

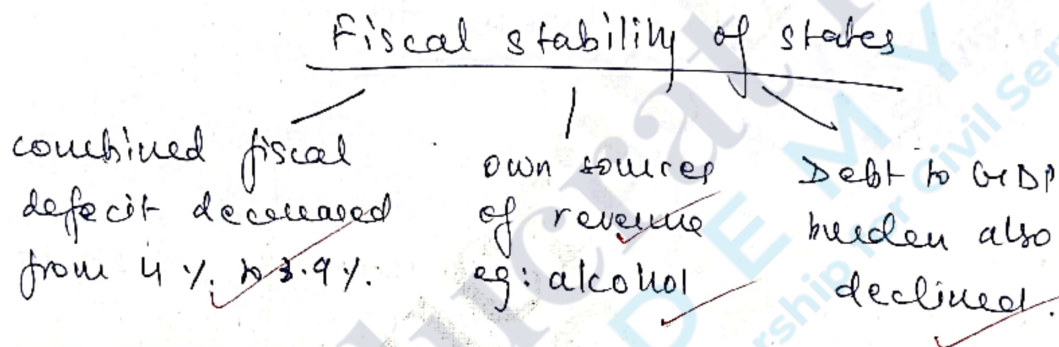
**GENERAL STUDIES**

Name of the Candidate	Saima Khan		
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Mobile No.	[Redacted]	Date	23/7/23

INDEX TABLE			INSTRUCTIONS	
Q.No	Max.Marks	Marks Obtained		
1	10	5	1. Please write your Name, Email, UPSC Roll No. and Mobile number in the answer sheet 2. There are 20 questions printed in English, all questions are compulsory 3. The number of marks carried by a question or part is indicated against it. 4. Answers must be written in the medium authorized in the admission Certificate (English), which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. 5. Word limit in questions, if specified, should be adhered to. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be struck off.	
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6	10	4.5	Any specific message from Educrat IAS Mentors/Evaluators with respect to your copy? Mentor's Remarks: ..... ..... ..... ..... ..... ..... ..... ..... .....	
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16	15	6	Start Time: 9:30      End Time: 12:30 Mode of Examination: Online <input checked="" type="checkbox"/> Offline <input type="checkbox"/> Medium of Examination:	
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Total Marks		108.5		

1. Discuss the persisting issues related to fiscal stability of states in India. Also, suggest measures that need to be taken to address these issues. (Answer in 150 words, 10 marks)

India follows the idea of fiscal federalism whereby states have their own fiscal agenda and priorities.



Persisting issues

- 1) Dependence on centre: eg: under Art 275 centre gives discretionary grants.
- 2) GST losses: states were not compensated for GST losses incurred as promised - 14% compound rate of growth.
- 3) Debt to GDP burden although

declined continued to be around 39% as against 20% suggested by FRBM Act.

- 4) Resorting to off budget borrowings to meet their needs.
- 5) Increase in revenue deficit and reduced capital expenditure.

Measures to address these issues:

Good points



Fiscal stability of states is essential for maintaining fiscal harmony and balanced regional growth.

2. While the government has taken several steps to encourage investment in India, discuss why the domestic private sector investment continues to be muted. (Answer in 150 words, 10 marks)

In India, the domestic private sector investment continues to be below 50% in the total investment.

Various steps taken by government to increase private investment:

- 1) Focus on public private partnership  
eg: EPC model
- 2) Promoting EOOB - reducing complex laws
- 3) Single portal investment mechanism.  
eg: Maarg portal.
- 4) Rationalisation of certificates eg: including 'deemed exports' in EP2.

However, it continues to be muted.

1) Lack of coordination among various



Various ministries.

- 2) Non realisation of goals in Model concessionaire agreements in PPP  
eg: targets set too high.
- 3) Structural barriers continue eg:  
no detail on land ownership, changing laws
- 4) Lack of exit opportunities - Chakraborty problem eg: it takes more than a year to complete insolvency proceeding
- 5) low access to credit from banks due to rising NPAs.
- 6) Crowding out of private sector due to increased government borrowings.

Measures

- shift to plug and play
- synergy among ministries by Crati Shakti
- enhanced credit access.

The private sector's investment should be encouraged to build a resilient economy and achieve goal of \$ 5 trillion economy.



3. The Production Linked Incentive (PLI) Scheme is a cornerstone of the government's push for achieving an Atmanirbhar Bharat. Discuss. Also, mention the challenges in realizing its objectives. (Answer in 150 words, 10 marks)

PLI scheme was started by government in 2021 to increase both domestic and foreign investment in various sectors to achieve Atmanirbharta in manufacturing.

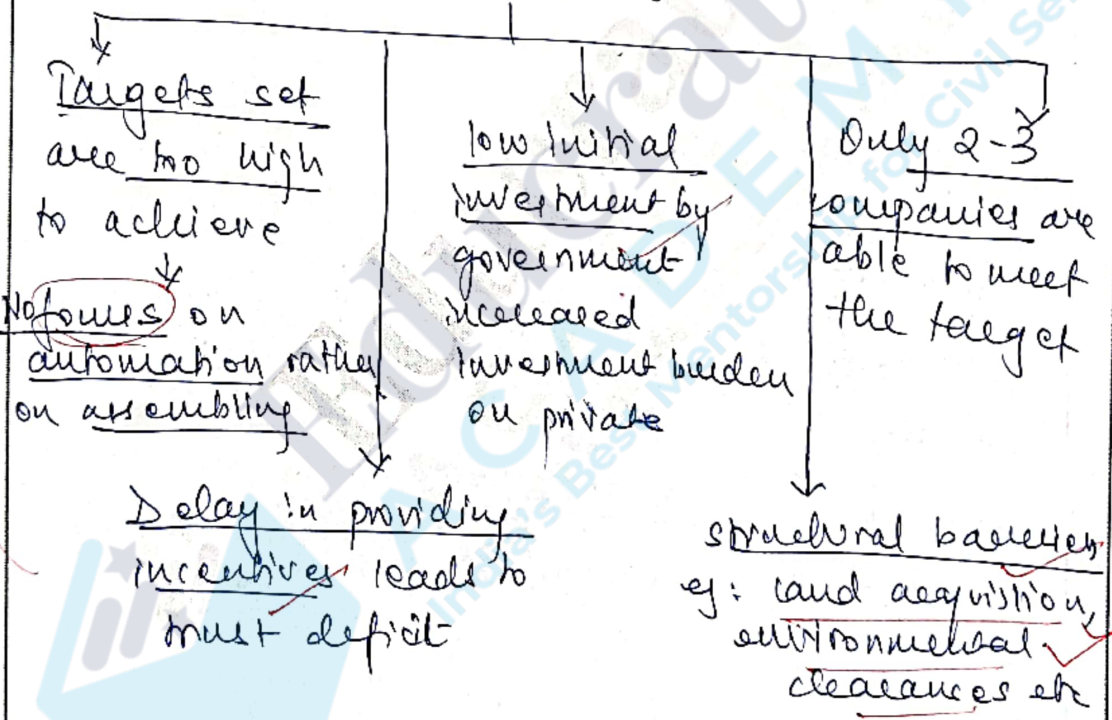
### Importance

- 1) Diversified growth → it has been started across 14 sectors eg: semiconductor, API etc.
- 2) Employment opportunities due to increased manufacturing establishments
- 3) Skill development in emerging areas eg: engineering sectors
- 4) Decreased import dependence  
eg: in API, India continues to

dependent on china.

- 5) Reduce government's fiscal burden due to increased investment - foreign and domestic
- 6) Technology transfer from foreign companies.

Issues



Need more points

While the FDI scheme is a great initiative, focus should be on meeting the increased demands through multi-stakeholder approach like increase credit, rationalise target etc

4. A resilient and prosperous MSME sector is essential for making a big impact on India's inclusive growth story. Discuss in context of the issues faced by the sector. (Answer in 150 words, 10 marks)

MSME sector in India is the 2nd biggest employee after the agriculture sector.

MSME's importance for Inclusive growth :

- 1) Employment opportunities - 2nd biggest employee.
- 2) Contribution to GDP: It contributes to more than 50% of manufacturing GVA.
- 3) Women empowerment: MSME sectors employ women to a great extent.  
eg: Amazon Saheli
- 4) Rural development: it diversifies income source in rural areas
- 5) Financial inclusion: by providing credit access eg: MODRA

The continued issues faced by the sector :



1) Limited to primary activities - MSME's continue to remain in lower levels of economic activities eg: primary processing, agri sectors

2) Lack of credit access due to profit seeking by banks.

3) Low levels of technology transfer eg: dependence on handwells

4) Low skill development - no focus on upskilling or reskilling by employers.

5) Regional bias: MSME sector are not very vibrant in Eastern India eg: in Red corridor.

6) Lack of awareness among employees about government schemes.

7) No formal database on total MSME organisations - informal sector

MSME should be revived via formalisation through registration in e-Shram portal and including and enhancing credit access via PF, PSL normy

Good points



5. What is Central Bank Digital Currency (CBDC)? Discuss the policy implications of introducing it in India. (Answer in 150 words, 10 marks)

CBDC is a legal tender to be issued by RBI. It will be a digital form of the physical currency of India.

Positive impact of CBDC:

- 1) Financial inclusion: through digital currency.
- 2) Ease of transaction: no hassle for change, soiled notes etc.
- 3) Transparency as transactions will be done online — clear data available for transaction history.
- 4) Low cost of production: increased savings and low seigniorage.
- 5) Safety and security as it will be based on blockchain technology.



6) Tax revenue increased as online transactions curb black money.

### Negative impacts :

- 1) Lack of synergy: physical notes cannot be exchanged for digital notes.
- 2) Awareness issue: low financial literacy can hinder its usage
- 3) Increased reliance on physical currency - more than 70% transactions in rural areas are done via cash.
- 4) Data safety law absence can pose a threat to financial privacy
- 5) It continues to be prone to hacking and cyber attacks.

### Measures

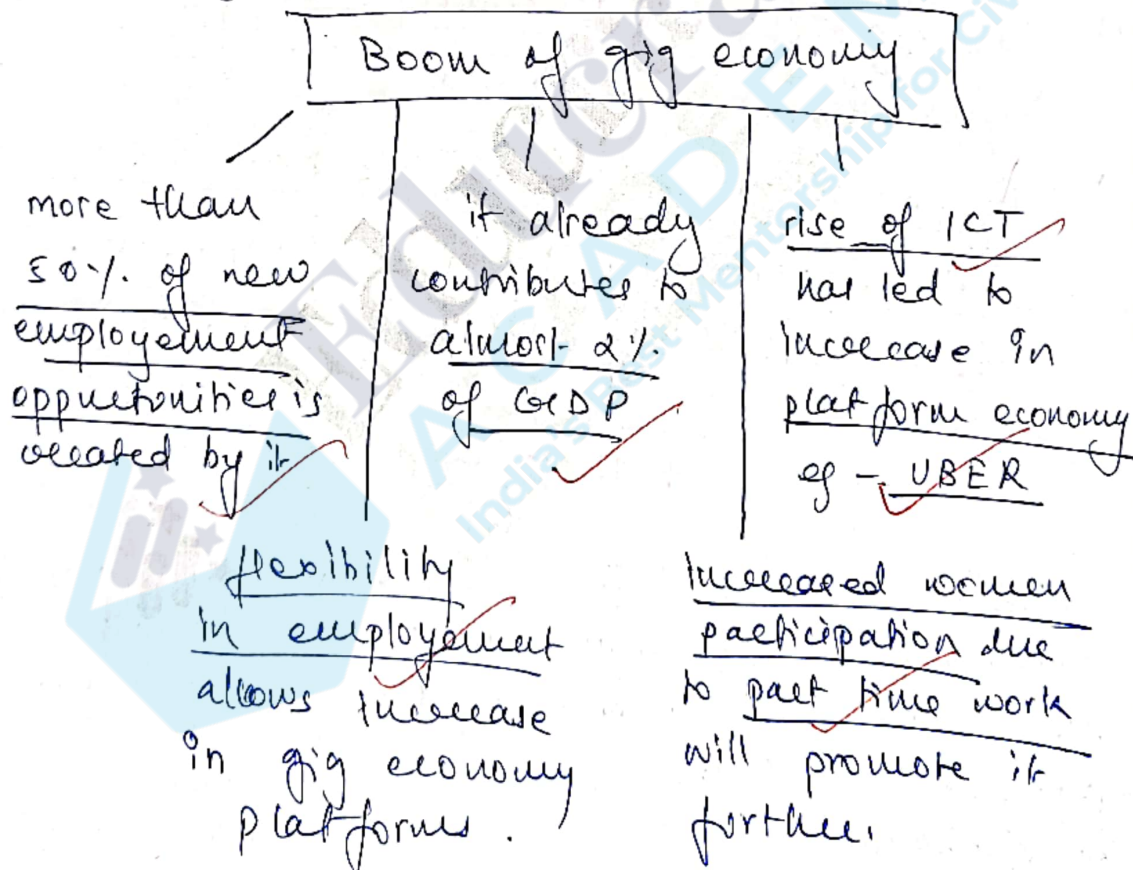
CBDc must be backed by cyber security measures

increase awareness camps on its usage : "Finance Friends"

CBDc is a step forward in promoting last mile connectivity in financial arena and meeting the goal of Saptarishi.

6. According to recent reports, the Indian gig economy will be booming in the next decade. In this context, discuss the issues faced by gig workers in India and policy measures required to address them. (Answer in 150 words, 10 marks)

Gig economy is the economy that is not based on traditional employee - employee contract, rather characterized by part time flexible working relations.



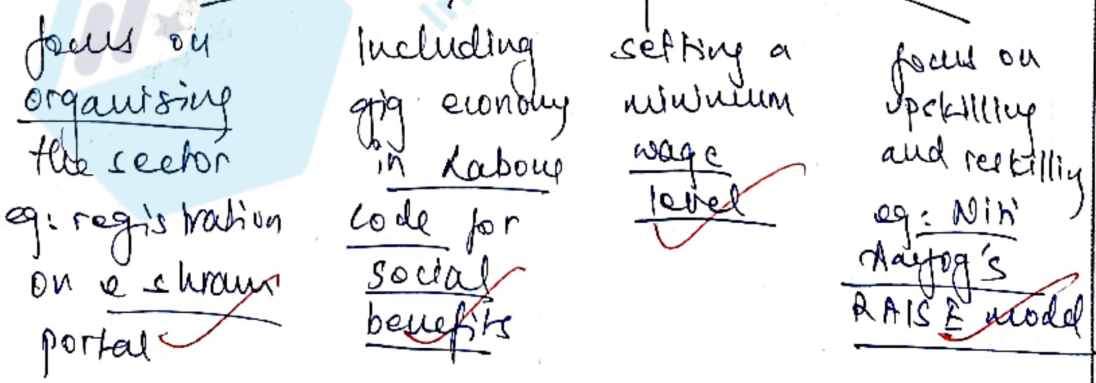


Issues:

- 1) Lack of formalisation - there is no clear data on employees involved in gig economy
- 2) low paying jobs - eg: confined to delivery services
- 3) Irregular payment eg: blunkit shutting down its business
- 4) lack of social security benefits - insurance, pension etc
- 5) Exploitative practices eg: Bait and Switch: employ for something else and award something else.

good

Policy measures



Gig economy holds potential for inclusive growth and must be formalised to ~~enhance~~ enhance its efficiency.

7. While internationalisation of rupee has many advantages, it is not devoid of risks. Discuss. (Answer in 150 words, 10 marks)

Internationalisation of rupee means the promoting the use of our domestic currency in international transactions and as forex reserves to enhance its credibility and for trade benefits.

(Advantages of rupee internationalisation)

- 1) Reduces cost of transactions in international trade.
- 2) Reduced currency risks due to volatility eg: dependence on dollar reduced.
- 3) Reduces India's problem of changing policy due to other nation's policy eg: India has to change interest rate based on dollar.
- 4) Increased investment opportunities due to stability of rupee. as

8. What are the faces? H  
10

dependence reduced on other currency  
s) improves bargaining position of domestic traders

Issues due to Internationalisation:

- 1) Reduces RBI's power to control rupee in external market.
- 2) Rupee is not stable or liquid enough - hence its use is limited.
- 3) India continues to be dependent on oil import via dollar payment - reduces trust in Rupees capacity *good*
- 4) Low acceptance even in regional grouping eg: BRICS, SAARC etc

Measures } promote regional currency in regional groups eg: BIMISTEC  
} currency swap exchange eg: Japan

issue Malaya bonds to raise Rs stabs

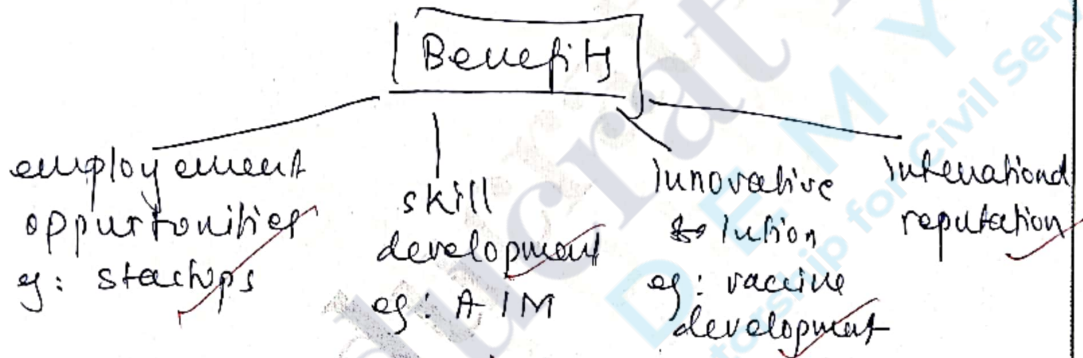
VOSTRO / NOSTRO account should be promoted.

India should promote internationalisation in order to become a 'Vishvagrhu' in financial arena.

*Good points*

8. What are the various challenges that India's innovation ecosystem faces? How can these challenges be addressed? (Answer in 150 words, 10 marks)

According to WIPO, India scored 48<sup>th</sup> position in Global Innovation Index. This was the 1<sup>st</sup> time that India appeared in the top 50 countries.



**Issues in Innovation ecosystem.**

- 1) Low funding - According to economic survey 2022-23, India spends 0.7% of GDP on R & D.
- 2) Low researcher density - India only has 230 researchers per million population.
- 3) Lack of intellectual protection



- regime - eg: infringements on copyrights
- 4) Low patents filed as compared to USA, China etc - due to Brain Drain
- 5) No focus on creative economy  
eg: artists, singers
- 6) Lack of private research institutions - only 34% private institutions involved in R&D.

### Policy measures needed :-

- 1) Industry - academia link eg: Atal Innovation Labs
- 2) Synergy among research institutions  
eg: National Research Foundation
- 3) Increase in funding - target of ₹ 0000 cr set by government
- 4) Protect IPR infringement via use of AI, ML etc
- 5) Incentives to reverse Brain Drain  
eg: UGC setting up foreign universities in India.

Innovation economy has the potential to provide astronomical growth for India via sustainable development.



9. Audit reports on various development initiatives in India have frequently highlighted inefficiencies in public expenditure. Identifying these inefficiencies, suggest measures that can be taken to address them. (Answer in 150 words, 10 marks)

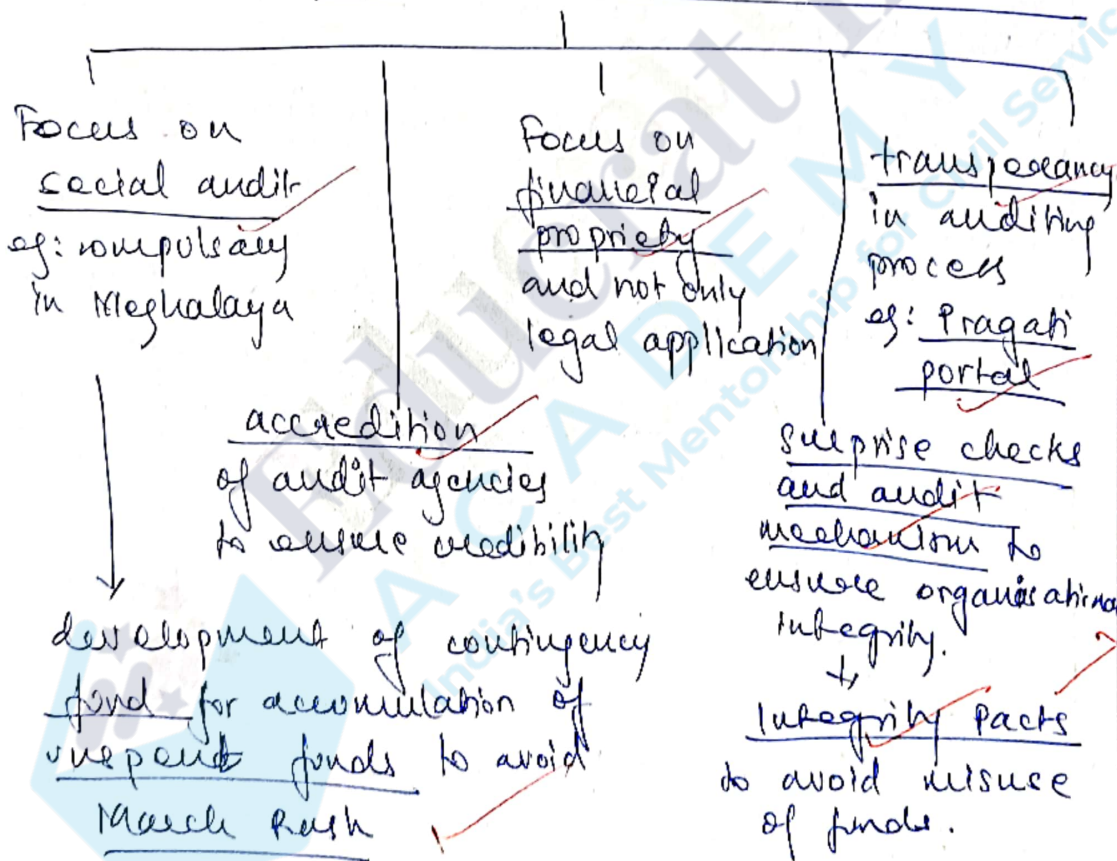
Audit reports in India are done with the objective of upholding fiscal accountability and promoting fiscal prudence.

Inefficiencies in public expenditure reflected through audit reports:

- 1) Escaping audit: According to CAG report, 60% of railway cases were not audited.
- 2) Post mortem exercise: audit done only after expenditure incurred, no benefit gained.
- 3) Secret expenditure: many sectors coming under secret services are not audited.
- 4) Wastage of funds: eg: In Jammu and Kashmir, crores were unspent allocated for disaster management.

- 5) Fund diversion : due to corruption.  
eg: 25% of funds diverted in North East for combating extremism
- 6) lack of focus on financial propriety.

Measures to address the issue



Audit mechanisms ~~outlet~~ promote fiscal prudence and ensure fiscal transparency. It should be utilised to uphold financial integrity in India.

10. Priority Sector Lending in India faces several challenges. In this context, discuss its utility as a policy instrument. (Answer in 150 words, 10 marks)

Priority sector lending is a mechanism which ensures that guaranteed funds for those sectors which are considered socially and economically important but are seen as financially unviable.

It ensures that banks guarantee a certain portion of their loan to these sectors

MSME / agriculture / housing / renewable energy

Challenges faced in PSL :

- 1) Increasing NPAs by banks reduces credit to these sectors
- 2) Biased lending - PSL lending is only confined to certain sectors eg: agriculture while neglecting other

Sectors like housing

- 3) Negative perception - it is seen as an additional burden on banks
- 4) Low awareness among beneficiaries to avail loans
- 5) High interest rate continues to act as a hurdle for accessing PSL credit

### Utility of PSL:

- 1) Inclusive development: growth in various sectors like MSME
- 2) Financial inclusion via promoting access to credit
- 3) Social responsibility of banks to contribute to societal development eg: housing sector
- 4) Reduces fiscal burden of government to provide for welfare schemes as banks provide credit access
- 5) Holistic growth: credit for sunshine sectors eg: renewable energy.
- 6) Last mile connectivity according to Saptarishi goal of India.

PSL is in tandem with India's goal of DPSP - promoting employment via credit access.



11. In view of India's rapid urbanisation, it has become imperative to tap into municipal bonds to meet the rising demand of capital investment in urban areas. Discuss. (Answer in 250 words, 15 marks)

Municipal bonds are issued by urban local bodies (ULBs) to diversify their income sources for funding of urban services.

India's <sup>urban</sup> population is predicted to reach 40% by 2030 and hence the need for municipal bond becomes imperative.

Need for municipal bonds to meet rising demand of capital investment

- 1) Increasing urban population: currently India has 37% population in urban areas.
- 2) Reduces dependence on state government for funding
- 3) Promotes private investment — blended finance for capital

Intensive structure.

- 4) Contribute to infrastructure development  
eg: roads, highways etc
- 5) Promote social inductivity; eg: General Municipal bonds used for development of social services - parks etc
- 6) High credit rating of municipal bonds makes it a safe investment.
- 7) High returns - a profitable avenue for urban residents.

Issues faced in municipal bonds.

- 1) State dependence - permission of state government needed to issue the bonds.
- 2) No secondary market for trading in such bonds - makes it unattractive
- 3) Not open to retail investors



as the starting investment ranges from 5 - 10 lakh.

- 4) lack of credibility since they are a recent development.
- 5) low transparency on utilisation of funds received via such bonds.

Measures to make it more attractive

develop a secondary market for such bonds.

promote retail investment  
- reduce investment to Re 50000

promote pooled financing  
multiple ULBs issue a bond together - enhances credibility

promote transparency  
via display of fund utility through portals, social audit

Municipal bonds are a novel way to ~~red~~ promote financial independence of ULBs. It's issues must be sorted out to enhance public engagement.



12. Despite the Union Budget 2022-23 being growth-oriented and credit positive, it poses several fiscal challenges. Discuss. (Answer in 250 words, 15 marks)

The Union Budget 2022-23 presented in the Parliament under Art 112 shows a growth oriented and credit positive approach.

### Provisions of Budget :

1) Goal of Saptarishi

Inclusive development

Last mile connectivity

Growth oriented

Engaging the Youth.

2) Credit positive : increasing capital expenditure eg : defence budget saw a raise of 13% in capex allocation

3) Focus on remission from incentive to promote savings and investment.

4) Increasing credit allocation to earlier neglected sectors eg : Space economy.

5) Growth oriented :

promoting Export units  
 focus on R & D  
 increasing FDI Inflow

Fiscal challenges :

1) Low realisation potential : the policies in the budget do not always translate into actions. eg: disinvestment goal unrealised.

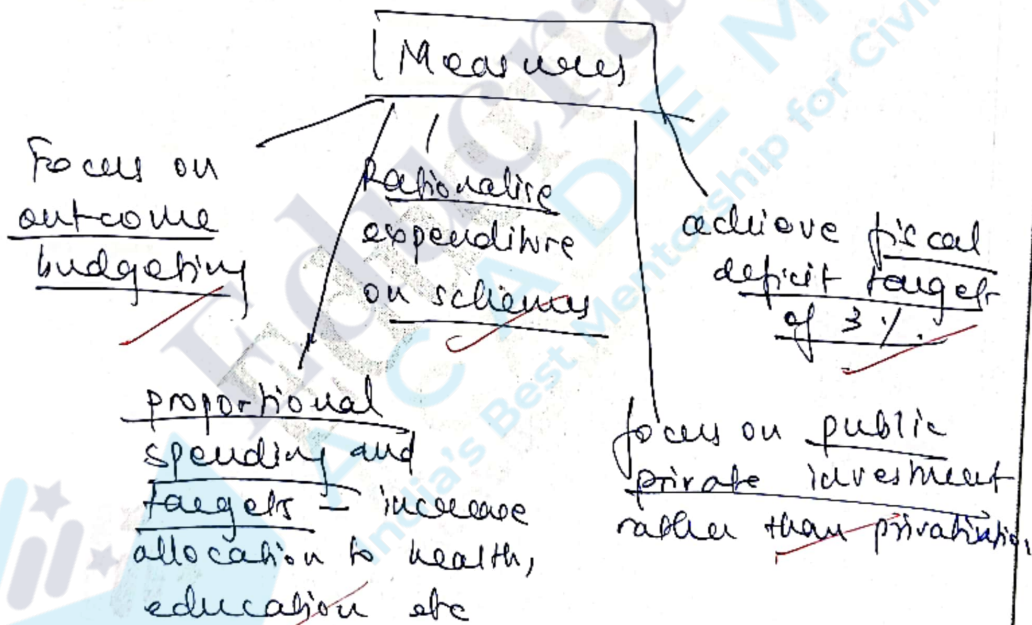
2) Neglecting certain sectors : eg: No funding given to National Space Research Foundation.

3) Disproportionate allocation : Rs 2 lakh crore given to railway alone while education budget reduced.

4) Neglect of social sectors ; eg: Budget allocation to MGNREGS reduced further.

5) High fiscal deficit : government's fiscal deficit continues to be high well beyond the 4±2% range.

- 6) Twin balance sheet problem: it leads to lower credit availability
- 7) High debt to GDP ratio continues to hover around 80% against targeted 60%.
- 8) Social welfare principle compromised due to increased privatisation and disinvestment



The Budget 2022-23 has promised the goal of Atmanirbhar Bharat. It's shortcomings should be addressed to ensure target of \$5 trillion economy.

13. India has achieved significant strides in various development parameters such as economic growth, women's education, and fertility rates. However, the country's Female Labour Force Participation Rate (FLFPR) remains amongst the lowest in the world. Discuss. Also, suggest measures to improve the FLFPR in India. (Answer in 250 words, 15 marks)

According to PLFS, India's FLFPR has reached around 29% in 2021-22 as against 24% in 2020-21. Yet it is among the lowest in the world.

### Strides in various sectors

economic growth  
- increased employment

women education  
- literacy of 67%

fertility rate  
- fallen to 2.1  
~~2.0~~

Issues that cause FLFPR to be low

↳ Education: women's literacy rate continue to be around 67% while men's literacy rate is around 80%.

- 2) Low skill development - women prevented from acquiring new skills due to stereotypes eg: women can't drive
- 3) Occupational segregation - women confined to pink collar jobs eg: 70% women in animal husbandary
- 4) Informal economy - women continue to be excluded from formal areas eg: mostly in gig economy
- 5) Feminisation of agriculture eg: more than 50% women in rural areas employed in agriculture
- 6) Motherhood penalty - wage bias occurs in due to maternity leave
- 7) Patriarchal norms - women not allowed in certain male dominated sector eg: combat roles.
- 8) Glass ceiling: women not promoted to higher levels eg: Only 2% of world's women are CEO.

## Measures to combat low FLFPR :

### Human development :

promote education  
 eg. CURIE scheme

skill development  
 eg: GOAL scheme

- 1) Attitudinal changes to combat occupational segregation eg: women got Permanent Commission.
- 2) Safety at workplace : eg: implement Vishaka guidelines.
- 3) Promote women in decision making position - eg: passing women's reservation bill in parliament.
- 4) Formalization of women driven sectors  
 eg: animal husbandary, gig economy.
- 5) Promote Paternity leave to solve hiring bias due to maternity leave.

India cannot grow without half its population just like a bird cannot fly with only one wing - Swami Vivekanand. Increasing economic independence of women is a starting step.

14. Foreign Direct Investment (FDI) can act as an important source of non-debt finance for India's economic development. Discuss in the context of steps taken to boost FDI in India. (Answer in 250 words, 15 marks)

FDI is the investment done by foreign nationals in India in form of equity or joint venture. According to World Bank, India was the 7<sup>th</sup> largest FDI receiving country in the world in 2021-22.

FDI's importance for economic development

- 1) Non debt source of investment. Hence, no government burden.
- 2) Increases employment as it leads to establishment of units in India.
- 3) Increases GDP of our country as final goods are produced here.
- 4) Promotes investment as profits.



earned under FDI are not fully  
repatriable

- 5) Local source procurement norms  
further increase growth of linked  
industries
- 6) National reputation increases as  
companies have to incorporate  
'India' in their name eg: Coca Cola  
India Ltd.
- 7) Forex reserves grow due to increased  
FDI
- 8) Technology transfer can be promoted  
via foreign industries.

Issues

No full capital account  
convertibility

High debt to GDP ratio  
decreases credit rating  
underlying investment

complex regulations act as  
a hurdle

cap on  
sectoral  
investment leads to  
low investment.





## Measures to boost FDI

- 1) Single window portal to ease compliance of laws — Foreign Investment Facilitation Portal
- 2) Promoting automatic route — more than 90% of sectors are open for investment via automatic route
- 3) Increase in cap on FDI eg: Defence 74% upto automatic and 100% under approved.
- 4) Repeal difficult as concurrence of DPIT mandatory
- 5) Merging of laws — according to Niti Aayog more than 1000 laws rationalised into 200 laws.
- 6) American and Global Depository receipts issued for FDI promotion
- 7) Issuing Masala Bonds to increase investment, using ECB etc

FDI acts as a vital non debt source of investment in India and should be promoted for financial viability.



15. Adopting an inclusive, low-emission, and climate resilient growth agenda would significantly boost the effectiveness of India's domestic public spending. Discuss in the context of climate-responsive budgeting in India. (Answer in 250 words, 15 marks)

Climate responsive budgeting refers to a budget that takes into account the climate implications of policies and tries to modify it in order to reduce negative externalities while continuing to achieve profits.

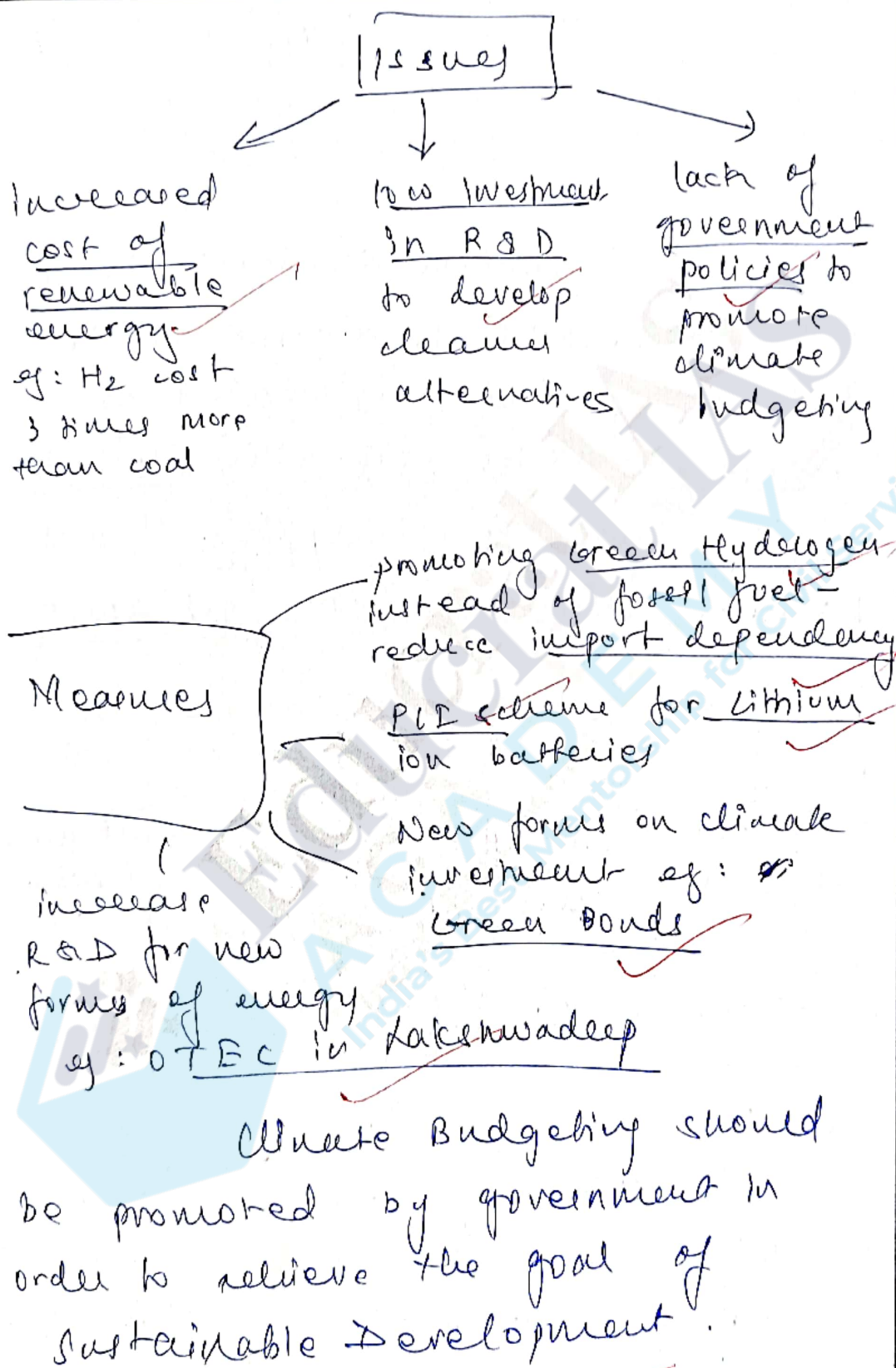
It can lead to an inclusive, low emission and climate resilient growth.

1) Decrease in government's fiscal deficit eg. reduced subsidy burden on coal

2) Promote savings and investments  
eg: low emission → reduced health issues → low out of pocket expenditure → increased savings.

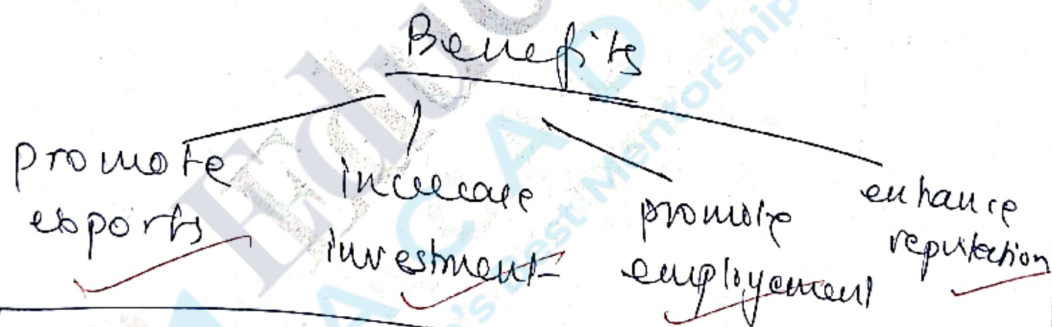


- 3) Disaster resilient infrastructure:  
loss of property will be reduced  
due to less damage by disasters  
like GLDF?
- 4) Better fund utilisation: savings  
can be used to promote social  
development — eg: health, education  
etc
- 5) Profitable for companies: no  
expenditure on assets like  
arrestors, scrubber etc.
- 6) GDP growth: according to WEF,  
the world lost \$1.2 trillion in 2021-  
22 due to climate change disasters
- 7) Develop potential for inclusive  
growth eg: women's participation  
will increase due to increased life  
expectancy if clean cooking fuel  
is used eg: Ujjwala scheme



16. Highlight the issues associated with the Special Economic Zones (SEZs) in India. Do you think that the Development of Enterprise and Service Hubs (DESH) Bill, 2022 can be a possible game changer in this regard? (Answer in 250 words, 15 marks)

Special Economic zones are designated territories within the country that are treated as foreign territories and where domestic trade laws do not apply. It was promoted through SEZ Act 2005.



Issues in SEZ

↳ Low realisation of policy impact: SEZ did not achieve target due to bureaucratic delays and slow implementation.



- 1) Imposition of MAT (now removed) made its profits less.
- 2) Federal issues: states did not allow proper functioning of SEZ due to fear of revenue loss
- 3) Structural barriers eg: delay in land acquisition, etc. environmental clearances etc
- 4) low investment by government during initial phase
- 5) low levels of connectivity via road, rail etc - forward and backward linkages

The DESH bill can be a possible gamechanger for SEZ.

- 1) Focus on deemed exports - allowing export within the territory
- 2) Removal of Minimum Alternate



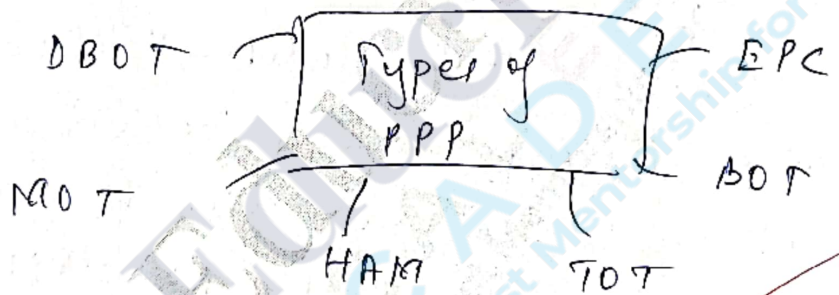
Tax promoting savings and investment.

- 3) No target for specific investment: investors free to decide their own targets
- 4) Focusing on Multimodal connectivity through Coastal Economic Zone, Sagarmala etc
- 5) Regional inclusivity: developing export zones in various regions rather than only in western sector of India
- 6) Single window portal for all clearances eg: Bhumi portal for land, e Sugam for environment etc
- 7) Synergy among ministries to reduce compliance burden.

The DESH bill still has issues like credit access, no fixed target, bureaucratic delays etc. Nonetheless it is a revamp of EEZ Act and can promote export potential to achieve Niti Aayog's goal of \$50 bn export target.

17. The collaboration of private and public sector is the key to the successful development of an investment model related to urban infrastructure. Discuss. (Answer in 250 words, 15 marks)

Public private investment in a hybrid model of investment partnership whereby both government and private sector contribute to infrastructure development according to agreed terms.



Need of PPP for infrastructure development in urban areas

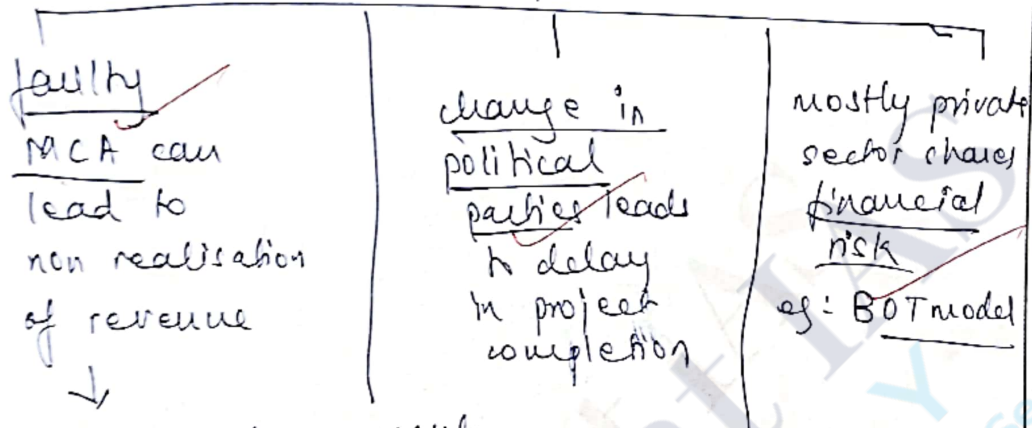
(P) Increasing urban population: urban population will rise to 40% by 2030 hence infrastructure demand will increase.





- 2) Blended finance: it will increase private investment and reduce government burden.
- 3) Better design and operations as private will bring their management and engineering skills eg: EPC model
- 4) Better quality of services due to private expertise - eg: Landlord Port Model - Vadkavan port
- 5) Risk sharing among both parties will reduce excessive burden on any one entity eg: HAM
- 6) Clear operations: government can provide all clearances while private can focus on engineering eg: Airport modernization under EPC
- 7) Regional connectivity, increased trade due to better infrastructure eg: AAD Highway.

Issues in PPP



long gestation leads to deferred leads to low investment  
Government has to resort to VGIF eg: SWAMIH

successor's hurdles cause low investment

Measures

Focus on Plug and Play modes to promote PPP in urban infrastructure

Use of municipal bonds to promote retail participation

New sources of finance like INVITS

focus on leasing arrangements.

PPP should be encouraged to meet the growing infrastructure needs of the urban populace as it is a viable alternative to government investment.

18. The newly launched National Logistics Policy not only has the potential to transform India's logistics ecosystem but also accelerate employment creation. Discuss. (Answer in 250 words, 15 marks)

India's cost of logistics amounts to 14-15% of its GDP which is high as compared to other developed nations.

The National Logistic Policy has potential to transform issues of logistic sector.

Issues of logistic sector

- 1) High cost — 14% of GDP
- 2) Low forward and backward linkage
- 3) Skewed development — eg: port only has 2%<sup>hold</sup> in the multimodal mix.
- 4) Lack of ~~synergy~~ synergy among the 4 nodes of logistics
- 5) Low R & D in promoting this sector



National Logistic Policy : transforming logistic ecosystem and creating employment

- 1) Reduce logistic cost to 8% from current 14%.
- 2) Multimodal mix in logistic sector  
eg: port trade to increase to 200 BRT by 2030 according to Maritime Vision 2030.
- 3) Increase connectivity among various states eg: Building National Highways from current 2% to 5%.
- 4) Synergy among various ministries eg: Coastal State's port
- 5) Create employment for building infrastructure eg: Keynesian policy.

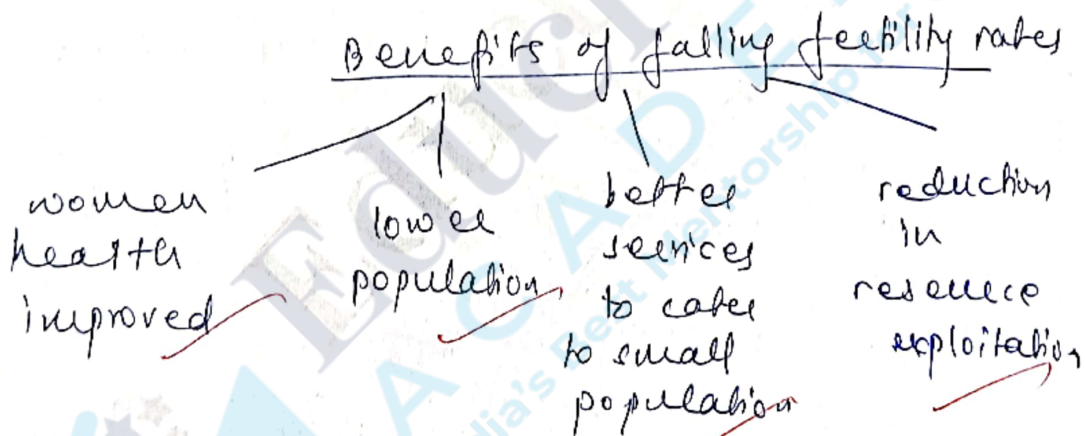


- 6) Promote country wide migration through ease of connectivity
- 7) Focus not only on travelling but storage, warehousing etc
- 8) Constructing Dedicated Freight corridors for increasing speed and timely delivery of services eg: Eastern Freight Corridor
- 8) Promoting environmental aspect in logistic sector  
eg: Green Shipping Corridor
- 9) Promoting foreign investment  
eg: World Bank investing in freight corridor.

National Logistic Policy can promote employment led growth via its various tenets and make India at par with other developed nations.

19. Do you agree with the view that declining fertility rates leave India with a nano demographic window to achieve its socio-economic objectives? What should be the policy focus to reap the demographic dividend in the years to come? (Answer in 250 words, 15 marks)

The fertility rates in India have declined to 2.1 and has fallen below replacement levels in many states according to NFHS-5.



However, lower fertility rates mean that India has a very low time to achieve socio economic development.

### Reasons :

- 1) Stop in growth of demographic dividend i.e. in future, working population will decline
- 2) Increase in demographic ageing : the current demographic dividend will age with no equal young population to take care of it.
- 3) Increase in dependency ratio : low young population and increasingly ageing population.

Hence, in order to reap the benefits of demographic dividend, certain policy measures are needed.

### Measures :

- 1) Increase in skill development



- to promote better employment  
eg: PM Kausal Vikas Yojana.
- 2) Increase in literacy level to achieve innovation eg: STEM
  - 3) Employment opportunities should be increased  
eg: Start up India
  - 4) Promoting free economy to reduce ~~Good~~ population dependence  
eg: Rashtriya Vayo Abhodaya Yojana
  - 5) Promote investment in infrastructure to reduce losses  
eg: 10% Post harvest loss in India
  - 6) Increase female participation: India can increase its GDP by 27% if women participate in economy.
  - 7) ~~Key~~ Brain Gain eg: opening foreign universities in India.

India needs to use its demographic dividend to promote growth else it can turn into demographic disaster.



20. With focus on the methodology used by different committees, explain how the estimation of poverty has evolved in India since its independence. (Answer in 250 words, 15 marks)

India currently has 10% population in the Below Poverty Line category. The method of calculating this poverty line has evolved since independence times.

Committees:

I Pre independence:

Dadabhai Nauroji → cost of jail

Living Index

good

• he calculated the nutrient intake of inmates and turned it into monetary criteria.

II Post independence:

↳ Planning Commission: calculated

BPL on basis of caloric intake.

2) Calculation continued for BPL on basis of nutrient intake for some time. Nutrient intake converted to monetary terms i.e. how much money needed to achieve the desired nutrient.

3) Y K. Alagh: separated nutrient needs for rural and urban areas

<u>Rural</u> 2500 kcal	<u>Urban</u> 2250 kcal
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4) Lakdawala committee: took into account inflation of various states while calculating money needed for desired nutrient intake

5) Tendulkar committee

a) included not only calories but

proteins, fats etc to calculate nutrients  
2) Proposed Fisher Price Index for BPL  
calculation

3) use of ~~Food~~ Mixed Recall Period  
for BPL needs

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    graph TD
      A[Mixed Recall Period] --> B[Food Index]
      A --> C[Non Food Index]
  
```

1) Kanya Rajan committee:

Use of Modified Mixed Recall  
Period :

- Perishables
- Non Perishables
- Non Food

2) Included caloric intake as well  
as health, education etc.

The recommendations of  
Kanyarajan committee were not accepted.  
India continued to follow the ideas  
of Tendulkar committee in determining  
its BPL category.

Good!