

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.
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3.		
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9.	75	
10.	85	
11.	55	
12.	5	
13.	53	
14.	6	
15.	55	
16.	55	
17.	45	
18.	55	
19.	4	
20.	3	

83

75

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1. Invigilator Signature _____

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Name SHUBHAM KUNDAL

Roll No. _____

Mobile No. _____

Date _____

Signature *[Handwritten signature]*

REMARKS

GS S
GS MAINS T

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 refers to invest long term investments by foreign investor in the country.

made to acquire lasting interest in an enterprise operation

Increase investment levels & Income

→ FDI provide capital infusion to various sectors thereby complementing & at times supplementing traditional sources

Also FDI is important for sustained economic development

FDI bring much needed foreign capitals to beef up RBI's capital reserves (increase macro stability & therefore multiplier effect)

→ expands existing industries → R&D education

Bring international best practices in the companies they invest in (∴ positively affect investment & economy)

Remarks

Good → Greater investments create job avenues
 & therefore bring income to middle
 class to set further virtuous cycle of
consumption, production & investments
 & savings.

Reduce Resilience

→ They tend to negatively affect
traditional industries which are
 comparatively uncompetitive. eg: MSME
 competition

challenges
with
foreign
capital
→ involves
risk and
affects
Exchange
rate
→ exploit
natural
resources
→ under-
developed
own
Techno
etc

→ Take over the company boards &
 thereby influence company decisions
 (eg: Flipkart -
 Walmart
 deal)

→ Thwart infant industry & indigenous
innovations by market capture etc.

FDI's are needed for country's growth.
 However, domestic needs must also &
safeguarded to ensure strong domestic
sector.

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 Jacks 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)

According to Skil India Skill Report, over 45% of indian graduates are unemployable. ~~Over 60%~~

Industry 4.0 discussed well

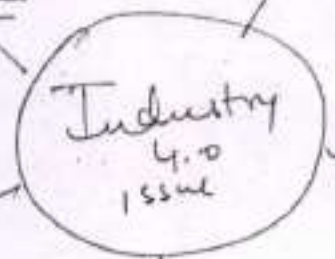
Industry 4.0 has potential to transform the world with Artificial intelligence, IoT, 5G technology, 3D printing etc

However, it has some ^{presented} ~~concerns~~ as well

Skilling of people avenues limited

High technology jobs

Automation will create unemployment



Low workforce (not labour extensive)

Require sophisticated capacity building

good presentation

Remarks

Discuss why there is gap in skill formation
→ lack of proper training etc

The previous industrial revolution presented same problems but it created new jobs & increased standards of living in west.

Therefore, India to must invest in it's labours & exploit demographic dividend by ensuring -

- Reskilling & upskilling avenues (Skill India mission)
- Making IT, AI etc part of school curriculum to ensure newer generation is equipped
- Integrate Industry 4.0 with agriculture to reduce out migration of labours, thereby reducing unemployment, & e.g. Data analytics of cropping data, predictive analysis etc
- Leverage Atal Tinkering Labs (for kids) & Higher education institutions infrastructure to create online courses (SWAYAM) for greater outreach.

Remarks

steps to be taken discussed well

Avoid

3

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)

India has a population of over 1.2 billion & amount for about 18% of world population. Therefore, employment generation has to be top priority for any government

Manufacturing accounts for about 16% of Indian GDP. Industrial Policy envisages to increase it to 25%.

good start

Manufacturing sector - issues

- Poor infrastructure
- Credit constraint
- Labour issues
- Strict regulatory regime.
- Inefficient logistics, clearances etc

good presentation

This has ensured that manufacturing growth remains tepid. Further, ~~at low~~

Remarks

define consⁿ and capital good

low ^{domestic} consumption demand & competition
Export markets have put more strain
on the sectors.

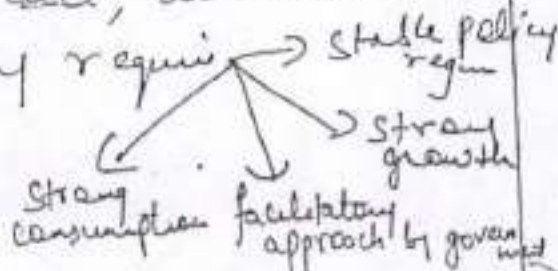
Capital & consumer goods segments

- High logistics costs
- ~~Bad~~ Unfavourable modal mix.
- Raw material procurement problems
- Reduced consumption to global slowdown ^{due}
- Increased per unit cost due to compliance issues

link it to mon^y contraction and slowdown in Industrial sector

Make in India

~~has~~ Make in India encourages domestic production of goods. ~~State~~, domestic & competitive manufacturing require



Therefore, government must take measures to restore ^{investor} confidence & consumer consumption

Remarks

use the space properly

Discuss the impact on MIP

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)

Labour force participation rate refers to ~~frac part~~ ratio of domestic population employed to the population seeking employment

state the current LFPR

Statement says.

LFPR ~~is~~ is fraught with systemic & technical issues. & therefore don't give a complete picture of economy or social structures & mobility.

LFPR issues

- Statistical methods controversy
- Data set issues
- Periodicity isn't uniform (recently adopted quarterly)
- Urban focussed
- Politically hinge to the data

Remarks

define unemployment and the current situation in india

why discuss the trends do not show mobility of any kind

→ data shows reduced women participation
→ half of the working age not contributing to any activity

Recent Controversies

→ Using EPPF & ESIC data for capturing employment & unemployment.

→ Fuzzle in the National Statistical Commission on non-release of data.

Try to make your self explanatory how it relates to content

Recent labour force participation

It presents record unemployment ^{in India} ~~data~~.

However, it doesn't give complete picture

as → Recently shifted to quarterly data. So can't compare with previous data

→ Doesn't completely capture INFORMAL employment

Urban focused.

India must ensure that it develops a strong robust statistical institutions for data driven decisions

Remarks

Also use data to support your argument

OF

Try to write a bit smaller

3

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)

According to recent Oxfam report, top 1% of Indian ~~people~~ ^{account for} more than 60% of total wealth created.

Other indicators like GINI COEFFICIENT etc also point to increasing inequalities

define inequality

Economy grow but not equality Paradox

- Reasons
- Capital extensive growth ~~and~~
- Reduced focus on labour intensive jobs
- Tax rebates & concessions to attract investors (non-progressive tax)
- Low skilled job reduction & low wages for them.
- India is labour surplus so extreme discrimination & especially in informal sector.
- Low Agriculture Productivity

Remarks

Reasons for rise in inequality with rising disussed growth well

Briefly explain the Paradox of economic growth

Analyse the report briefly

Measures needed

- High capital, labour intensive sector led growth.
- Reform agriculture sector to increase productivity
- Upskilling & reskilling of labour force.
- Community led growth
- Progressive taxation.
- Social security & infrastructure to build human capacity (Health & education)

good try
But to keep it short

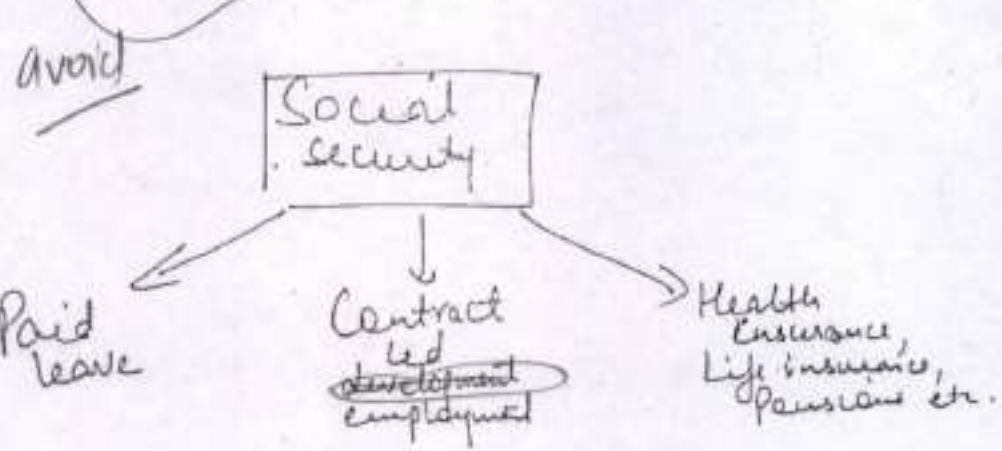
India must strive to ensure Sabka Sath, Sabka Vikas; Sabka Vishwaj

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.

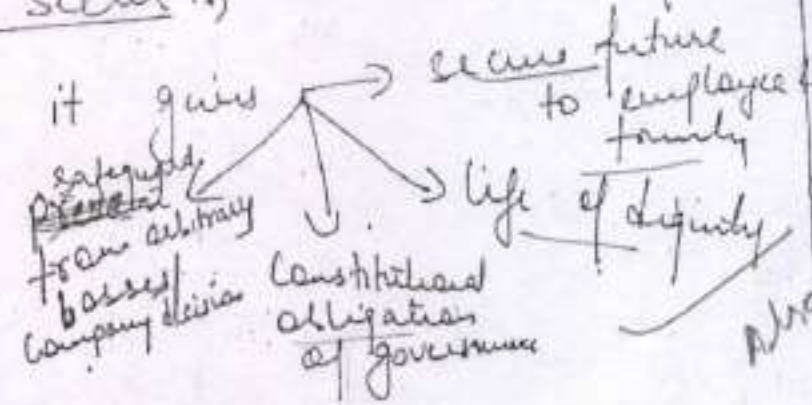
(10 Marks)

Social security refers to infrastructure to safeguard our workers/employment from ^{unexpected} social vulnerabilities like ^{revenue} health issues etc.



Briefly talk about current coverage of social security

Since, over 85% of population is employed in informal sector, social security is necessary. as it gives



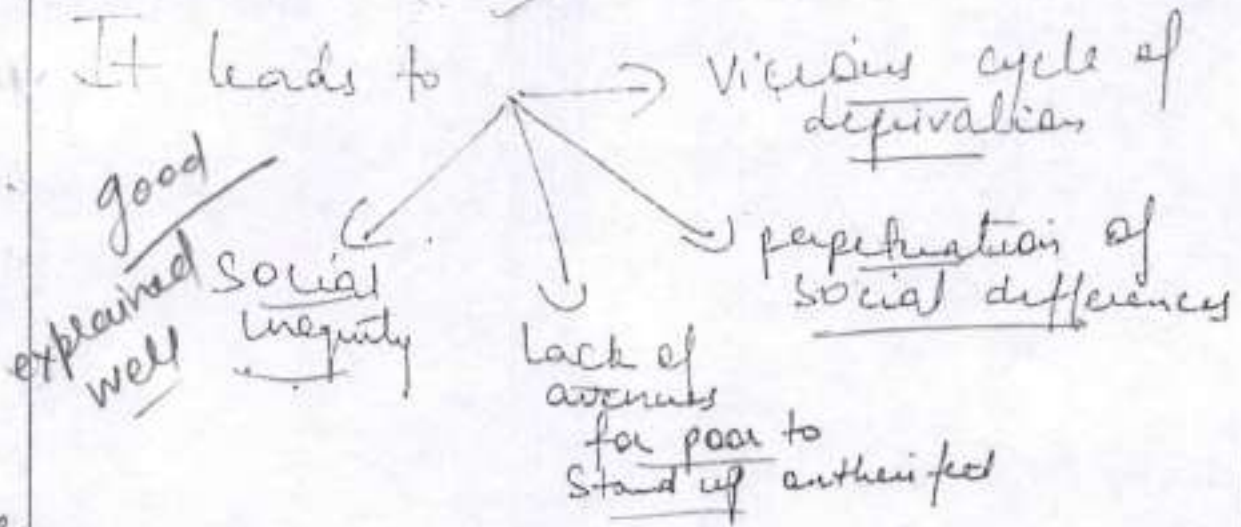
good
Also keep it clean

low social security spending amounts

Remarks

Discuss the Role of States in Social Security

Reduced investment in EDUCATION, HEALTH, FOOD SECURITY etc.



define Poverty

However, Poverty is also because of -

- Social factors (caste etc)
- Lack of imagination/initiative by poor.
- Bureaucratic inefficiency & systemic leakages (eg: PDS leakages)
- Political will to reduce differences

We must couple social security & social sector spending with social sector.

Reforms & systemic inefficiency to ensure inclusive development

Remarks

Mention some initiatives taken: PMJDY, PMJBY, APY etc & challenges with these schemes

DISCUSS the current financial position of states

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)

15th FC Issues

define debt to GDP Ratio how its showing problematic situation

→ ~~limited 2011 data~~

→ Terms of reference exclusively by Centre

→ No federalism in FC.

Briefly explain the points

→ Contentious issues like cesses & surcharges not touched.

→ Lack of capacity of states for fiscal headroom in light of

GST reforms

Reasons for poor states

Remarks

15th FC stand
→ recommended each state needs to have separate roadmap
→ credible action plan etc

Try to
substantiate
your
argument

- Poor power DISCOMS
- Political deal outs like waiver
- GST related losses of revenue.
- Inefficient management.
- Lack of proper HR abilities.
- Small states with low potential
due to. Insurgencies, LWF etc

→ Briefly
conclude to
sum up

Remarks

good start (35)

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)

According to PM Modi, India needs over two lakh crore investment in next 10 years. Therefore, any tax avoidance or financial fraud is a missed or an opportunity lost to increase ~~cost~~ investment.

→ Arrest warrant issued with loan do block or more

Fugitive offender	Non-Wilful defaulter
→ leaves / runs away from country.	→ Stays in the country.
→ Wilfully an offender i.e. intentionally defaults or avoids taxes. eg: Mallaya Nirav Modi	→ Defaults are not intentional but due to external factor eg: Power sector defaults
→ Not willing to face law & consequences	→ Willing to face law & cooperate with the agencies.
→ Offers indulges in conspiracy with govt - bank officials	

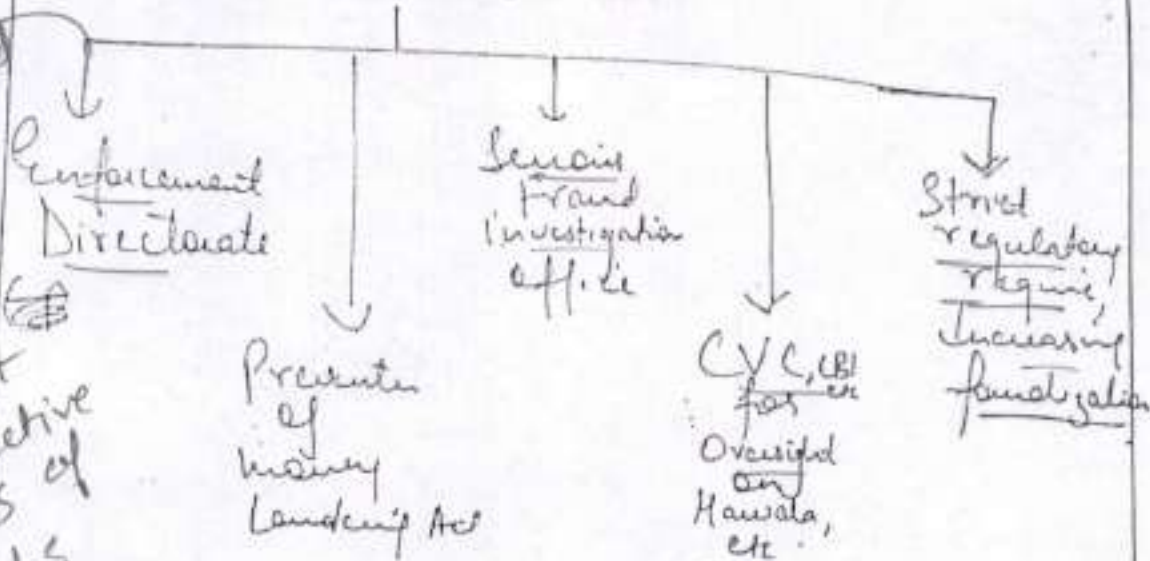
Remarks
Avoid

Fugitive Economic offender ordinance 2018

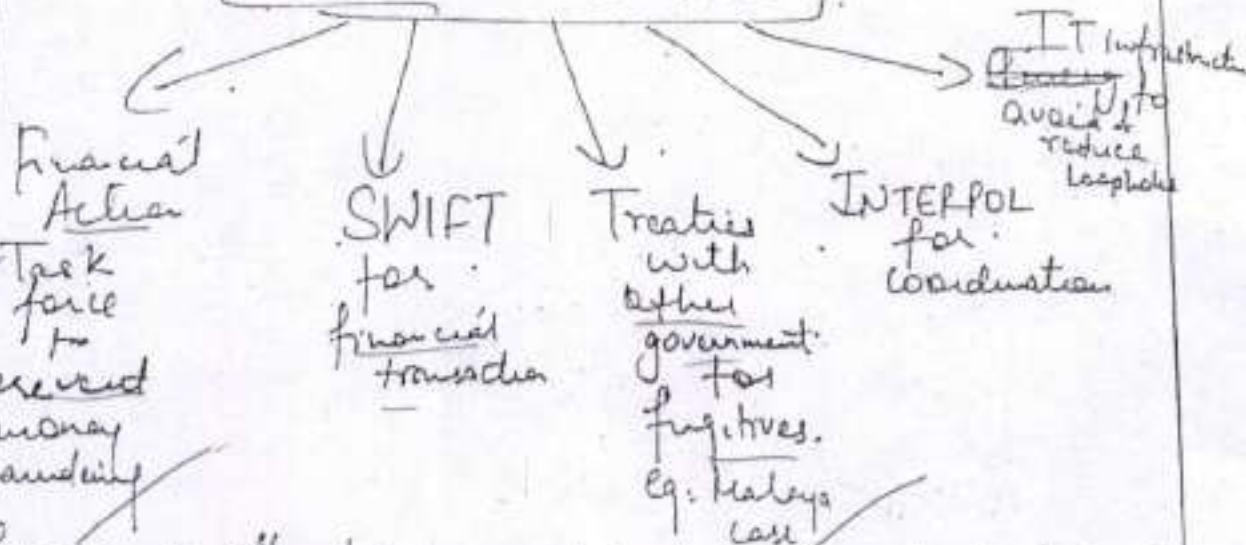
GS SC
GS MAINS TEST

Steps for leap hales

Domestic level



International level



good Presented well need to explain it a bit and effectiveness of these steps

good Task force to prevent money laundering

Remarks Economic offender must be handled sternly to send strong message.

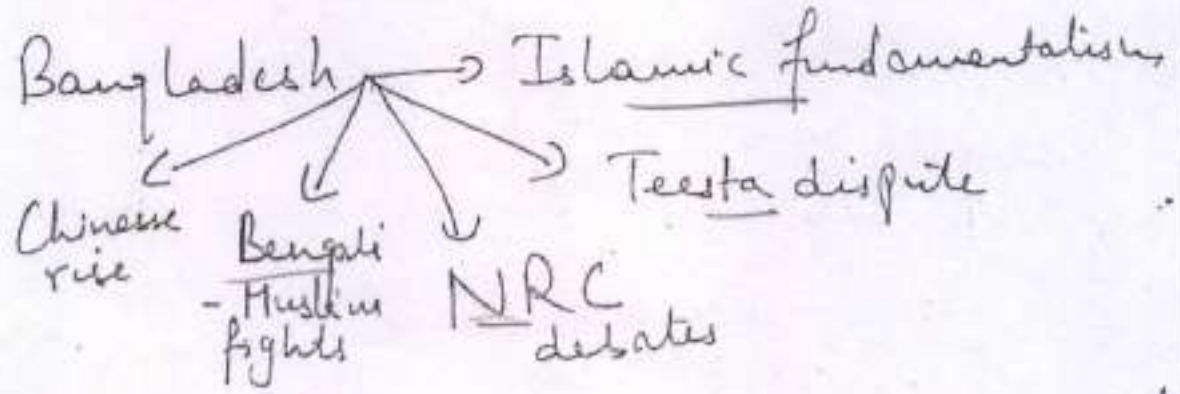
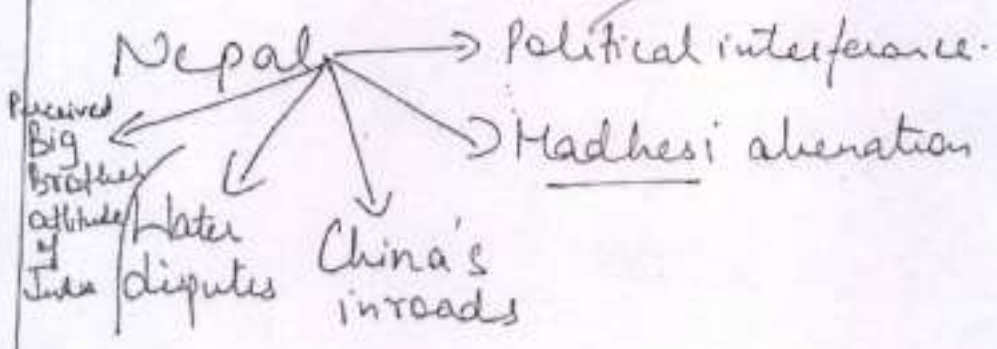
brief conclusion is required

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)

India is surrounded by 7 neighbouring states & each presently unique security problems to the country.

ANTI INDIA SENTIMENTS

explain the points bit



~~Yes~~ Nepal & Bangladesh have been used for anti India activities like ~~terrorism~~ **TERROR**

Remarks

CHINA supporting Pakistan or create tension in these area etc
TRAINING, DRUGS & HUMAN TRAFFICKING,
ILLEGAL GUNS trade, Indoctrination etc

India's Response

good steps to be taken discussed well

- ~~And~~ engage diplomatically to resolve hydro power & water sharing disputes.
- Collaborate with government on issues of mutual security like extremism, terror financing etc.
- Ensure lesser intervention in internal politics.
- Increase P2P contacts further & develop confidence building to shed BIG BROTHER image
- Sensitize governments & people about Chinese Checkbook Diplomacy

India must ensure a strong hold over its neighbourhood from a national security point of view.

Remarks

can use graph to present the situation

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)

Since the Bangladeshi independence in 1971, illegal migration has been a major issue in bilateral relations.

Good Reasons for
Reasons explained well

- Deprivations in PGOs ^{relatively} Bangladesh
- Job opportunity
- PGO border infrastructure & relatively porous borders
- Terrorist activities
- Trafficking of human beings

Risks:

- Illegal immigrants pose the following ^{risks}:
- Loss of ^{attraction} cultural identity & ethos of North East (NRC debate)
 - National security concerns by avenues of terrorist infiltration

Remarks

Discuss why mostly migrates to N-E States

Pressure on natural resources

GS MAINS TEST 20

→ Drugs & human trafficking

→ Goods exchange without proper taxes.
(loss of tax collection)

→ Tensions among groups

However, most of immigrants are

→ Job & employment seekers

→ Don't have intentions of harming or causing insecurity to nation or locals

→ Are attracted due to alienation
eg: Hindus subjugation in Bangladesh.

India must evolve a suitable policy for immigrants to -°

→ Ensure national security

→ Safeguard cultural ethos of Nation

→ Collaborate with Bangladesh to stop immigration

→ Develop returning back mechanisms

→ Ensure basic human rights & dignity for immigrants.

→ need for well coordinated strategy

Remarks

good

→ Assistance and advisory services from UNHCR

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)

NPAs refers to assets in the banking system which are financially unviable & instead of being an asset to the bank are actually thwarting its credit ability & financial viability.

Can state Number on NPA's

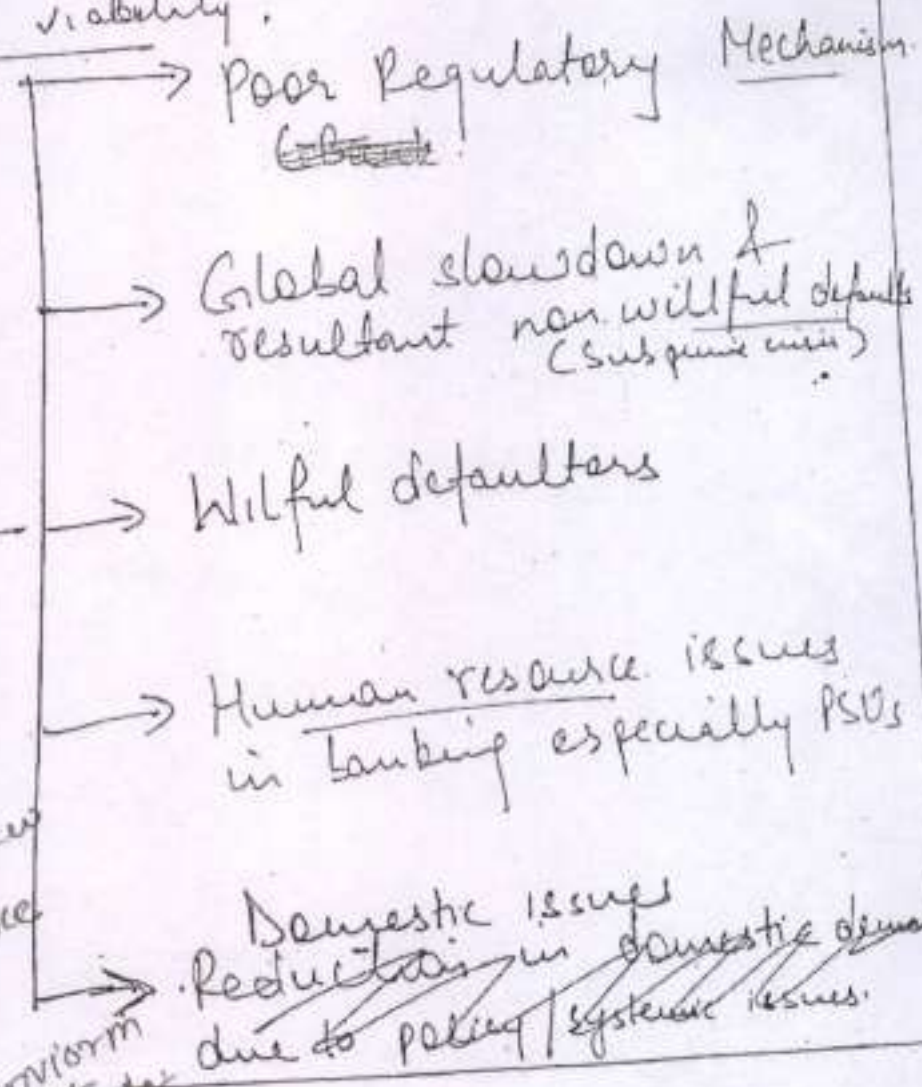
Causes
→ disproportionate share of loans to infra

→ Asset Quality Review delays in clearance

Remarks
Land Acquisition

environment created once

NPA Causes



→ Poor Regulatory Mechanism

→ Global slowdown & resultant non-willful defaults (Subprime crisis)

→ Wilful defaulters

→ Human resource issues in banking especially PSOs

→ Domestic issues due to policy/systemic issues

Regulatory issues :-

- Multiplicity of regulators with diffused responsibilities. eg. RBI, SEBI in same common areas of interest.
- Low HR capacity of RBI

good

Also

try

to explain

the points

clearly

Can

use

examples

to explain

it

better

Global Slowdown

- Trade wars
- Sub Prime crisis

• Protectionism

Wilful defaults

- Nirav Modi case etc.
- Speculative investors
- Asset liability mismatch.

HR issues in PSUs :-

- Technical inefficiencies
- Unawareness & lack of enthusiasm to learn
- Inefficient management.

Domestic ~~Business~~ ^{Turnover} Protection :-

- Policy changes (lack of stable policy).

Remarks

Impact of Key Industrial Outcome

- Systemic inefficiencies like DISCOMS.
- Political Dole cuts like MSP Loans.

good measures discussed well

Reforms :-

- International
 - WTO reforms to ensure stable trading regime
 - Reduce protectionism by engaging in G-20, UN etc.
 - Strong oversights to ensure no repeat of 2008 crisis
- Bank reforms
 - Bank Board Bureau to select management
 - Amalgamation of Banks
 - Capacity building
- Regulatory reforms
 - Cool down the tussle between government & RBI.
 - HR enhancement of RBI.
 - ensure BASEL compliance to banks.
- Structural reforms
 - Agri reforms to reduce populist measures
 - Strengthen bond market
 - Explore CAPITAL ACCOUNT convertibility

Instead of writing two many suggestion can reduce the numbers and Briefly explain the working

A strong banking sector is a sine qua non for our dream to achieve 5 billion economy & awaken dormant spirits of investors

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)

good Intro
auction

India is the fastest growing emerging economy. Economic survey says that India must focus on export led growth & investments to trigger the virtuous cycle of growth. Foreign trade policy envisages to increase trade to -°.

- Develop synergies & complementarities
- Leverage competitive advantages of different geographies to drive Indian growth. eg: Capital intensive from Germany
- Diversify export basket to increase exports & therefore reduce CAD.
- Hand held infant industries to enable export competitiveness.

FTP aims to increase share of world export to 35%

new Bilateral regional trade

Remarks agreements etc

Briefly discuss the export basket

→ Facilitatory mechanism like -:

- Champion sectors
- SEZs.

- IT parks etc. with tax benefits etc to develop export competitiveness

→ Leverage GI Tags, traditional knowledge for exports. eg. Ayurveda etc.

Operational Effectiveness

→ Trade has increased overall despite global slowdown & effectiveness.

Achievements :-

→ IT sector continues to thrive. (Service sector growth.)

→ Electronics manufacturing hubs to be developed in collaboration with South Korea.

→ Champion sectors performance increased

→ Diversified into new markets like

Remarks

→ encourage exporters to venture into new next focus LAC
Povus Africa etc
MLFPS

→ Also discuss how it is diversifying its trade basket

→ Review FRP
 → Exports have grown at CAOR of 8%.
 → Increased incentives to labor MSME sector

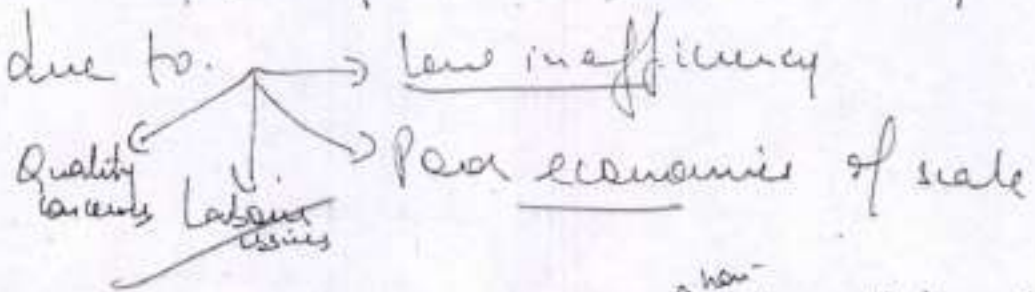
Latin America, East Africa etc

Problems -

- Export competitiveness is stalled by
 - Regulatory issues
 - Reimposing of MAT in SEZs.
 - Labour law issues.

Challenges
 input bottlenecks
 inadequate diversification in services

Manufacturing sector remains languished



- Sanitary, phytosanitary & tariff barriers
- Tariff barriers

India must invest in modernization of industry, simplify labour laws, develop state policy regimes while ensuring strong credit facility to allow true utilization to export trade.

Remarks

6

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 the 6th largest economy with ^{size of} about 2.7 trillion dollars. It aspires to be a 5 trillion \$ economy.

Export basket

Export Basket discussed very well

- IT, financial technology, consulting (Service sector).
- Agriculture raw materials & some finished ones.
- ~~Manufacturing~~ Industries like Diamond shrimp & cutting (Swat).
- Petrochemical etc to neighbouring countries.
- Minerals like Monazite (Thamirabarani) Mica etc.
- Dairy sector (Milk), Fisheries, Meat industry etc.

Remarks

Briefly explain deglobalisation

10
Punjab
Covers

GS SC
GS MAINS TEST

Import based

Crude Oil
&
Coal
(OPEC)

Semiconductors
&
electronics
(South Korea
Japan)

Manufactured
goods
(China)

High tech
goods

Defence
purchases
(S-400
etc.)

Deglobalisation threats

- Concerns for our energy security (oil etc.)
- Artificial demand reduction of exports due to anti dumping measures, tariffs etc.
- Protectionism in EU & US.

try to
substantiate
your
arguments

- Reduction in trade to world GDP ratio
- Possible reduction in inward remittances & therefore affect on CAD.

Remarks

→ global
Trade share
is 2.1
target is 35% BY 2020

→ increase its share of High Tech. exports
 → New Markets

Growth Strategy

- Reform & revitalize WTO to ensure rules based order
- Take advantage of Trade wars to venture new markets & attract displaced firms
- FTAs with suitable countries
- Sub regional agreements & collaboration like BBIN, RCEP etc

Before signing RCEP India must take ATC of its trade deficits with ASEAN Japan etc

- Therefore, areas for growth are
- Middle east which require resources & import to diversify from oil.
 - ~~SEA~~ ASEAN interactions to leverage service sector
 - MAKE in INDIA for defence sector: good
 - to become net exporter.
 - High tech space industry (ISRO's growth)

Remarks

5.5

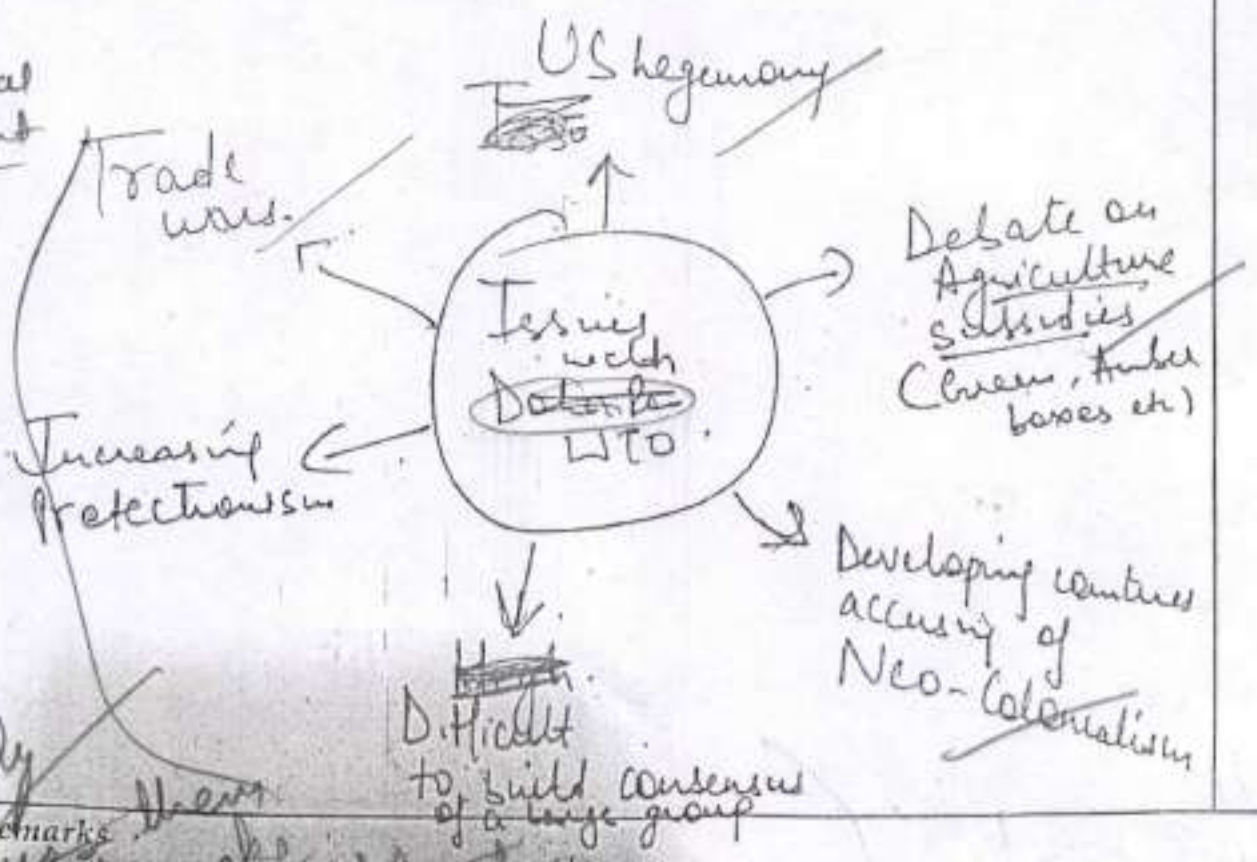
Briefly discuss the Doha Development Agenda.

Q14. The WTO and the Doha Development Agenda has remained a white elephant while 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, previously GATT, was reformulated after the URUGUAY round of negotiations to develop to strong, stable & ^{rules} ~~well~~ based trading regime.

- Agriculture
- Intellectual Property
- special differential treatment

However, Doha round has been stalled due to conflict between developed & developing



Briefly discuss their issues self-explanatory

DDA is stuck → US & EU not giving up
Agg. subsidies

The statement means that the developing world has been trying hard to finish the Doha Round by engaging within themselves (SOUTH-SOUTH cooperation) & with developed world to address differences.

Consensus Cause
Blame China & India for misleader
"retaining developing nation tag"

Options

→ Use platforms like UN etc to mobilize support for reforming WTO

Good → Engage with like minded countries to dispel protectionism eg: China.

→ Develop SUB-Regional dialogues mechanisms to develop PEACE by PIECES approach.

Remarks

Compete with ASEAN and others to res share of global trade



→ Engage with EU & other developing world (especially in light of Brexit) to converge on issues.

→ Regional grouping or sector specific grouping to develop consensus on issue

→ Talk to US to ensure that Dispute Settlement Body isn't stalled by US by non appointment of new judge.

A strong & stable WTO is necessary to ensure a trading regime beneficial to all. North must understand the concerns of south & vice versa.

good coverage

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)

good
Intro

Start up refers to venturing or establishment of a new business or enterprise by Entrepreneurs. India's Bangalore ~~has~~ cities like Mumbai, Bangalore etc are turning to be SILICON Valleys of India due to budding start ups & IT sector.

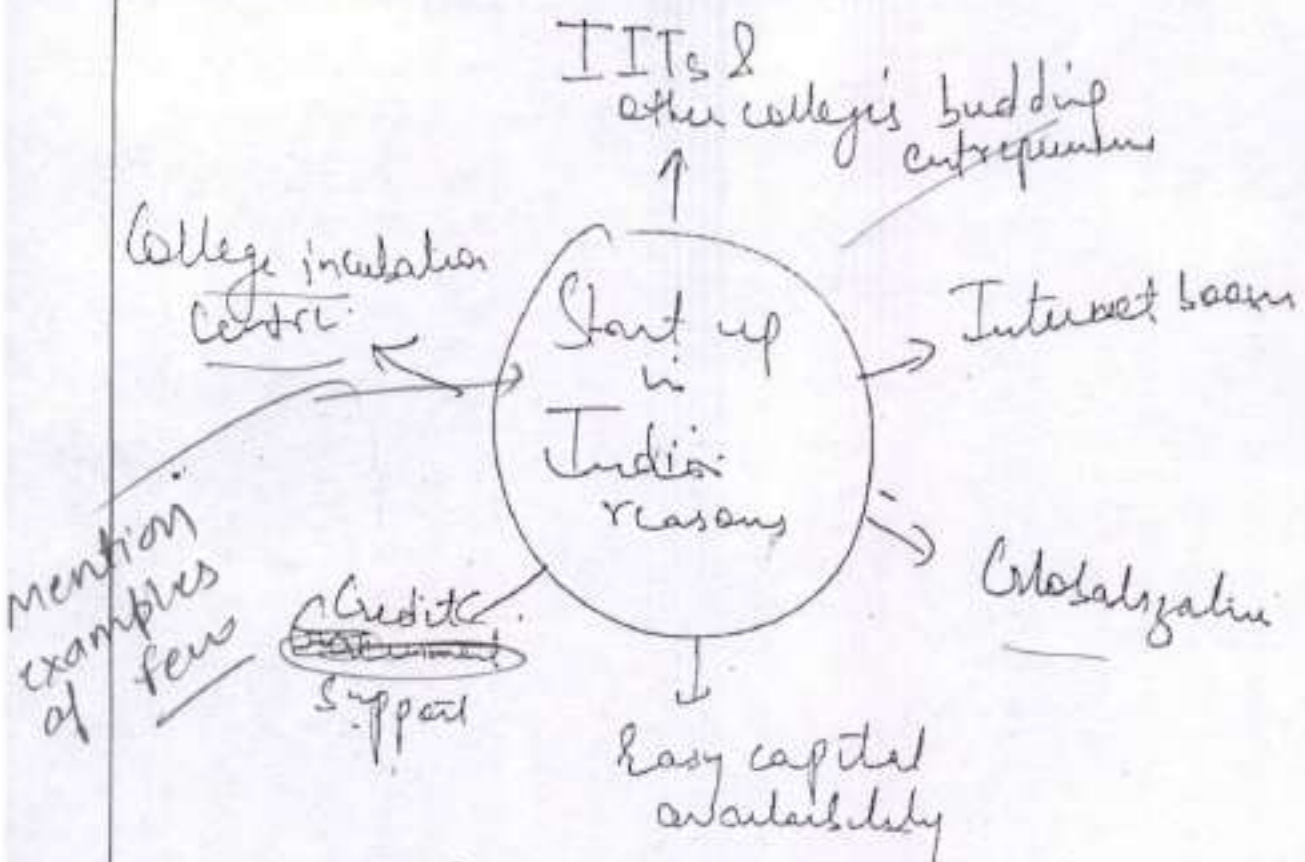
Angel investors provide the seedling money & make the first investment in the Startup. They are, therefore, the 1st ones to realize potential of startups

- ↳ contribution of business environment.
- ↳ provide guidance & support
- ↳ take risks by investing in startup

Remarks

Explain Startup and its imp. for the Economy
→ employment
→ Competition
→ Innovation etc

→ Role of angle investors disussed well



All the factors have some direct or indirect government support.

Explicit means by Govt. →

- Abolishing Angel Tax
- Incubation centers in colleges.
- Start up India scheme

Remarks

Briefly elaborate on states role in supporting startup funds infrastructure suitable environment

initiate By govt discussed well

→ PPPs. facilitation mechanism of PSUs etc. to encourage budding college graduates.

→ IPR policy to provide strong IPR protection.

→ Credit support infrastructure by strong VC funds require.

A strong start up sector will create jobs like Flipkart to spur growth, drive employment & make jobs seekers, job gives.

Also mention the challenges with these initiatives

FG MUDRA
yojna

Remarks

5.5

Discuss the Importance of Budget

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)

UPA government announced the merger of Rail & Union Budget in 2017-18 thereby ending the long standing British legacy

- Populist decision
- Cross subsidisation
- Lack of focus on infrastructure
- Redundant as rail not as important as it was in 1920s.

Benefits of Merger

→ It has ~~reduced~~ depoliticised the rail expenditure to an extent by reducing the highlight on the budget.

Remarks

Briefly explain why Railway Budget was seen as political tool

- Ensured economics driven decisions
 - Electrification
 - Safety & security infrastructure like welding unmanned crossings
 - Reducing cross subsidy
 - Increasing capital investment

→ It has also allowed to bring innovations like ^{discussions on} APPPs in line with BIBEK DEBROY Committee report

→ Avenues for increasing freight share are explored.

→ Track renewal & building is now demand & need based rather than supply driven.

→ Train 18. & indigenous development

Benefits of merger well discussed good

Remarks

→ Shifted deficit burden
→ Reduced delays in policy implementation

However, politics still remains & there are issues to be handled -:

→ Backlash of Trade unions on progressive reforms.

→ ~~Lack~~ of Human resource issues due to poor capabilities & inefficiencies

one more department losing its commercial culture

→ ~~to~~ Political backlash on security lapses. e.g. train deraily.

→ to curb Populism fares may not be raised etc

→ Opposition to PPPs in rails

Railways are life line of economy.

Investment in infrastructure upto 50 lakh

care is needed. Therefore, decision making

must be depoliticised & rational decision

be taken.

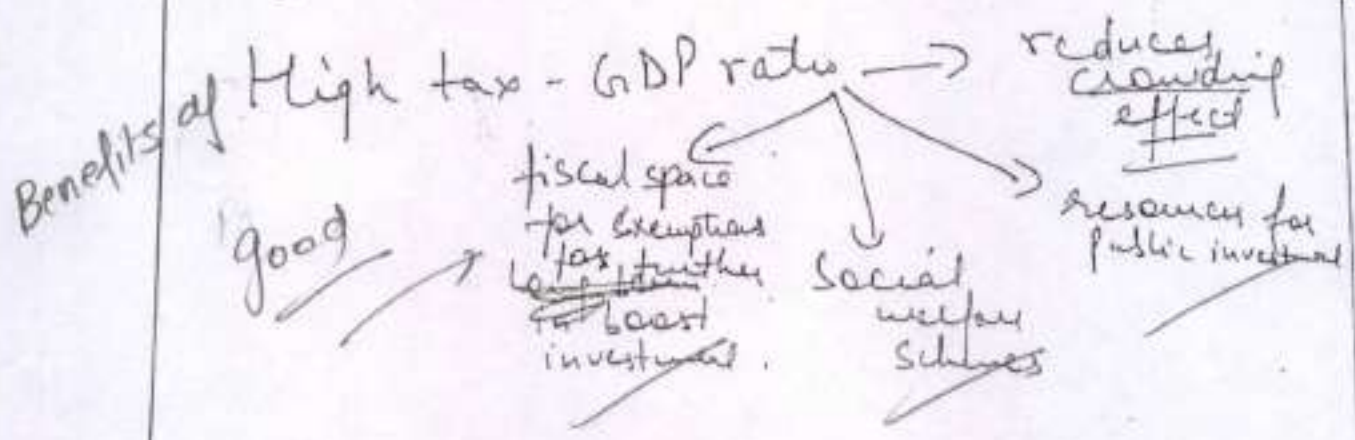
Remarks

45

define Tax-GDP ratio

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)

India has a tax-GDP ratio of about 17% which is much lower than BRICS economies & Western countries (35%).



~~Explain~~

Tax GDP ratio is low due to -:

Agri exemption

- Farm loan waivers → Political shelter to non-reporting Agri Farmers.
- Excessive subsidies.

Remarks

need to illustrate the point with examples

→ deliberate
"Investment
in Agriculture to
avoid tax"

Tax preferences & policy

→ Tax avoidance treaties with countries
like Maldives

→ Plethora
of
exemptions
concession
given in
direct &
indirect
Tax

→ Nuclear & complex compliance rules

→ High cost of compliance

- facilitatory mechanisms are poor
- NO single window interfaces

Multinational

• Double Tax Avoidance treaty inkubated
by MNC

• Base Erosion & Profit Shifting

• Creative accounting.

• Window dressing of balance sheets.

• Unfair practices.

good
Barely
explain to
connect the
points

Remarks

Tax administration

- Excessive regulation, to strain investors & entrepreneurs eg. CED case.
- Lack of clarity of rules to officials
- Excessive legislation by government.
- Time consuming process of interaction with administration.
- Capacity & Human Resource issues.

Overburdened
with different
objectives

- incentivising savings
- Promote exports etc

→ suggest some measures,
by govt. initiatives taken
p.g GST, challenges
with GST

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)

good

Media or Press is the 4th pillar of democracy. A stray media has potential to hold the politicians responsible & create aware citizens.

Fake News :-

explains the role of media as informer opinion former & creating awareness

- Creates social unrest. eg: Lynchings
- Creates law & order problem
- Indoctrinates the citizens
- Creates trust deficit between government, & people & within people
- Disrupts democratic elections
eg: US, India Uttar Pradesh

Remarks

→ impact of paid news discussed well

Briefly discuss its impact on media credibility

Media Biasness

- Non-adherence to moral & ethical responsibility
- Corporate & political lobby capture } good
- Unaware citizens.
- leads to avenues for Jingoism, Extremism etc.
- Creates a trust deficit.
- Develops dichotomies between people & divides them according to their channel preferences & social media preferences.

Steps needed -°

Remarks

21
good
Corrective
measures
discussed
well

- Strict social media surveillance for extremist activities & doctrinal.
- Police e-calls to monitor suspect of fake news.
- Develop code of conduct & code of ethics for media.
- In long term, develop capacities of people to ensure:
 - educated & aware citizens
 - participative citizens.
- Refine advertisement based revenue model to viewer pays model to develop culture of responsible news

well
covered

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 Internet revolution has led to an inexorable integration of people, markets & ~~geo~~ economies. It has created a borderless world & global village.

good
introductions

Communicator Revolution

Positives :-

- Democratize access to share information
- ~~Social~~ Equality ^{based} as there are no tariff or non-tariff barriers
- Means to communicate efficiently & economically.

Remarks

Briefly discuss the Communication Revolution

→ Provides tools to communicate
→ Mass Com. affordable
→ Access to free & diversified information

→ Huge scales of communication is possible i.e. can communicate to large number of people.
eg: Stam warning to fishermen.

→ Created avenues for technology innovations & collaboration for blockchain, AI etc to drive Industry 4.0.

Negatives :-

→ Created avenues for terror & indoctrination. eg: ISIS social media.

→ Financial frauds & dark web
eg: crypto currency.

→ Digital illiteracy has led to widening.

Remarks

→ discuss various factors that have furthered the Comm. Revolution

rich-poor, educated-uneducated gap

Used for inflaming stichous etc.
Therefore, hamping democracies etc.

Also

- Biased Projection
- Some time creates tension among groups etc

→ suggest some way forward.

Briefly conclude to sum up

3.5

explain what is liquidity trap

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)

India is a major economy with dream of achieving a 5 trillion economy by 2024. Therefore, India must ensure credit growth to fuel investment.

Can we graph to explain it

However, recent GDP numbers point to losing investor confidence & fear of liquidity trap.

~~→~~ Global sentiments of trade war & protectionism.

→ ~~Policy~~ measures like in the recent budget like taxing the rich, increasing shareholding requirement etc

Remarks

→ interest rates are so low that reducing interest do not have any impact on spending

discuss the current situation in India

GS SCOR
GS AGENS TEST SER

→ Policy issues like -

→ Renegotiating power purchase agreements by Andhra government

→ BS IV to BS VI, related uncertainty in automobile sector

→ EV push despite significant investment in Internal combustion engines & EV's poor infrastructure.

→ Sugar mills debts not recovered.

→ Agriculture debt cuts \$

→ Political appeasement politics.

→ Lack of transparency by PSUs. despite lower Repo Rate.

→ NBFC crisis

→ Frauds like Nirav Modi, Mallaya et

Remarks

Keep it brief and Respect Q's demand

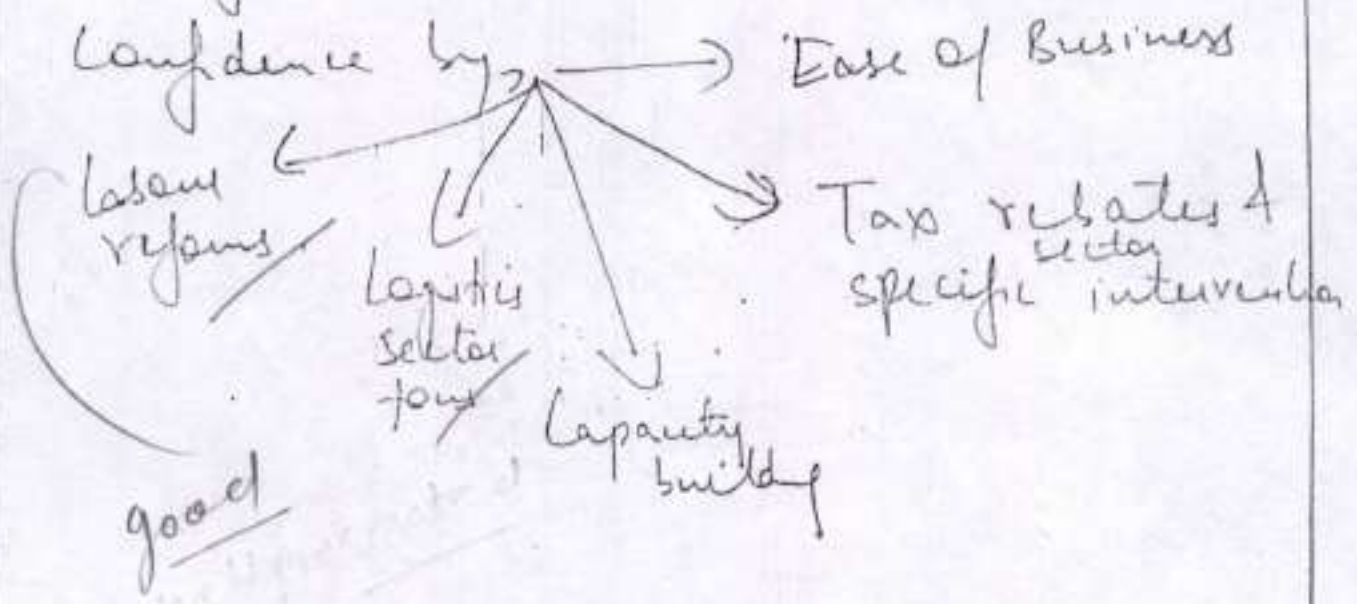
→ Reasons for reduced spending India

explain these points a bit

Moreover, India's issues are -:

- > System is in nature
- > Cyclical slowdown to an extent
- > Inefficiency due to HR abilities.

Therefore, India can reconvert investor confidence by



Remarks