113

GS SCORE

TEST - 02

INDIAN ECONOMY & INTERNAL SECURITY

Time Allowed: 3 hrs. *Max. Marks: 250*

Q.	Marks
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3.	
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Instructions to Candidate

- 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.

70

Name Kumar Saumya

Roll No.

Mobile No.

Date

Signature Kumar Saumya

1. *Invigilator Signature*

2. *Invigilator Signature*

REMARKS

Roll No. 18897

GS SCORE
GS MAINS TEST SERIES 2019

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 (FDI) brings it with not only investment but also helps to enhance productivity through technological upgradation. India has been an attractive center for FDI in the world. This has led to not only increase in industries that are being set up but also consequently increase in income and employment in the recipient country.

Intro too long. Can simply define what is FDI?

FDI can be good for economic growth but over-reliance on it can adversely affect the internal resilience of the domestic economy. As there is no technology transfer along with FDI and also the

Include more advantages of FDI with examples

Technology also comes, though it can be obsolete.

Remarks

Comment about exploitation of local resources

profits are repatriated back. So, recipient country becomes dependent on foreign investors which brings down the bargaining power in terms of labour conditions that can be put on FDI.

Hence, along with FDI, development of indigenous industry is a must. And also, FDI must not be allowed in critical sectors like communication, etc defense beyond a particular point as it may adversely affect the security of the recipient country.

also mention its essentiality for capital starved country like India

3

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)

The change in technology requires skill upgradation example - when India moved from pen-paper based system to digital system in governance. The departments which were able to adapt to the change showed effectiveness in outcome but those who weren't able to adapt to the change led to increase in liability of old skills (as they were paid salary but their contribution was not much).

Substantial! Better by providing examples

The Industry 4.0 of upcoming technology which is based on artificial intelligence and internet of things would bring automation

Need to describe Industry 4.0 with

Remarks

in the work. This will lead to requirement of less manpower but that of higher skills.

Now, it becomes important to upgrade the old skills before the technology of Industry 4.0 becomes part of the society. It requires preparedness from now onwards so that Industry 4.0 becomes successful else it will create resentment during transition period in the same manner as that happened during first Industrial revolution relating to mechanization.

Highlight your key points

25

Discuss this better by linking of what Indian scenario — explain shortage of skilled manpower in India and then conclude acc to this.

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)

Industrial growth particularly in the sensitive capital and consumer goods segment is essential for "Make in India" programme. The indigenous manufacturing output is vital for exports and also for employment creation which helps in GDP growth.

The contribution of service ~~sector~~ sector industry is more than 50% in GDP growth. The direct transition from agriculture to service sector has created the problem of jobless growth in Indian economy. So, role of MSME becomes important for increasing manufacturing output.

Better, Drawn Contraction of Manufacturing sector in India → Quote IIP Series data etc

Remarks

Better talk about objectives of Make in India programme

Make in India programme needs incentivization of MSMEs to increase manufacturing output for consumer goods and also of startups which can create a hub of consumer industry.

For sensitive capital goods, huge investment is required so that big industrialists are incentivized. For this to happen, ease of doing business, logistics, single window clearences becomes important.

These discussion imply over trade

The government is further incentivizing manufacturing through Pradhan Mantri Employment Generation Programme, MSME Sambandh, MSME Samadhan, SFURTI, ASPIRE schemes. The credit is being made available through Start up India, Mudra Yojana, etc.

Try to answer according to the demand of the question

2.5

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 labour force participation rate shows a decline and so does the unemployment. Jobless growth

These trends don't reflect the clear picture of social and economic mobility as periodic labour survey data shows that unemployment is ~~due to~~ voluntary as skilled jobs are not available as per ones qualification. So, the person prepares for government jobs which are hard to get due to high level of competition or waits for good jobs in private sector.

In some cases, PhD holders are looking for job of sweepers, MTS which doesn't require much educational

Remarks

Good that you have talked about quality of jobs

Avoid stereotyped style

Touch more aspects.

qualification. Thus, LFPR donot reflect social and economic mobility.

Thus, Government needs to boost "Make in India" and promote "research and development" to give impetus to high skilled job and also simultaneously promote manufacturing to increase jobs. This requires skill upgradation through "Skill India" mission which would give impetus to "Make in India".

2.5

Produce different facts / figure from the recent released report & analyse them - LFPR of Men v/s Women, Rural v/s Urban areas 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)

The latest report of Oxfam shows that 1% of people own approx 73% of wealth in India. The paradox is that India is the fastest growing economy in the world and ranks 3rd in terms of GDP when measured in PPP terms. (purchasing power parity)

Good introd

The Indian economy's growth represents a case where wealthier are getting more wealthier but poor are still lacking the basic facilities. This inequality is a cause of concern. Approx 45% of population are dependent on agriculture in India which depends on uncertain nature of monsoon and contributes only

Good, that you have linked of with low productivity of agriculture, include more reasons for increasing inequality.

Remarks

around 17% to the GDP. This needs to change to bring any positivity to Indian economy. The schemes like Pradhan Mantri Fasal Beema Yojana, Pradhan Mantri Jan Dhan Yojana, Soil health card scheme, Ayushman Bharat, PMEGS, Credit linked subsidy scheme along with make in India need proper implementation to break this paradox. Income support scheme like PM Kisan Samman Nidhi are good initiatives to bring the change.

Also mention about crony capitalism, regressive taxation

Try to discuss more factors to explain equality

3

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)

70% of India resides in villages and same is % of poverty. Poverty may be seen as deprivation of basic facilities which includes access to food, clothing, housing along with social security. Not appropriate

The unorganized sector is about 90% of the Indian economy. This sector is deprived of pension benefit as well as there is no state contribution to ensure their health insurance as well as their future. While NPS contribution made by central government to its employee along with CGHS facility to ensure healthy well being promotes the welfare of government employees. Not out of pocket expenditure

Remarks

Thus, same is required to uplift the poor from cycle of poverty. Government has now recognised the above fact and taken initiative such as Ayushman Bharat to provide health insurance upto 5 lakhs in tertiary care and PM Mandhan Yojana for unorganised sector having monthly income less than Rs 15,000 where government would contribute 50% and employee would contribute 50% (from Rs100 monthly minimum depending on age when one joins the scheme) so that a minimum pension of Rs 3000/month is guaranteed after age of 60. Income support scheme like PM Kisan Samman Nidhi is also essential to promote agripreneurship

Indeed

affordable

Contribution

Ideal

Remarks

No Need to decade by single scheme, (or mention more good schemes to improve Govt Contribution for -

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)

The Indian states have debt to GDP ratio of 24% as per economic survey 2018-19. This needs to be around 20% as per NK Singh committee for sustainable growth of Indian economy.

Many states have more 25% need to be mentioned

Good start

The ~~fiscal deficit~~ (FD) of states are less than 3% of the states GDP but needs further control. — Not Appropriate. (Refer the interlinked figure)

The 15th Finance commission concurs with the recommendations of NK Singh panel and emphasizes on fiscal prudence of state. The idea of performance linked payment in case of central sponsored schemes can incentivize the states. The states which are doing well needs to

(performance bond grants etc)

mention To 2a of 15th FC

Remarks

be, given upper hand in case of foreign investment.

Thus, competitive-cooperative federalism is what that is being emphasized by the 15th FC. This viewpoint of FC seems reasonable but its effectiveness may not be these as it may further demotivate the states which are unable to come out of the vicious cycle of poverty.

First discuss the potential impact on states also. mention some challenges for states to follow fiscally more prudence fiscal

25

Remarks

Better first write about the need for such law & how to implement it

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 offender is one who has left India and avoids criminal prosecution but a non-wilful defaulter is one who stays in India and is ready to face the law. Secondly, non-wilful defaulter is one who couldn't somehow manage the debts but takes step to fulfill the commitment of debt contract but fugitive economic offender is one who doesn't fulfill or tries to fulfill his commitment.

Wilful more provision of FEO 1. 100Cr - special Court Declaration etc

Steps taken at domestic level

(1) Bankruptcy and Insolvency code, 2016 has brought to resolve the defaults. This has promoted out of court settlement thereby reducing NPA.

Remarks

② Asset quality review and formation of Bank Board Bureau to bring governance reform in banking sector.

③ Sovereign ~~debt~~ wealth funds and recapitalisation to ~~increase~~ help start the stalled projects and promote liquidity in the market

Better talk about swiss mechanism

Global level:

① Amendment to DTAA agreement with Singapore and Mexico by India to eliminate tax avoidance.

Not directly related wilful non-wilful defaulters

② The signing of OECD initiative where countries of different continents are members to promote non tax avoidance by companies.

③ The Financial action task force (FATF) of which India is a member which works on removing black money

Extra lines

Conclude by writing what needs to be done further?

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? (20 Marks)

Nepal and Bangladesh are very close neighbours of India which not only share their territorial boundaries with India but also enjoy a cultural connect of past.

The "Madhesi Issue" gave rise to anti India sentiments in Nepal when there was a blockade made by Madhesis and unresolved Teesta water treaty, Rohingyas issue gave rise to anti-India sentiments in Bangladesh. This has given rise to a fertile ground for non-state actors to wage a proxy war against India.

India can attempt to eliminate this peril by increasing cultural, economic and political ties through

Good, have you given recognition to factors responsible for rise in anti-India sentiments

Remarks

Better, Int-talk about the sub-factors in brief

Contact

people to people connect and bilateral visit by the national leaders.

- Secondly, India ~~can~~ ~~at~~ needs to develop infrastructure of road, rail so that the border areas are physically connected.

4

- Thirdly, smart fencing and comprehensive border management system is the need of the hour.

You have understood it very well, but need to elaborate the strategy more.

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)

The illegal Bangladeshi immigrants in north-eastern states are seen as a threat to local culture and demography of that area and also they increase the competition for the scarce resources.

Risk factors:-

(1) The security threat due to radicalisation especially after "National register of citizens" has begun to identify them.

(2) Even if identified, it's difficult to deport them and there are not enough detention centers in India.

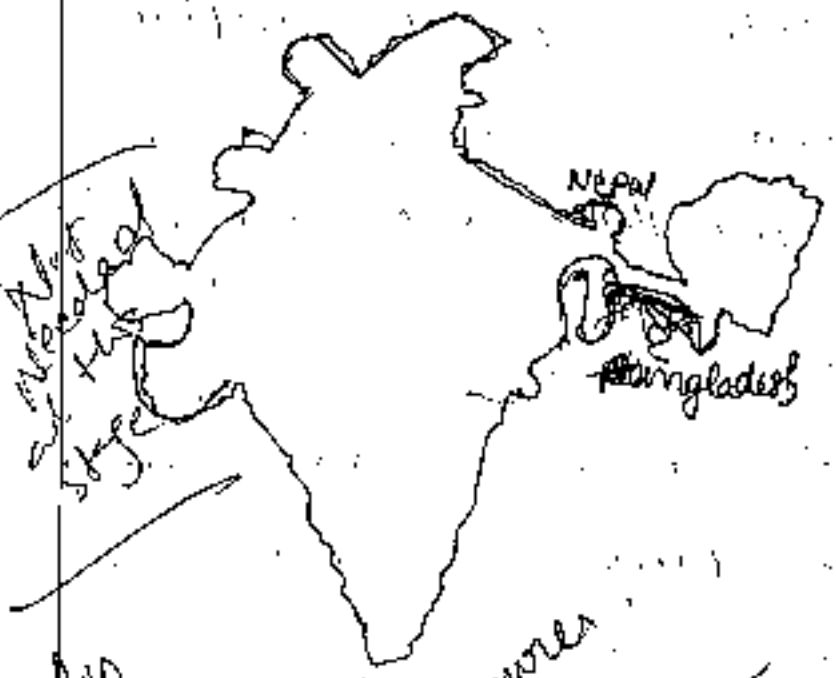
(3) The difficulty to identify them as they have spread over all of northeastern states.

Remarks

(4) Humanitarian crisis is a risk that is associated with them even though India is not signatory to "International convention of refugees."

Better if discuss more push factors such as - changes in Demography, Trafficking etc

Not needed at this stage



Also conclude by suggesting some relevant measures

2

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)

The NPAs in India is about 11% as per economic survey of 2018-19. [Also Define NPA?]

Causes →

1. The loans taken by business and invested in long term projects. [Need more Elaboration]
2. Global financial crisis of 2008 led to slowdown of growth → Stalling of many projects. [Loan went to infrastructure sector]
3. Bad loans i.e. giving loans to same person who is unable to pay without checking credit history.
4. Many projects are delayed due to clearances from government thereby increasing cost and time overrun.
5. Land acquisition became an issue in many projects and along with lack of credit for long-term projects

Poor Asset quality Review

Though you have mentioned some relevant facts. Need to explain them better.

Remarks

Fiscal stimulus and reformatory measures:

① Recognition: through asset quality review and proper audits.

② Reforms :- The insolvency and bankruptcy code, 2016 has helped to improve recovery. eg. Bhushan Steel's case of 36,000cr. (75%) recovery.

RBB
Prompt Corrective Action

③ Recapitalisation :- 2.1 lakh crores were recapitalised to increase the liquidity by the government partially through recapitalisation bonds and rest through capital infusion.

④ Resolution :- The NCLT for companies and DRT for individuals to resolve the cases of NPA as a reformatory measure.

⑤ Increasing ease of doing business and attracting FDI to restart the stalled projects and start the

projects in greenfield, brownfield, etc. to boost economic growth.

The above mentioned steps can help to clear the drought in credit mechanism.

You have talked about the steps already taken by Govt, also suggest what needs to be done further.

6

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)

India's Foreign Trade policy 2015-2020 (FTP) seeks to increase the contribution of manufacturing from 16% to 25% of GDP. It has also targeted to double the amount of exports.

Not appropriate, 9% was already there

Diversification of export basket has led to new markets and products and impetus to double traditional domains like handicrafts, organic farming, etc.

FTP targets to increase quality and quantity of exports by breaking the tarriff barriers and phytosanitary measures. The development of National manufacturing zones and industrial corridors has led to

Mention some schemes/initiatives of FTP

MEIS, SEIS, focus on Latin American and African countries etc.

Remarks

infrastructural development along with increase in employment opportunities has led to economic growth.

"Make in India" has attracted FDI and "Skill India" has created the skilled manpower and a boost to enterpreneurship through "Start up India" and promotion of MSMEs through PMEGP, credit linked subsidy scheme has helped to effectively realise the goals of FTP along with various bilateral and regional economic agreements.

No! Needless

2

After Discussing the FTP 2015-20, kindly discuss challenges as well such as - Reduced exports etc

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)

India is an import dependent country and imports finished goods mostly but exports raw materials, gems and jewelleries, spices, precious and semi-precious stones etc. Petroleum goods etc as well.

The recent trend of protectionism and trade war between US and China and threat of deglobalization makes it essential for India to develop indigenous industry. Thus "Make in India" becomes essential alongside growth of indigenous technology through research and development as India's import basket consists of finished goods and crude oil and petroleum products.

India can chart out a new growth strategy to ensure economic growth

Produce more examples to describe deglobal

Discuss threats on specific exports and imports - Restrictions on VISA (H-1B)
- US sanction on Iran etc

Remarks

by capitalising on the vacuum created by chinese goods in US, develop technology to harness shell gas. This can be done by improving quality so that phytosanitary measures and tariff barriers donot cause hinderance to export of goods from India.

India needs to promote exports by decreasing trade barriers, increasing ease of doing business, promoting FDI, manufacturing through MSMEs, etc which can help India achieve become a $5 trillion economy by 2022-23.

(4)

You have missed to discuss threats.

Also suggest -
- strengthening of global institutions.
- Conclusion of FTA, Negotiations etc

Remarks

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)

Better, mention the objective of WTO and Doha development agenda

The WTO and Doha Development Agenda has become a major bone of contention between developing countries like India and developed countries.

Areas of concern:

(1) The shifting of subsidies from one box to another by developed countries through income support schemes distorts trade but is kept as non-trade distorting subsidy.

(2) The IPR regime which hinders transfer of technology. (Need better explanation)

(3) The MSP is seen as a trade distorting subsidy in amber box but inspite of peace clause India not breaching 10% of GDP limit.

Mention

(4) Trade in services hasn't been agreed to which benefits country like India.

Need to include more issues from WTO and DDA → Non-Agriculture market access, Special treatment etc

Remarks

(5) The recent case of US not agreeing to judgement of WTO and doing trade war on china undermines the institution like WTO.

India needs to bargain alongwith other developing countries to bring reform in WTO:

Add Concerns Change of WTO as major obstacle

(1) The change in formula or base year of 1986 used to calculate the limit of 10% GDP.

(2) Bilateral agreements to promote trade in services and also suggest to give more emphasis to Regional trade agreement.

(3) Promote income support scheme which is WTO compliant.

(4) Increase in vote share of developing countries in WTO.

5

Also talk about the need to strengthen Dispute Resolution of WTO

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 felicitating the Start-up growth story. (15 Marks)

Start-ups are the small businesses which promote innovation and cater to demand of society. They not only lead to self employment but also create employment and generate revenue. Governments across the world are supporting start-ups.

Angel investors are the ones who give the first round of funding and boost to an idea by taking a stake in the start up. Government supports through tax holiday, easy clearences, funding through Start up India, MUDRA yojana to promote self reliance.

Can better discuss its importance by producing some examples

Needs more elaboration

Angel investors provide more than capital to start ups.

Remarks

India is developing as a hub of start-ups. ~~Good~~ Start-ups which are based on technology and innovation are showing promising result eg Ola, Zomato, etc.

Also explain the role of Govt in more depth

The strategy @ 75 of New India by NITI Ayog talks about agripreneurship to cater to the needs of agriculture which can help India develop as rural industrial hub and also increase productivity and profitability in the agriculture sector.

The NITI Ayog promoting artificial intelligence, start up hubs etc. shows the government inclination towards start up ~~which~~ act as one which can act as problem solver.

and employment generator for the society.

Before concluding the answer, kindly include some challenges for start up as well.

5

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 was used for populistic decisions to garner votes. The economic considerations take a side and political considerations became prominent. This was leading to unsustainable debt on railways.

Also explain the rationale

The merger of Railway budget with Union Budget has been done and these populistic tendencies seem to be halted. It also leads to increase in economic sustainability as Rs10,000 crore of dividend that railway used to pay is no more required now.

Why Railway Budget was presented separately?

The merger has lead to decisions which seem to increase the profitability:

(1) The use of railway station and trains

Remarks

for earning non-fare revenue (advertisement), etc.

(2) The dynamic pricing in premium trains

(3) Railway Sankrasha Kosh to increase railway safety

(4) Increasing the speed of passenger and express trains.

(5) Use of bio-toilets and privatisation of catering service seems to bring sustainability and quality in railways

(6) Further freight fares need to rationalised, remotest corner needs to be connected especially areas in north-east, project delays needs to be avoided to increase profitability

Need to add more relevant benefits of merger

already done before merger

Refer PIB to read more about this

mention some challenges as well post merger of Budget

FM can also choose populist measures etc

4½

Remarks

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)

The tax-GDP ratio is lowered in India.

Reasons:-

① Exemption to agricultural incomes as there are farmers who own large tracts of land and earn enough wealth. Completely non-taxing agricultural income narrows tax-base

② Widespread tax preferences :- Various sections are provide tax exemptions for example - exemption of Rs 75,000 under section 80DD to person with disabilities, exemption for investing in National savings certificate, etc.

③ Tax-abuse by MNCs :→ The tax avoidance by using DTAA agreements especially with mauritius and Singapore and also using loopholes in tax laws. example - vodafone case

Ideally Produce the factual figures also compare it with other countries + explain how it is low.

Remarks

(4) Poor tax administration: The inability to catch the frauds as became prominent when so many shell companies were busted.

The above scenario needs to change through reduction in exemption, rationalising tax laws to increase compliance and tax base and taxing agricultural income beyond a point. Recent initiatives of online tax filing and quick return of money in accounts along with improvement in tax administration by changing direct and indirect tax laws seems to bring progressive change.

5½

Though you have explained the reasons well, provide suggestions in more detailed manner.

Also talk about the application of Behavioural economics suggested by Eco-Survey

Remarks

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 caters to a large audience but due to biasness in media, overall credibility framework has been jeopardized. This happens due to corporatization of media, political influence and lack of journalism ethics.

The media biasness has eroded its credibility and sometimes reporting without verifying the facts damages the reputation of a person, organization, etc. for example:- posting of news related to Nepal PM but showing image of someone else was highlighted by their prominent leader on twitter.

Media biasness and paid news seems to affect the elections as media

Remarks

carries the propaganda of the political party. They try to maligns the image of opposition party.

The debate on prime time has reduced to one-sided news where anchor stresses only on that side of story which he believes to be right instead of focussing on both sides of story.

The regulation and a regulatory body which is independent is the need of hour to control the media-biasness and save the journalism ethics as media is believed to be 4th pillar of democracy.

More suggestions Needed

Wholly ghost addressed issues in more depth

4

Remarks

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)

World Wide and web 2.0 has brought a communication revolution. The facebook, quora, twitter, blogs seems to be a place where one can speak ones mind without fear.

WWW 2.0 has increased very fast communication and is important particularly due to the problem of biased and paid news of Media. The twitter has been used to get the problems resolved and also report the problems to government prominently in railways and matter concerning external affairs ministry.

First Discuss advantage of Communication Revolution

Remarks

These media has led to a revolution where one can get views on any information from experts, common man etc.

But these new communication media are also been used for radicalisation, spreading hatred through videos leading to mob lynching, spreading communalism etc. Hence one needs to be sure and get the information verified from authentic source before making any conclusion. Certain reforms, data privacy laws are necessary to prevent the misuse of WWW 2.0.

Elaborate with examples

Conclude by suggesting increase digital literacy etc

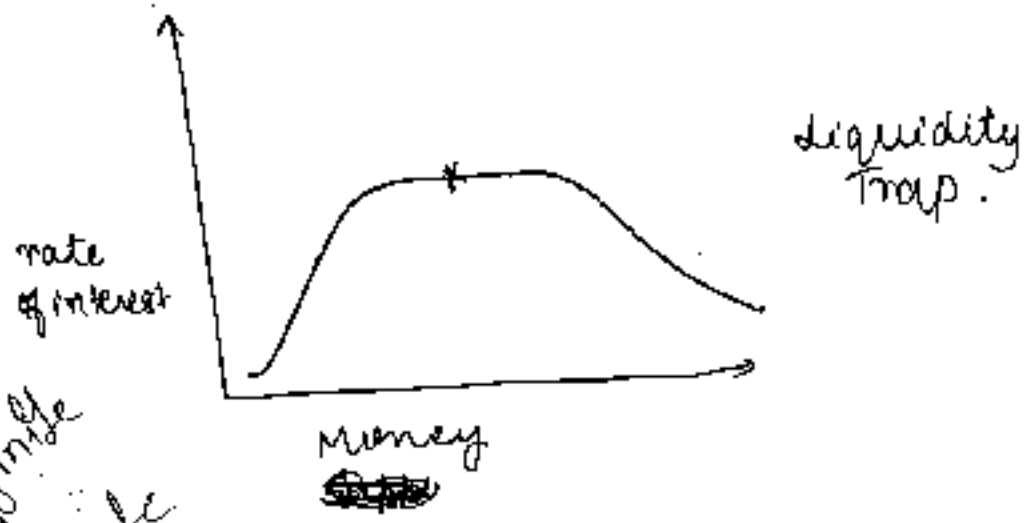
Lack of Content

3½

Remarks

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)



Definite approach

Liquidity trap is a situation when rate of interest has reached its maxima and monetary policy becomes ineffective, thereby leading to no further increase in money.

A situation of low interest rate and savings gap

After a severe recession, money ~~depreciates~~ becomes dear but people are afraid to spend inspite of credit being available as one is not sure about the policy and

Remarks

expects everyone else to spend in the market.

India is ~~not~~ ~~face~~ partially faced with this situation as :-

(1) Lack of land acquisition and delay in obtaining clearences lead to project delay thus one fears to spend in long term projects

(2) One believes holding value in terms of gold may give better returns comparing to investment in the market.

Problem India's situation is more despite facing liquidity crunch not liquidity trap

2

Dear Aspirants,
Try to cover more aspects in your answer

Remarks

Remarks