ्यास के लिए

UPSC

→ India's role in shaping effectiveness

• Working with China, Africa and other G-77 countries to continue its existence

Regional groupings like RCEP and APEC would eventually lead reference to WTO

Making it clear that the issue of food security & agricultural subsidies be resolved before negotiations on other issues are started

Suggestion
are food
just
in case
relevant
issues
from DDA

5

Please do not write anything except the question number in this space.

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
केवल अभ्यास के लिए

Q 15.

As start-ups turn out to be a major source of revenue and employment, governments from across the world have been going out of their way to facilitate the entrepreneurial dream. Discuss the role played by angel investors and government support in facilitating the start-up growth story.

India is the 3rd largest startup hub in the world. They employ millions and create the very much needed foreign exchange besides human capital.

Need for angel investors

Angel investors are those investors who fund the initial stages of a start-up. Ex: Tiger Global, Sequoia Capital

- Fund startups that cannot take a loan
- Give impetus to promising ideas like Atken Energy
- Mentor startups through their incubators

Though Good.
Produce any example
to explain importance of
start-up

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
मिर्के अध्याय के लिए

UPSC

Exp/In well

are business and technological fronts
Also participate in additional rounds of funding besides extending lines of credit and funding purchase orders

→ Need for government support

- Quick clearances and cutting down red tape
- Creation of infrastructure to support their businesses Ex: Good roads help delivery start ups

Tax Rebates

• Proper taxation structure as startups plough back money to grow

Ease of LPA work

• Data holding rules that form the core of startups like Swiggy

• Ease of filing returns

20

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या ही लिखें।

For practice use only
शिक्षण के लिए

UPSC

Steps taken by GoI

- Launch of start up India scheme with a corpus of Rs. 10000 crore.
- Removal of angel tax in Budget 2019.
- Creation of 6 new research parks modelled along the IITM Research park.
- Zero taxation for a period of 7 years.
- Global Entrepreneurship Summit 2017 was held in Hyderabad.
- Reserving small defense contracts upto

of which some removed related

with some condition such as a cap on annual turnover.

largely covered it very well, but also include some challenges for start ups in India to make it more comprehensive.

7

(Please do not write anything except the question number in this space)

एक ही सवाल में एक ही संख्या के अक्षरों का प्रयोग न करें।

UPSC

For practice use only
प्रैक्टिस के लिए

Q 16.

Railway Budget was used as a political tool with decisions made on new trains, routes, and fare hikes were getting influenced because of political considerations. Has the merger of the Railway Budget with Union Budget halted these tendencies? Examine.

→

The Railway budget was a colonial practice and was done away with from the year 2017. It was used for political gains that hurt the industry.

New trains

• Loss of equilibrium, an economically unviable model

Trains like Durgam Cheruvu that run at less than 50% capacity

New routes

• Unviable routes connecting interiors of Bihar and West Bengal

Trains not suited to run on such time

Intend to be better off
also talk about the rationale

Separate Budget

more contribution in economy in those time

Mention high operating ratio of Railway

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
लिख अभ्यास के लिए

UPSC

tracks were also routed leading to heavy damage.

Fares

Cross Subsidization

- Cross subsidization of passenger and
- Charge fares → 57% charge goes by road
- Price of AC Tier 1 is equivalent to that of flights, indicating irrationality.

Merger of Railway budget with Union budget

Yes, it has halted:

- Railways is looked upon as a sector now
- Need to maintain fiscal prudence into populist announcements

No, it has not:

- Local people from far flung areas still make such demands
- Politicians are compelled to cater to domestic constituencies

Railway Co. also not concerned more revenue generation activities.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only

शिक्षण अभ्यास के लिए

UPSC

Other steps taken

- Creation of Dedicated Freight Corridors
- Launch of Vande Bharat Express
- Replacement of coaches with LBH-coaches
- 100% electrification target by 2022

Way Forward

- Implementing recommendations of the Biswas Debnath committee:
 - Move out from non core areas like schools etc.
 - Use all available rolling stock etc.

Attempted well, but talk about rationalization of fares ✓
other benefits of merger ✓
Can Refer PIB to read more about it ✓

7

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
प्रति अभ्यास के लिए

Q17. The tax-GDP ratio in the country is lowered by 2-3 percentage points for its level of per capita GDP. The reasons for the low tax ratio have to be found in the exemption to agricultural incomes, widespread tax preferences due to multiple objectives loaded into tax policy, tax abuse by multinationals and poor tax administration. Illustrate with examples.

→ The tax to GDP ratio in India is set 16-17% of GDP; far less than the level at which it must be.

Compare with other countries such as OECD to get a better pt. better

Reasons

① Exemption to agricultural incomes:

- Lack of proper data
- General opinion that agriculture is not profitable though people earn more than Rs 30 Lpa.

• Reluctance on part of the political class

② Multiple objectives loaded into tax policy:

- Revenue maximization leading to distortions

Need to mention majority of the farmers are marginal

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only

केवल अभ्यास के लिए

UPSC

tax rates and evasions

- Waterlight policy aim leading to a legal nightmare with many loopholes

Need for
Saul for
to rule

③ Tax abuse by MNC's :-

- Number of exemptions leading to claims and counter claims Ex: Land rebate
- Issue of CISR seen as an added 2-5% tax

Add
2
'BEPs'
'DTAA'
to etc
to explain
tax abuse
by MNCs

• Effective tax rate at ~30% is the highest in India leading to under-reporting

Poor tax administration :-

- Collusion between tax payer and officials
- Low monitoring by officials
- Complex procedures like 10-page forms

Steps taken

- Demonetization and GST to formalize the formal economy

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
प्रति अभ्यास के लिए

UPSC

• Operation Insight by IT department to identify tax evaders

• Simplification of MCA 21 forms to help start filing.

• Promise to eliminate human interface by

Good. You mentioned the steps already taken.

2020
wholly conclude it as well by incorporating suggestions to improve the current status

61/62

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
विशेष अभ्यास के लिए

UPSC

Q.18. The word 'media' is derived from the word medium, signifying mode or carrier. Media is intended to reach and address a large target group or audience. Comment to what extent the paid news and media biasedness has jeopardized the overall credibility framework.

→
fair
interest

Media is referred to as the 4th estate of democracy. It acts as a check on the other 3 organs - Executive, Legislature & Judiciary.

Need of media

- Help people follow news? *inside meaningful facts*
- Form opinions through editorials & debates
- Point out irregularities and wrongs
- Conduit between the public and the state → role of information carrier

On these points
acts as
watchdog
to protect
public interest
helps in
Policy
formulation
etc

Paid news

It is a phenomenon where news channels & newspapers are paid

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
सिर्फ अभ्यास के लिए

some amount in return for publishing a certain story Ex: Agusta Westland case ✓

→ Media-biasness It is a case where a certain channel/paper propagates the ideology of a certain section

Ex: NDTV & The Hindu are known to be left sympathisers

How they affect credibility of media

• Peddling false or motivated news that may or may not be true

• People lose trust on media

• Might compel people to act in a certain manner detrimental to the interest of the nation Ex: False stories of

Avoid taking names of particular media

Though you can discuss how these have increased in recent times.

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या ही लिखें।

For practice use only

विशेष अभ्यास के लिए

UPSC

Kindly mention reasons of these as well

sexual harassment end up demonizing & destroying the life of accused
Ends up creating narratives of pre & post truth; thereby destroying truth

Way Forward

Creation of a neutral media regulatory authority

People must be pro-active in naming & shaming peddlers of fake news

Role of social media networks like facebook & twitter in removing sensitive contents before damage is done

Corporatisation
T.R.P culture etc

5 1/2

Suggest more relevant measures such as

Strengthening of self-regulatory bodies
C.I. can be given more powers regarding these

(Please do not write anything except the question number in this space)

कृपया इस स्थान में केवल प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

FOR PRECISE USE ONLY

सिर्फ प्रश्न संख्या के लिए

UPSC

Q. 17.

The World Wide Web and web 2.0 technologies have given rise to electronic media where even a common man can express views through blogs, website posts, Facebook and Twitter like social media. Discuss the communication revolution that these structural frameworks have created.

→ With the advent of WWW, internet and social media platforms like Whatsapp,

the communication landscape has changed. The results have been a mixed bag.

Benefits of the communication revolution

• Blurring boundaries & distances

• Very cost effective way Ex: Over the Top services

• Sharing of knowledge & education

Ex: Digital India network, SWAYAM etc

• Large number of startups like Swiggy and Flipkart thrive on it.

Can be introduced by men through facilities
C. Revolution

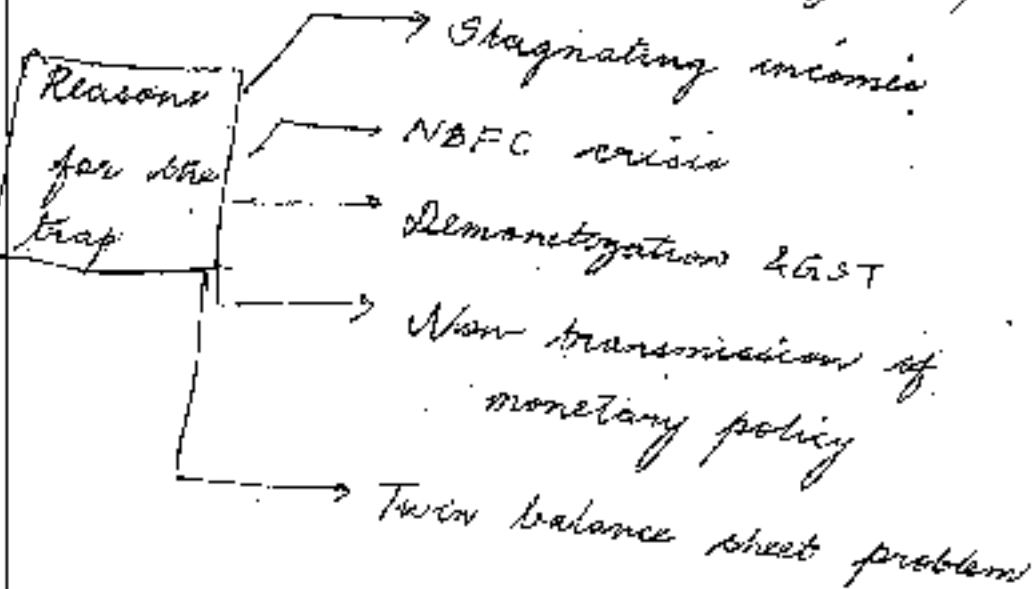
UPSC

For practice use only
विश्व प्रयोग के लिए

Q20. A liquidity trap occurs after a severe recession, where families and businesses are afraid to spend no matter how much credit is available. In this the situation in India? Discuss.

A liquidity trap is a situation where people and businesses do not have enough liquid cash at hand to spend.

Yes, India is facing a liquidity trap



Steps taken to ease the situation

- Recapitalization of banks
- Stimulus package for NBFCs

Definition
not appropriate,
L.T is a
situation
where, people
inspite of
high saving
hesitate to
invest due
to low
interest
rate.

Compare this
with current
Indian
Economic
Condition

(Please do not write anything except the question number in this space)

एक ही स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

- Greater L.T.V for Electric Vehicles to spur demand
- Greater infusion of liquidity into the market by RBI.

Kindly Revisit the concept of liquidity trap.

1.5

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

For practice use only
प्रति अभ्यास के लिए

UPSC

Need
Advantage
Revolution
↓
Guilt
to voice
CME too
LGBT
etc

Health services like ECHO programs
tele surgeries are possible
Video & voice calling connects families

Disadvantages

Spreading fake news & rumors
Women are at an added disadvantage
stage of getting lured into sexual harassment

Child Pornography & obscene content becomes the order of the day.

Anonymous calling for harassment, etc
Creation of bots to spread content

Steps to tackle this

- Stricter regulations of FB, Twitter etc.
- National Cyber crime co-ordination centre, N.I.C etc.
- Cyber Swachhta Kendra

Mention
↓
Trolling, Radicalisation
Issue of
Privacy etc

Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

For practice use only
केवल अभ्यास के लिए

* MHA called for signing Budapest
convention

Suggest the
need to increase
digital literacy,
strengthening
IT laws etc

5