

INDIAN ECONOMY & INTERNAL SECURITY

Time Allowed: 3 hrs.

Max. Marks: 250

Q.	Marks	Instructions to Candidate
1.	3 1/2	<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.	4	
3.	3.5	
4.	4.5	
5.	4	
6.	3	
7.	4	
8.	3	
9.	4.5	
10.	4	
11.	7	
12.	6.5	
13.	6.5	
14.	4.5	
15.	6	
16.	5.5	
17.	5	
18.	5	
19.	6	
20.	3	

93

1. Invigilator Signature _____

2. Invigilator Signature _____

Name K. Satya Dharama Prastap

Roll No. _____

Mobile No. _____

Date _____

Signature [Signature]

REMARKS

Section - A

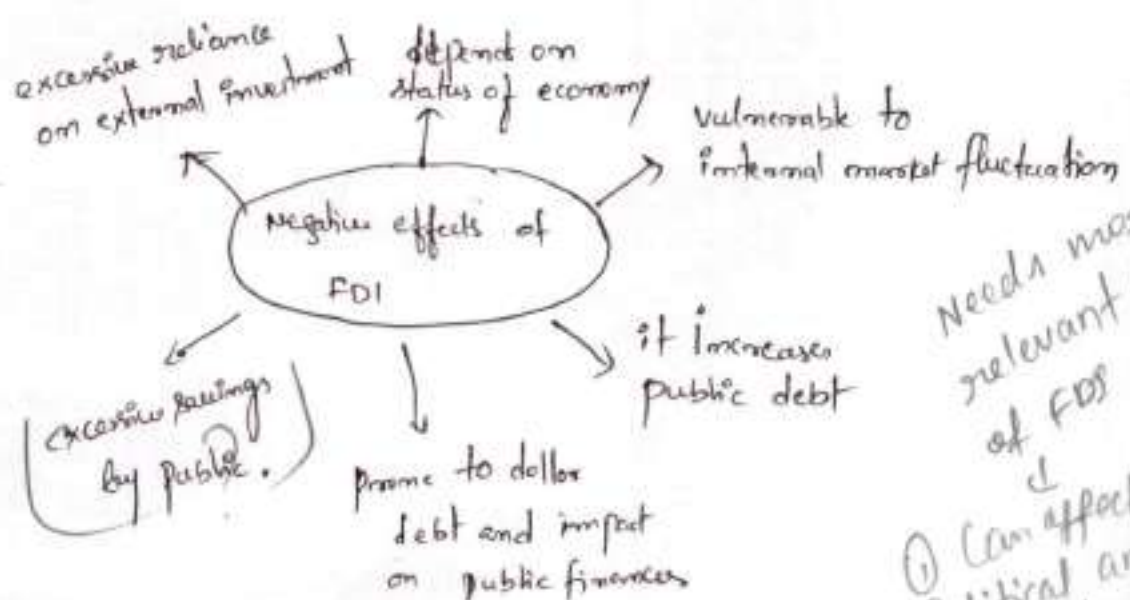
Q1. Foreign Direct Investment helps to increase the investment level and thereby income and employment in the recipient country. However, on the flip side, it can also reduce internal resilience of the domestic economy. Comment. (10 Marks)

Foreign direct investment is the investment received from foreign investors in to various sectors of economy (other than stockmarket). It is considered as valuable investment for growth of an economy. The recent FDI inflows are around \$96 billion.

The advantages of FDI are :-

- i. it improves the investment in various sectors
- ii. it brings out cutting edge technology and leads to competitiveness
- iii. it also lead to expansion of industries and firms
- iv. it leads to employment and wealth creation.
- v. it improves the GDP and standard of living.

However, it may lead to following consequences:



Remarks

Even opening 10% share in any company comes under FDI
Also Add source of foreign capital Better protection provisions etc.
Needs more relevant cons of FDI
Can affect Political and Economic sovereignty of country
Market competition for local etc.

Not appropriate to write that it is not desirable

Foreign investment is always desirable, it must be balanced by internal capital investment and savings. Recent decline of savings rate from 29% to 26% is worrisome. Macroeconomic indicators like inflation rate, interest rates must be controlled to avail more investments from domestic front.

Hence, there should delicate balance between domestic and foreign investments. Foreign investment could be raised when domestic investments are not desirable.

3 1/2

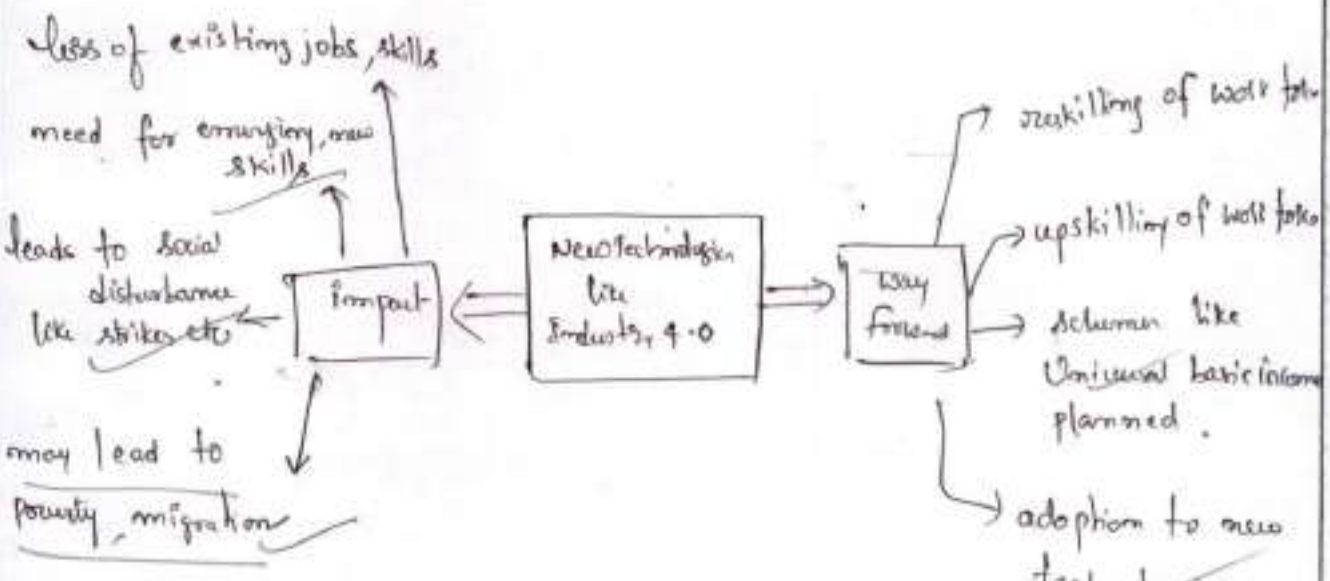
Argument not appropriate. Though you can argue for better regulation.

Remarks

Q2. 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 lacks 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? Analyse. (10 Marks)

In the fast and rapidly changing world the upskilling and reskilling of work force is imperative for adoption to destructive technologies like Industry 4.0. According to World Economic Forum, automation would lead to ^{loss of} 80 million jobs world wide in next five years. Industry 4.0 which includes the integration of physical, digital and biological world would bring new technologies like Artificial intelligence, data analytics, Block chain technology, Cloud computing etc. (IoT, Big data etc)

Industry 4.0
destructive
technologies



Also, discuss in brief about the slow skill formation in India.

Remarks

Technology is always disruptive and there is loss of existing skills and new jobs are created with new skills. Industry must focus on training work force adaptable to new technologies. Government should focus on reaping the benefit rather than increasing work force of existing skill set. For example NITI aays task force on Industry 4.0, artificial intelligence and IT ministry committee on 5G technologies are welcome step to adopt to the new emerging technologies.

4

Also suggest Industry-Academy Partnership & Aligning of curriculum with International standard

Remarks

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. (10 Marks)

Manufacturing has been always backbone to Industry sector by contributing 16% to GVA of economy. Capital intensive manufacturing always been forefront in attracting the investments domestically and from foreign destinations. Consumer goods defines the growth of industry because they are heavily consumed by middle income group (country like India).

However, the contraction in manufacturing output in above two segments may affect India's growth ambitions especially in success of flagship program like 'make in India'.

The following are the reasons :-

- i, The decline in capital investment leads to less production and reduces the much needed exports.
- ii, it may further increase Current Account deficit (CAD).
- iii, it reduces the economic activity and reduces the growth.
- iv, Consumer goods segments indicates the growth of economy of some MSME industries.
- v, They may lead to government intervention rather than focusing on public sector welfare spending.

Mention points in your handwriting

Remarks

Provide any data to support contraction in manufacturing (IIP series)

'Make in India' envisages to make India global hub of manufacturing. It needs Capital intensive industries and Consumer goods to be consumed by middle class public. It focus on new sectors, approaches, processes, etc.

Hence, for the success of 'Make in India' the much needed Capital investment in industries and investment in consumer goods and increase their output is imperative.

Mention some relevant objectives of make in India
① Target in its share in GDP
② Employment target etc

Discuss how these targets are being affected.

3 1/2

Remarks

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. (10 Marks)

The recent Periodic Labour Force Survey (PLFS) which followed new methodology from NSSO reflects the state of current employment. According to it the unemployment rate is 6.5% which is highest in 40 years.

The other findings from labour force survey are.

- i. The reduction in work force participation rate from 39% (2011-12) to 36.5% (2017-18) is worrying.
- ii. The reduction of women work force participation rate from 28% (2011-12) to 25% (2017-18).
- iii. The unemployment rate in urban areas is more 7.3% compared to rural areas 5.8%.
- iv. The unemployment rate among general category is 6.7% and ~~caste~~ is above normal unemployment rate.

Current L.F.P.R in India is around 49.8%
Good, that you are quoting different figures from data, just quote it correctly

The above finding clearly does not reflect the social or economic mobility because of following reasons:

- i. India is fastest growing emerging economy with 7.2% but still unemployment rate is 6.5% highest in 40 years.

Remarks

- ii. The migration from rural to urban increases of opportunities increasing unemployment rate in urban population.
- iii. The women work force participation is reducing when we are demanding women empowerment and reducing gender gaps.
- iv. It may further fuel the Caste cleavages and clamour for reservation of various communities increase.

Hence, Unemployment and underemployment must be addressed immediately to reap the demographic dividend of country to make growth more inclusive, sustainable and formal.

4/2

you have understood the question, just address more aspects
Quality of job available in economy -
Why less women in L.F.P.R - less opportunities or increased family income etc.

Remarks

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. (10 Marks)

'Economic growth' is imperative for economic development and improve standard of living by increasing the per capita income. However, it is also leading and increasing the gap between poor and rich. 'The richer are getting richer and poor is getting poorer'.

The recent Oxfam report where the top 1% of ^{world} population holds nearly 50% of global wealth and 10% of population holds nearly 80% of global wealth.

The following are reasons for increasing the income inequality.

- i. The wealth concentrated in limited individuals.
- ii. The technology is benefiting only limited sections of society in fast changing world.
- iii. The dissemination of technology to poorer countries and population is limited.
- iv. The unhealthy nexus between industry, political class and

Nevertheless, following actions must be implemented to reducing the gap between the various sections of society.

Remarks: Mention more relevant causes by linking it with India's status. → Evation of taxation → Regressive tax structure etc

Ando deved very well.

This point needs to be substantiated.

Same point.

grad.

- i. regulating the economy to avail equal access to new technologies and innovations.
- ii. level playing playing field for all the stakeholders of economy.
- iii. progressive taxation to distribute benefits to the underdeveloped regions and sections.

A

Hence, governments must concentrate on reducing the inequalities and to achieve global sustainable goal 8 i.e. reducing inequalities.

Though By and large you have addressed it well, you have missed to link it with India's scenario. (Oxfam report is also about India)

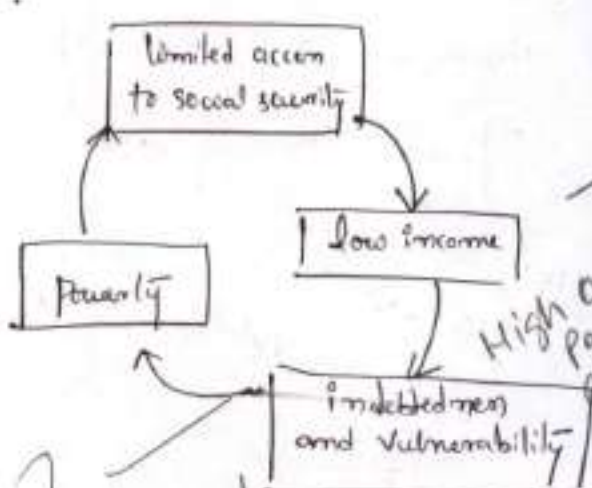
Remarks

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. (10 Marks)

Market economy which is lead by forces of demand and supply lead to urbanisation, globalisation made imperative for social security (especially health, pension).

The both are important for healthy work force and to have social security after retirement.

The limited access to these benefits and affordability also leading to poverty. It forms a vicious cycle as shown below:



The various reasons for the limited access to social security and reduced state contribution are:-

- i. Lack of awareness among people.
- ii. affordability to these products. *Not relevant*
- iii. much fear of government on provision other basic services like health, education.
- iv. fiscal constraints from government side.
- v. Complacent mindset of society towards health and pension.

Remarks

Mention Presence of high informal sector as the main reason

Better, Introduce this by explaining the prevalence of poverty in India

The recent government steps for social security like Pradhan Mantri Jeevan Jyoti Yojana, Suraksha Bima Yojana, PM Shram Yogi Maandhan Yojana, PM Vaya Vandana Yojana and Ayushman Bharat are welcome steps towards social security.

The Government should proactively move forward improve insurance and pension penetration and reduce out of pocket expenditure (70%) of public. Government should implement NUDGE, Behavioural Economics as suggested by Economic Survey 2018-19. For example Pension Act study of USA by makes it easy to choose default pension plan etc could be introduced.

Discuss other factors responsible for high poverty as well other than reduced state contribution.

Remarks

B

Q7. 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. (10 Marks)

Ambiguous
Federal Country like Country provide sufficient fiscal space for states borrowing within the limits of FRBM Act 2003. However, financial position of some states are worrying and stretched.

According to recent economic survey the debt to GDP ratio is around 65%. which is desirable and should be reduced to 60% by 2023. The recent reduction in debt to GDP ratio is appreciated. The Central Government position in reducing debt to GDP ratio is more positive compared to some states.

The reasons for increased borrowing of states are:

- i. less taxation power compared to Central government
- ii. less tax raising power due to implementation of GST.
- iii. over spending on social welfare schemes without plugging the leakages.
- iv. Lack of sufficient revenue generating options (Ex: North Eastern states etc)
- v. excessive reliance on Central government funds and grants.

Remarks

Increased the FD of states.

Quote states Debt to G.D.P ratio separately. Also mention the F.D figure of states. Mention Agriculture Distress F.F. Pray Committee.

The recent terms of reference with 15th Finance Commission includes effective control of debt to GDP ratio of states and actions taken to achieve it. Government also recommended fixed limit of borrowing beyond the state capacity limits.

Hence, states should more focus on improving the efficiency of tax & revenues and put the borrowing in well prescribed limits of FRBM Act 2003.

(4)

Mention some other Tors as well, which can affect states Revenue significantly.

Remarks

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. (10 Marks)

Fugitive Economic Offenders Ordinance and bill is enacted by Union government to punish the economic offenders who owe to the public lenders. *[Can also introduce it by telling need for such a law]*

Fugitive Economic offenders is an individual who wilfully chose not to repay loan to the lenders and chose move to foreign countries fearing the action against him. Non-wilful defaulter is an individual who genuinely lacked the capacity of repayment of loan to bank due to loss of his/her firms.

The difference between them are:

Fugitive Economic offender	Non-wilful defaulter
i, wilfully non repayment of loan to bank	i, non wilful repayment of loan to bank
ii, may move to foreign countries to avoid prosecution	ii, may or may not move to other countries
iii, has capacity to repay the loan	iii, in capacity to repay the loan
iv, more serious in nature in terms of offence	iv, less serious in nature.

Remarks

Not Ready

Ready to face trial

Also add provisions like special court Declaration 100 crore etc

The government steps to eliminate these loop hole are:

i. Fugitive economic offenders bill to prosecute the defaulter with more than 100 crore default.

ii. Double Taxation agreement with many countries like Singapore, Mauritius etc.

iii. Direct Tax Information agreement with Switzerland etc.

iv. Confiscation of Property in India in case of evasion of prosecution under Fugitive economic offender bill etc.

Further, integrated and cooperation is needed between various countries to control the menace.

(B)

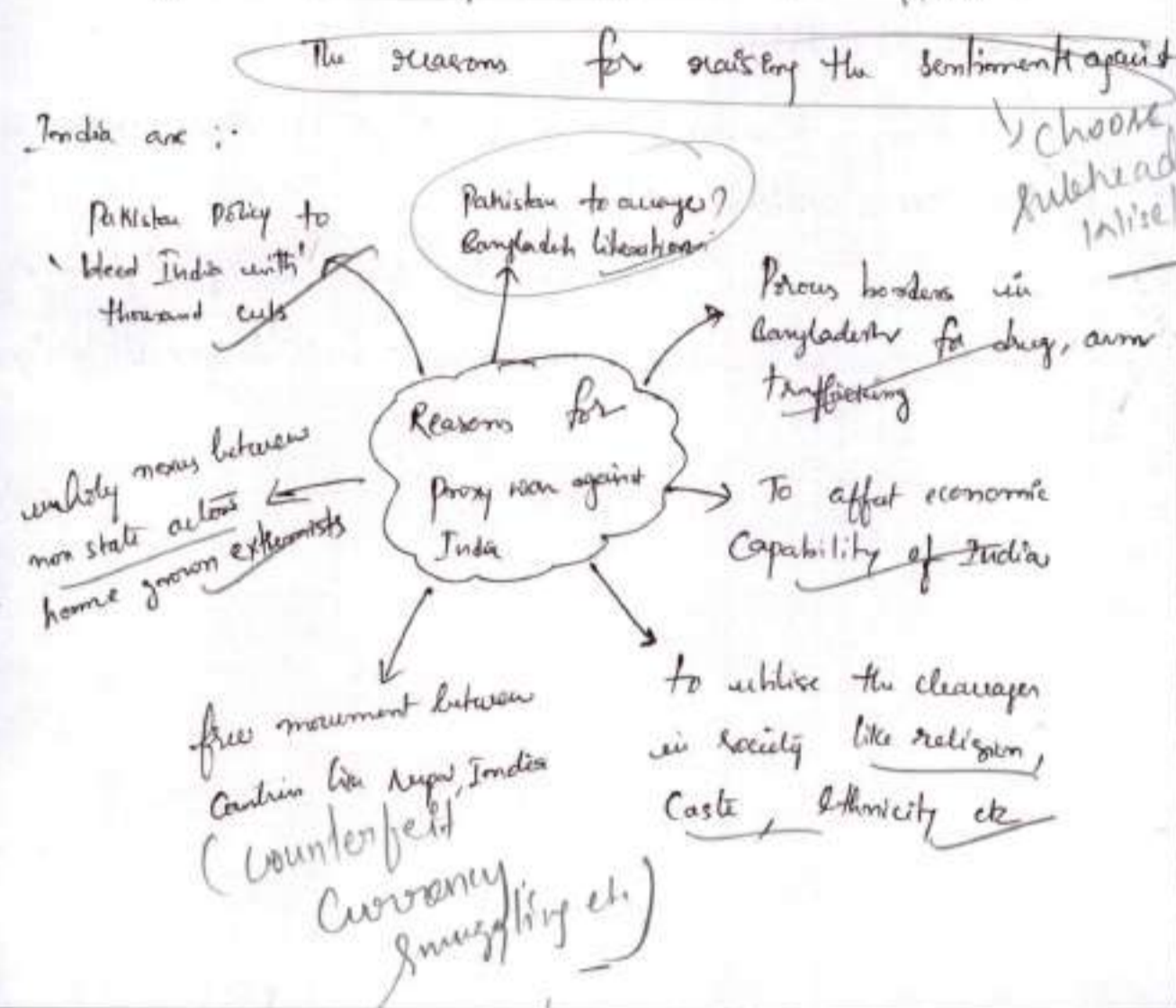
Also write some limitations of these steps as well.

*Not Related directly
Mention in Property Act
Extradition treaty*

Remarks

Q9. 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? (10 Marks)

Anti-India sentiments in Nepal and Bangladesh are exploited by non state actors to wage a proxy war against India. The recent roadblock and economic blockade to Nepal during Madhesi protests and protests against India for Teesta river agreement in Bangladesh are examples for it. *led to rise in Anti India Sentiment*



Remarks

India is taking various steps to eliminate these sentiments like

- i) Providing line of Credit to countries like Nepal, Bangladesh.
- ii) building hydroelectric projects in Nepal and buying electricity from them.
- iii) Constructing the nuclear power plant in Bangladesh with the help of Russia.
- iv) Improving the rail, road connectivity Bangladesh with various initiatives.
- v) Providing assistance during disasters and technology like SAARC Satellite etc.

Here, Govt must focus on soft diplomacy to reduce the anti-India sentiment not to be exploited by non-state actors.

4 1/2 / 10

Mention of Pursuing Neighbourhood First Policy as well.

Remarks

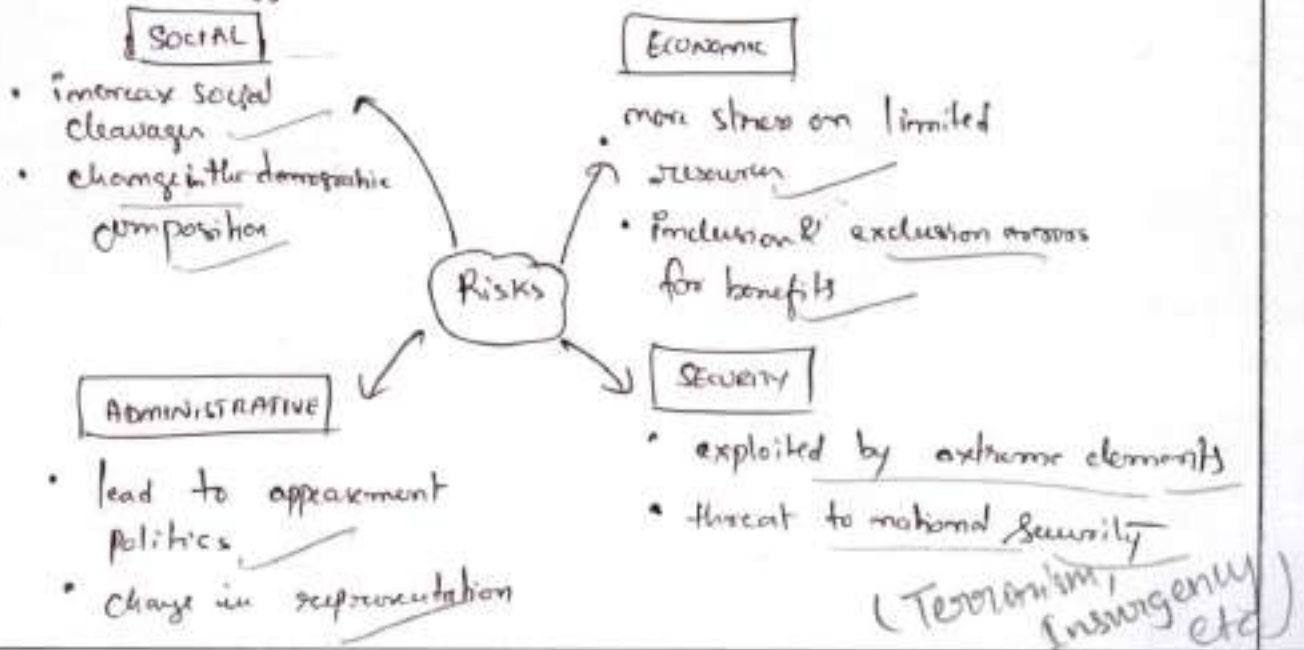
Q10. It is estimated that about 15 to 18 million illegal Bangladeshi immigrants are in India, who are spread all over the North Eastern States. Critically examine the risk factor the situation brings with it. (10 Marks)

Bangladeshi immigrants are in India spread across north Eastern states and other parts. It has posed serious threat to our national security and strain on economic and social resources.

The various reasons for illegal immigration are:

- REASONS
- Porous international border in Bangladesh border
 - Lack of opportunities in their country
 - Vulnerable to drug, cattle, human trafficking
 - encouraged by non state actors to attack national security
 - historical connection between Bangladesh & India
- Well Mentioned Points

The effect on India by various risks are:



Remarks

The government steps to curb these illegal immigration are:

- i, Improving Border security with Comprehensive Integrated Border Management System (CIBMS)
- ii, implementation of NRC under Supreme Court recommendation
- iii, International cooperation with Bangladesh to stop infiltration etc. (Bilateral talks)

Discuss the steps already taken and then suggest more measures to check immigration.

4

Remarks

Section - B

Q11. 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. (15 Marks)

Non-Performing Assets (NPAs) are the loans which are provided by banks and defaulted after 90 days by the borrower. The various NPAs are Substandard Asset (<1 year) and doubtful Asset (>1 year) and Lost asset which is more than one year. They form around 12% of bank's NPAs. NPAs are forming huge burden on finances of banks and companies leading to twin balance sheet problem.

Non-payment of loans after 90 days
Can also mention the impact of high NPAs on interest rate in economy

The various reasons for worsening of situation are:

- i. hasty and non-diligent lending practices of banks during post-recession period.
- ii. lack of effective regulation by central bank and government.
- iii. lack of effective mechanism to deal with bankruptcy and insolvency.
- iv. Restructuring of loans to extend further regarding the loans.
- v. Policy paralysis in the Govt side like environmental concern and delay in land acquisition etc.

Some points are good also add

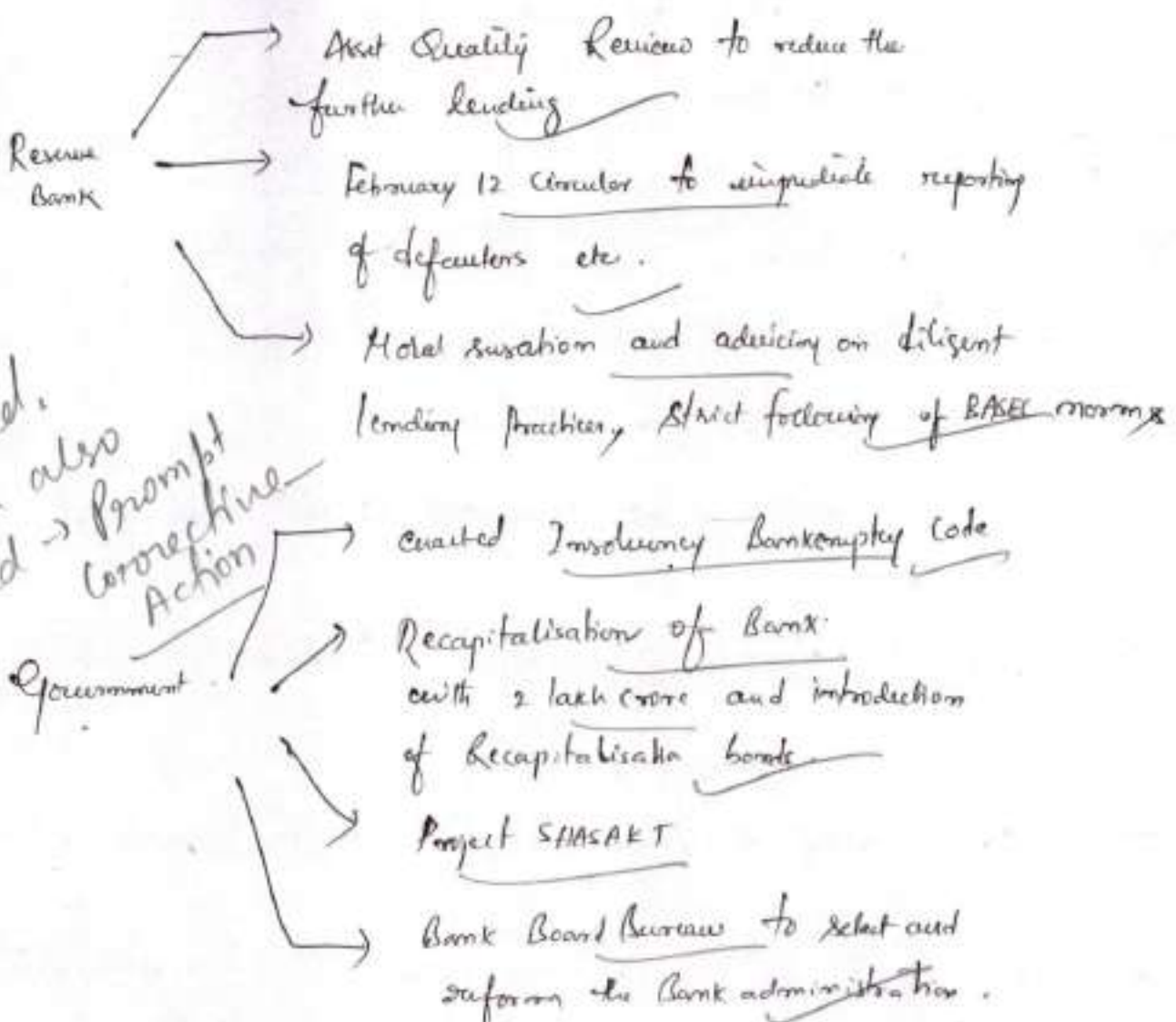
Remarks

- Poor Asset quality
- more lending during boom period (2004-08)

- More lending to infrastructure sector also led to NPAs.

The Government came up with various reforms with Asset reconstruction companies, Debt recovery tribunals, SARFAESI Act and SAA scheme to deal with NPAs.

However, after peaking the NPAs more than 12% particularly, the stakeholders came up with various measures to clean up the NPAs are:



Good. Can also add -> Prompt corrective Action

Remarks

The above measures have provided relief to govt and banks by reducing the NPAs to 11.6%.
The effective implementation of Insolvency & Bankruptcy Code, transparency in selecting Bank chairmen, improving the diligent lending practices by banks would lead to further decrease in NPAs and challenging the Twin Deficit Balance sheet Problem.

7
15

you have addressed it very well

Remarks

Q12. 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.

(15 Marks)

Export basket is important component for country's growth. India's development is directly dependent on exports to reduce current account deficit and to keep fiscal deficit in control.

The reasons for diversifying export basket are-

- i, it reduces the dependence on particular economies for example Middle East, western Europe.
- ii, it helps in managing Current Account Deficit (CAD) and improve credit worthiness of country.
- iii, it helps in control of fiscal deficit and improves Ease of Doing Business index.
- iv, it helps to flow of investments and further improve the effectiveness of Indian products.
- v, it improves competitiveness of products and leads to emerging cutting edge technologies.

Thought in
good
avoid
linking
of
Fiscal
deficit
in this
question

Remarks

Key features of Trade Policy 2015-2020 are.

- i, to find out the new avenues to diversify export basket.
- ii, to improve competitiveness of products with increasing Quality standards
- iii, Standardisation of Indian products and Complying to International Standards
- iv, Effectively implementing and providing Intellectual Property rights

Mention Export target under FTAs-20 schemes like MEIS, SEIS, FPS

However, there are key challenges to implement Trade Policy are..

- i, Competition from emerging countries like China and inflow of goods from it.
- ii, much tax exemptions to South Eastern countries like Vietnam, Bangladesh by western countries compared to India
- iii, Prolonged Trade war between USA and China.
- iv, Increase trade protectionism and formation more regional blocks like TPP etc.
- v, Disruptive technologies like Industry 4.0 and lack of sufficient Skill set.

Remarks

Also Add
- exports still not increasing
- widening of trade deficit with China

Hence, Government should balance the global scenario and formulate policies to foster domestic ecosystem to spur the economic growth. Recent Economic Survey suggestion of 'Blue Sky Thinking' could be implemented.

Can suggest
↳ Faster Negotiations of FTAs,
WTO Reforms etc as well

6 1/2

Remarks

Q13. Discuss India's export and import trade basket in light of deglobalization threats. Explore areas where India can chart out a new growth strategy. (15 Marks)

De globalisation and regional trade blocks are becoming major impediments to globalisation and India's exports. For example Trans Pacific Partnership Agreement, Trans Atlantic Trade Agreement are various examples of deglobalisation. (Better, if you define deglobalisation in more depth)

The various threats to Indian economy are:

- i) Middle income trap rather than becoming developed economy.
- ii) frequent disputes to be reported in Dispute resolution mechanism in WTO.
- iii) It is against Rule based international order on Trade.
- iv) it reduces the investments and affects the country's growth further. India need 8% real growth to become \$5 trillion economy by 2022.
- v) improves CAD and tariff barriers among the nation.
Ex: Aluminium tariffs on Indian Product by US
- vi) Protection mechanism tendencies by Countries. e.
Ex: removal of Generalised System of Preferences by USA.

Good points

Remarks Also link it with its implications on India's import basket (crude oil)

Discuss some opportunities as well for India (esp. due to China-US trade war)

The various areas India can chart out for growth strategy are:

- i) Diversify the export market by making foray into new markets like Africa, South East Asia etc.
- ii) Make policies suitable for exports like Trade Policy 2015-2020, Agro Export Policy, Policy on Industries 4.0 etc.
- iii) Make policies for emerging technologies like 5G, Artificial intelligence etc.
Ex: ATRAWAT on AI, Policy on 5G etc.
- iv) Take lead in negotiations like fast completion in Regional Comprehensive Economic Partnership (RCEP)
- v) Lead and raise voice for reform in international bodies like WTO, IMF etc.
- vi) Make brand India like 'Services from India' through Champion Service Sectors, 'Make in India', 'Digital India' etc.

By and large, suggestions were good. Can also add India should focus upon high technology export.

Remarks

Government should have comprehensive approach to deal emerging challenges and adapt to them to make resilient economy in turbulent times.

61
62
15

Remarks

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? (15 Marks)

WTO and Doha development Agendas are talks related to particular trade issues like intellectual property rights and reduced tariffs among developed and developing countries. Doha Agenda is longest agenda for trade talks almost 15 years with out any conclusion.

The various reasons for prolonged discussion

- are :-
- Developed Countries
 - Developing Countries are blocking negotiations and want more concessions
 - Developing Countries not interested in conclusions
 - Developed Countries insist on emerging issues like inclusion of e-commerce rules etc.
 - Developing Countries
 - Developed Countries reap benefits from WTO hence delaying the talks
 - unilateral approach by developed countries by bringing new issues to talks.

Better
the discuss
issues of
Agriculture
Subsidies
Non-Agriculture
Market
Access etc

Remarks

Special and
Differential
Treatment

→ developed countries forming regional groupings and moving away from trade talks

India being developing country and aspiring global power always believed ~~more~~ trade based on international order. The democratic process and equal voice in WTO is taking much time for negotiations. (Mention ↓ Concerns of WTO)

The various options available for India in shaping effectiveness are:-

- i, hold the spirit of international order.
- ii, Can act as mediator between developed and third world countries
- iii, parallelly negotiate in other regional blocks like RCEP
- iv, reforms to be brought in WTO which are much needed.

4½

Hence, Government of India should actively participate in necessary negotiations and force other countries to bring the much needed reform in WTO to uphold the international order.

Though you have the idea, include some relevant issues of DDA

Remarks

Remarks

Q15. 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. (15 Marks)

Start up is an emerging company which have huge potential to commercialise the innovative ideas and new inventions. They are the major source for innovation and Creativity of new ideas. (Intel introduced)

The advantages of emerging start ups are:-

- i. They provide avenues for new ideas of entrepreneurs.
- ii. They lead to creation of new market products and exploit the market economy.
- iii. They lead to improve innovations in Country. India's 'Global Innovation Index' improved to 52nd in 2018.
- iv. They lead to formation of Capital both from angel investors and Venture Capitalists which further leads to Creation of employment.] you have explained its importance very well, provide examples of startups also would be better
- v. They help in rapid expansion of market and tap the market potential of country.
- vi. They help in adoption of new technologies like 5G, Industry 4.0 etc.

Remarks

Angel investors play major role in start-ups to provide much needed investment and Capital for entrepreneurs.

Ex: Ratan TATA investing in Various Start ups, Azim Premji investments, Soft Bank investment.

They provide base boost to startups and later pave way for other Venture Capitalists and investors growths of Start up.

Governments have important role to play in making proper ecosystem for start ups.

India initiatives for Start ups are:

- i. 'Start up policy' for making India destination for Start ups.
- ii. 'Start Up India' to make concessions and tax rebates on turnover etc.
- iii. Buying goods from Start up companies through Govt. e-Market Place (GeM) Portal.
- iv. State Govt initiatives like T-Hub in Telangana, We Sam Rise Hub in Andhra Pradesh etc.

Remarks

More points needed. Angel investors provide more capital to startups.

Removal of Angel tax can also be done like Sam Rise Hub in Andhra Pradesh etc. added.

Hence, Government and Industry Collaboration is important and entrepreneurs should be encouraged to diversify their products to sectors like agriculture (agripreneurs), other ~~social~~ problems etc.

Would be better, if you mention some challenges for start ups in India as well - limited to few sectors / regions etc

6

Remarks

Q16. 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. (15 Marks)

Railway Budget started as separate budget based on recommendation from Ackworth Committee in British India. Its legacy continued due to importance Railways played in commercial interests of British in exploitation. (At that time, Railway Budget was 84% of General Budget)
Independent India also followed same legacy as it have played prominent role in social mobilisation of poor man, communication among different regions leading to national integration and much suited for socialist economy.

However, after LPs reforms in 1990s and emerging market forces made Railway Budget much irrelevant to new economy. other than it also had structural flaws as separate budget. They are:

1. It is always as separate appointment ministry for coalition partners in government.

Remarks

i) It often lead to populist announcements like new trains rather than fulfilment of existing promises.

ii) It lacked consistency in policy formulation and expansion of existing works like increasing track lengths and electrification.

iii) It lacked coordination among the finance ministry and needed funds from finance ministry.

Also highlight the poor financial condition of Railways

However, merging with annual budget brings

the following advantages:-

i) it brings the coordination with Finance ministry.

ii) it improves efficiency of Ministry functioning.

iii) more finances if required could be sanctioned by Finance ministry.

Need more relevant points

No Need for Railway to pay Gross Budget

The annual ministry might not be sufficient

eventhough it is required. The effective implementation

Recommendations of Bibek Debroy committee and other

Remarks

Concentrate more upon Revenue generation etc

Committee in true spirit would make Railway ministry more relevant, viable, sustainable and relevant for current scenario.

Remarks

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. (15 Marks)

Tax-GDP ratio in the country is remained around 12% with Union Government and around 16% after combining State Governments.

India being fastest growing economy with around 8% and aspiring to become \$5 trillion economy needed better tax administration to sustain them. The increased GDP growth is not reflecting an increasing taxes. *Complete India's tax-GDP ratio with OECD countries*

The various reasons for poor tax-GDP ratio are explained as follows:

- i) Exemption in agricultural income: India's country of agriculture where 50% population depend on agriculture are out of tax net and tax base. *Mention as rationale as well*
- ii) Poor tax administration: frequent harassment of tax filers are reported some times leading to 'tax terrorism'.
- iii) Tax evasion: Tax filers utilizing the loop hole in tax rules to evade tax etc. *Base Erosion & Profit Shifting*
ex: Vodafone case.

Remarks

iv) Tax avoidance: Some companies avoiding taxes due to poor administration and weak regulatory mechanism.

v) Lack of coordination: The data available between various ministry to increase tax filers and widen base.

The various steps taken by Government to improve taxes are:-

i) Introduction of GST: According to Economic Survey 1.5 crore firms filing GST returns which improved tax base.

ii) DTAA agreements: Double Tax avoidance agreements to further improve tax incidence and resource base.

iii) Advance Pricing Agreements: To bring more firms in to tax net.

iv) Simplify the norms and rationalisation: Predictable tax regime with fixed tax slabs and GST rationalisation, GST Composition scheme etc.

Remarks

- vi Agreements with International Institutions: Agreement with Switzerland, FATF to curb money laundering, (Bahrain)
- vii Income declaration Scheme, Project Insight among other programmes domestically

Ans, Govt. should use 'Nudge and Behavioral Economics' as suggested by Economic Survey to increase its tax base.

Though you have well explained the measures taken by Govt. Emphasis more upon the measures which needs to be taken. (5)

Remarks

Q18. 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. (15 Marks)

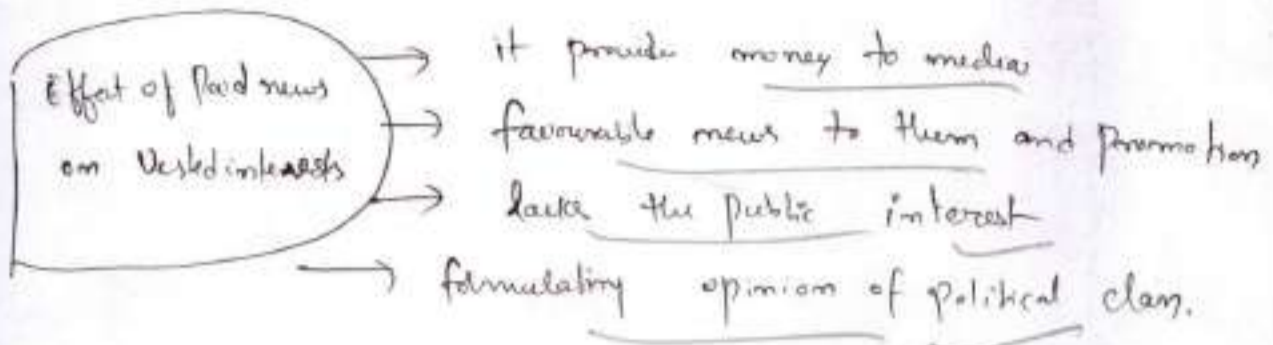
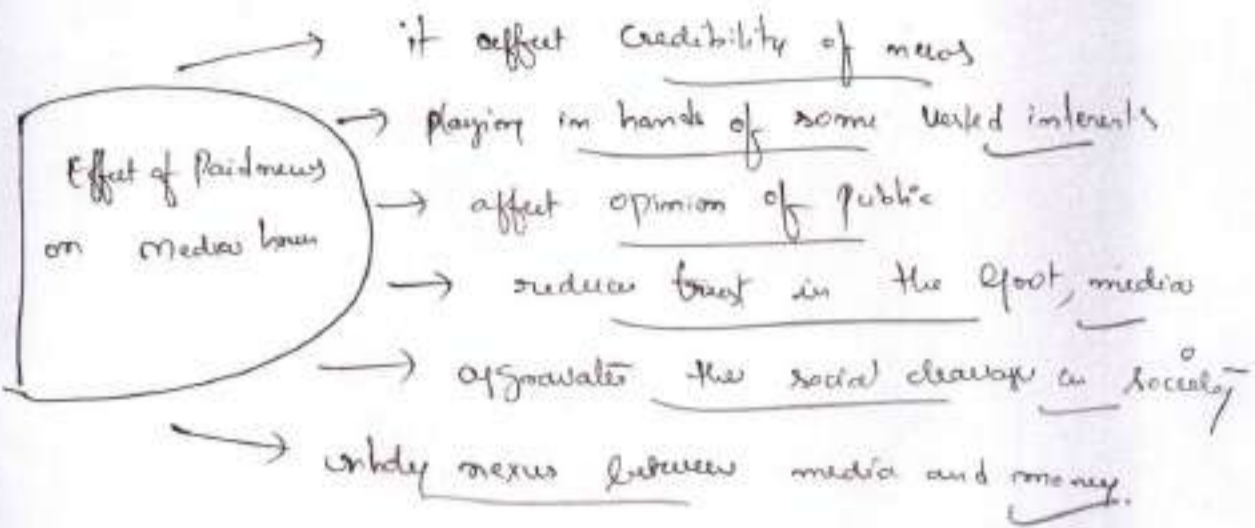
'Media' is termed as Fourth pillar in democracy which plays major role in bridging Government and Civil Society.

It plays major role in disseminating the information from Govt, Capture the grievances of public and try to formulate opinion on various issues.

India being mosaic of various culture, religion, ethnicity required vigilant, unbiased media to cater proper information and to stop fake news in the form of misinformation and disinformation.

Paid news and media biasedness is basic hindrance to effective working of media independently. It is forming an obstacle for free and fair reporting of information.

Remarks



Hence, Media should follow the basic media ethics as it is important in democracy. Government cannot intervene directly as it affects the independence and impartiality of media functioning.

5

The self regulation and of media houses and upholding media ethics are imperative in the era of social media and post truth era.

Corporatisation of media,

Remarks

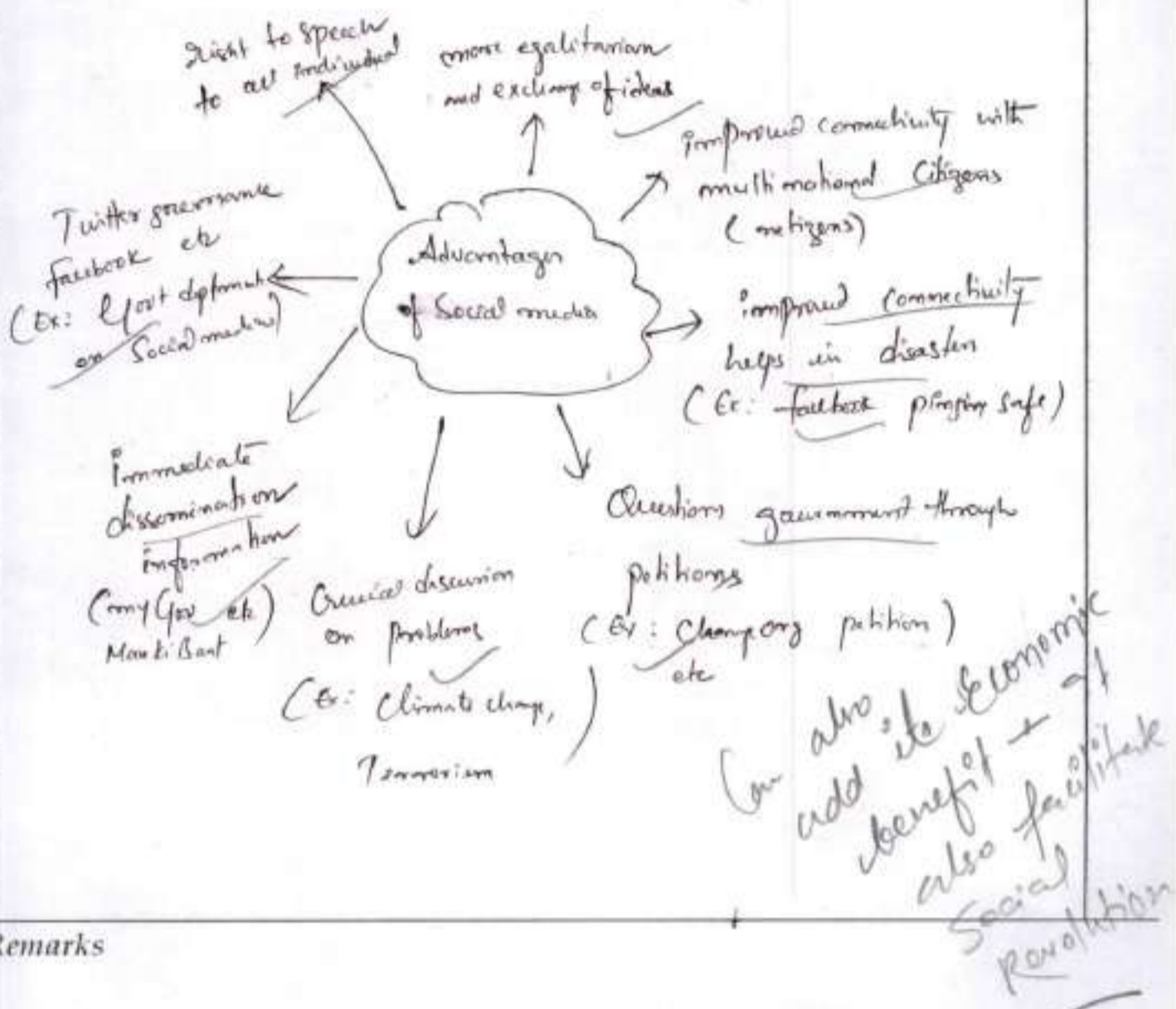
Culture of TRP etc - you should also discuss the reasons for this

Though you have discussed the importance of media and consequences of paid and biased media into it

Remarks

Q19. 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. (15 Marks)

The World Wide Web recently completed 25 years from its inception. It has changed how the World Works and affected every person in the society. The advantages of World Wide Web to expand views are...



Remarks

It suffers with some problems in post truth era

are mis information and dis information.

It is leading to spread of fake information

Also spread of Terrorism through Social Media etc

Instantaneous Viral of news with out fact check (Ex: North East immigrants attacks)

Leading some times mob lynching, attack on innocents (Ex: Child lifters etc)

Stereotyping of some communities

Some structural change made are -

Government requested top social media companies for fact check

Ex: 'Forwarded message' on whatsapp.

'Factcheck' by Google etc.

'Verified' by Twitter.

ii) Awareness among the public raised through Paper advertisements etc.

iii) Government law should be brought on Data Privacy and Protection.

Remarks

The proper delicate balance between freedom and reasonable restrictions should way forward to check the fake news. Proper Data Protection and Data Privacy law must put in place according to recommendation of B. N. Srikrishna Committee.

Suggestions are good, just you have missed to discuss the factors which facilitated communication Revolution.

6

Remarks

Q20. A liquidity trap occurs after a severe recession, where families and businesses are afraid to spend no matter how much credit is available. Is this the situation in India? Discuss. (15 Marks)

A liquidity trap occurs after severe recession where families and businesses are afraid to spend because of various structural reasons. Liquidity trap after sub prime crisis.

The reasons of liquidity trap are :-

- lack of proper investment environment.
- lack of economic activity
- Further reduction in inflation
- disincentive by interest to investment and unwilling of lenders to lend.

Provide a more appropriate definition of interest rate & high savings rate, which make monetary policy ineffective to spur the growth.

The similar situation in India is existed after recession in 2008. Then Government made intervention through Public Investment to improve the economic activity. It has invested and funded MGNREGA to improve public consumption.

Remarks

Government made incentives and followed easy money policy to improve the credit and money circulation in the economy.

The Public intervention is needed to bring the trust among the Private investments which form the virtuous cycle of investment, credit, export and growth.

The recent decline in investment and savings rate in country compared to 2011-2012 is worrying. Government has focused more on Private investments from foreign investment to spur the growth.

Economic Survey advocated 'Blue Sky Thinking' to improve the economy.

(3)

Though you have some idea, read the topic again for a better understanding.

Remarks

Remarks