

Q.1) The Sustainable Development Goals are too many in number and too vague in substance to warrant any concrete ground results. Comment.

The Top Answer for this Question is written by – Praneeth

Ans) SDGs have replaced MDGs are to be achieved by 2030. They are more extensive than the MDGs which had 8 goals. However there have been criticisms that they are too many in number and too vague to bring about any substantial change:

1. 17 goals, 169 targets and 304 indicators are indeed huge numbers.
2. Some reports put the goals as too vague.

Positives:

— SDGs are too many in number because of inclusion of environmental goals&targets in addition to socio-economic targets.

— Some means have been included recognizing their critical role. E.g.: Means which resulted in achievement of MDGs such as inclusive growth, employment creation, etc.

Issues:

— Too many goals and targets increase complexities. A precise set of goals evokes enthusiasm and simplifies implementation.

— Vague goals complicate monitoring and affect accountability.

— Inclusion of means: Though they can guide policies, it has to be realized that countries have different problems and capabilities and 'One Size fits all approach' may not work.

— Complicates funding: Funding agencies can cite non-performance on certain vague goals to block aid. For e.g. rich countries can use non-performance on environment goals to block aid in general.

— Poor countries lack resources to implement all goals and thus, need to prioritize, but the SDGs don't

provide any such flexibility.

— Many countries lack information or mechanisms to capture information on large number of indicators.

The means included should have been merely mentioned rather than inclusion as goals. Also, prioritizing mechanisms, flexibility and clear funding commitments&mechanisms should be provided for success.

Q.2) Entrepreneurs were planted in backward resource rich areas, thinking that the growth done by them will trickle down to the local community. On contrary it led to drain of resources. Again investors are being invited to invest money in backward regions under "Make in India" initiative. Do you think it will give the similar results or will it lead to growth and development. Analyse.

The Top Answer for this Question is written by – The Rock

Ans) To achieve balanced regional development , policies like Industrial Policy Resolution , 1956 and Backward Region Grant Fund were introduced to induce entrepreneurs towards backward areas . However , inspite of being resource rich and governmental support , these areas has lagged in socio-economic development leading to inequalities in income , health and education accentuated by the drain of resources like skilled labour , capital and raw materials .

In this regard " Make in India " initiative will promote further investment in backward areas in following ways

1. The initiative promotes skill development to enhance employability especially in backward regions , which provides required labour for entrepreneurs
2. It focusses on employment intensive industries like textiles , food processing , MSMEs , etc which are mainly situated in backward areas
3. promote infrastructural and industrial development in backward regions by DMIC , BCIC and freight corridors
4. setting up of National Manufacturing Investment Zones in backward areas

However , factors that deters such investments are

1. Delay in land and environmental clearances impedes investment
2. complex business procedures and approval in backward areas
3. Poor market and backward linkages

Thus , Make in India will promote development in backward regions , provided rationalisation and simplification of regulations , fiscal incentives and institutional support is extended . This will help achieve faster , inclusive and sustainable growth.

Q.3) "Socio-cultural reasons play an important role in deciding the economic growth of a country. " Comment. Compare India's growth with the West based on the above statement.

The Top Answer for this Question is written by – Adityaka

Ans) The Household sector in any economy plays a crucial role generating growth by creating demand as well as creating investment cycles by saving. Socio-cultural factors play an important role in the growth of an economy this regard;

– Curtailment in economic participation of women due to the patriarchal inclination of Indian society adversely impacts the Indian growth story.

– Social issue of Child labour prevents primary enrolment and promotes school dropouts. This impacts realisation of a promising demographic dividend.

– The social and cultural value of gold makes it a viable household investment, thereby freezing a sizeable amount of money from being circulated in the economy. The gold monetisation scheme is trying to combat this phenomena.

– Cultural festivals see a temporary spike in growth of fast moving consumer goods.

In relation to the western countries;

– India being a tropical country sees productivity levels lower than those of the temperate countries.

– However, India has a large middle class section that is aspirational and places value on knowledge.

– Economic growth in the west is devoid of social factors such as a mobility based on caste system. The same restriction on mobility hampers economic job prospects in India, in turn affecting the economy.

– Western countries enjoy a very high dignity of labor.

Labour reforms in favour of economic participation of women, increasing the depth of financial markets to give a viable alternative to gold as an investment instrument is the way forward.

Q.4) JAM trinity is said to be an important cog in the growth wheel of India. How do you think it is essential for the development of the rural areas?

The Top Answer for this Question is written by – Adityaka

Ans) The convergence of Jan Dhan accounts, Aadhar and Mobile is a novel idea to involve the rural areas and make them an active cog in the wheel of Indian economic development.

Financial Inclusion:

Lack of penetration of financial services as well as lack of insurance is a critical aspect of rural economy. The Jan Dhan and Aadhar linkage will revolutize savings in rural areas and mobilize low quantity high volume resources.

Second Green Revolution:

This is said to increase land productivity and yield by using adequate amounts of fertilisers in accordance with soil quality. Dissemination of such information will be undertaken using mobile phones.

Poverty alleviation:

Various schemes such as Pahal for LPG gas, Demand driven employment guarantee under MGNREGA and TPDS need efficient targeting. The linkage between Bank accounts, Aadhar and mobile will ensure that the poorest of the poor are targeted.

Pluggage in leakages:

In concomitance to the previous point, government resource will be streamlined and diverted for other social sector schemes in education and health such as Sarva Shiksha Abhiyan and National Rural Health Mission.

However there are certain aspersions cast on the JAM trinity;

- The legal status of the UIDAI
- Requirement of giving up certain important rights to avail such services. It was in this light that the SC judgement asked the government to not make Aashar compulsory.

Addressing these issues and implementing the JAM trinity in its right spirit is the way forward.

Q.5) The base year and methodology for National Income Accounting has been changed. The new methodology has significantly revised the economic growth rate and put India at par with international standards of GDP estimation. How far this revision holds true to real economic growth of India?

[The Top Answer for this Question is written by – Gajendra Singh](#)

Ans) Recently the base year of GDP calculation has been changed from 2004-05 to 2011-12. The changed methodology is as under:

- Now GDP will be calculated at Market price at fixed price replacing factor cost at fixed price.
- This move is to take into account gross value addition in goods and services as well as indirect taxes.
- Trade of manufactured goods will come under the manufacturing sector earlier it was in service sector. New activities like recycling industries have also been included.
- GDP data will now be based on more than 5 lac companies under MCA-21 scheme.

This move is to cater the growing demand of harmonizing Indian economy with the global economy. However, this change has trigger debate since its inception. This could be understanding as under:

-The economic growth rate of the year 2012-13 was 5% and in 2013-14 it is 6.6%, however the rate of capital formation has declined (37% to 33%).

-There is deflation in country but data is showing increase in the demand(inflation).

Changes in the GDP are not reflecting the other sectors like profitability of companies and tax collection.

-The chief economic adviser and RBI governor both have expressed their concerns on this however, looking at the growing integration of Indian economy with world economy and under the provision of National System of Accounting of UN and IFSR of IMF this change was necessary.

Q.6) The government of India and RBI has signed an agreement on Monetary Policy Framework. Describe its salient features. Do you agree with the floating Inflation targeting policy of India?

The Top Answer for this Question is written by – Draconian

Ans) Monetary policy is based on a wide set of information that includes an inflation forecast; transparency in operations; and accountability mechanism.

In the backdrop of Inflation ,high food prices in India ,Ujit Patel Committee was formed on the monetary policy framework which observed that RBI which until now take care of employment , Inflation,exchange rate and various multi point indicator shall restrain it's target only one Indicator i.e on Inflation on the likes of Bank of Singapore.

Highlights of the Monetary Policy Framework Agreement are:

–it will be operated by the central bank which preempting the long standing friction between FM and RBI governor.

–The ultimate objective is to maintain price stability and reduced volatility in prices

–India's central bank will aim to bring inflation below 6 percent by Jan 2016 which would vary between a 2% band while bringing the taming inflation to forefront for RBI giving secondary priority to interest rate cut, thus somehow resolving the growth-inflation dilemma.

–It requires the RBI to give out to the Central Government a report in case the target are missed for a period of time,citing reasons and remedial actions.Also, need to give an estimated time-period within which it expects to return to the target level.

Inflation targeting policy is a monetary policy strategy used by central banks for maintaining prices at a certain level or within a specific range while using methods such as interest rate changes, this could help guide inflation to a targeted level or range. This policy is designed to assure price stability.

How it works for India

- Countries adopting inflation targets have tended to have lower and more stable inflation after the change than before, and the framework has proved durable
- There is an explicit inflation target which was announced to the public and the monetary authorities aim to hit that target at a defined point in the future;
- It contains the inflation and in turn achieve price stability in the market helping economy to achieve sustainable long term growth.
- With the adoption framework, India joins countries such as the US, UK, Brazil, Indonesia and South Africa that have a formal inflation target
- increases the investor confidence and can bring in much needed funds for improving infrastructure and creating employment thereby initiate success. "Make in India".
- Reduction in inflation increases the saving rate making more capital available for investment. and Gold will be just a redundant investment option in the scenario of tamed inflation which will reduce Current account deficit.

To modernize the monetary policy in India, to begin with, regional report like the Beige Book can be initiated therefore Models which are used for forecasting inflation should be placed in public domain to establish credibility and inspire confidence

Its been a big positive step for the economy, as it institutionalizes the monetary policy framework and ensures RBI follows a prudent monetary policy henceforth and If the desired results are achieved, it can accelerate India's march to economic prowess in the world.

Q.7) What are the recommendations of Shanta Kumar Committee. Do you think the replacement of PDS with Direct Benefit Transfer will bring a positive change?

[The Top Answer for this Question is written by – JKM](#)

Ans) After Food Corporation of India (FCI) has failed in Procurement, storage and Distribution of food grains, government has set up Shanta Kumar Committee on FCI restructuring, whose recommendations are as follow:

Procurement:

- i) Outsource procurement to state government who are well experienced and focus on East UP, Bihar, WB and Assam.
- ii) Farmers should encourage to deposit his produce to an authorized-warehouse, get a receipt and take loan.
- iii) Buffer stock reform needed because FCI has overcrossed buffer stock norms which led to wastage of money, rotten grain and shortage in open market which result to food inflation.

Storage:

- iv) FCI should gradually outsource grain storage function to CWC, SWC and Private sector under private entrepreneur Guarantee scheme on competitive bidding.
- v) Shift from godowns to Silos with mechanized assemblies like Madhya Pradesh is doing already
- vi) End to end computerization and online tracking of entire system
- vii) Transportation of grains should be in containers instead of gunny-bags which will reduce losses.

Distribution:

- viii) Instead of PDS government should give DBT to farmers and consumers both. By this, the role of middleman and leakage can be reduce very much.
- ix) And lastly, Government should limit NFSA to bottom 40% poor because it does not have much financial resource to cover 67% population.

Above recommendations are very much required to implement because the Food security issue is no more remain domestic affair but at global level (IMF) it is highlighted. Government can no more afford to wastage of grains so shifting to DBT will be a positive step, but that is possible only if financial inclusion is there and for that schemes like Jan Dhan yojna should be encouraged.

Q.8) 'The idea of GST looks good on paper. But its implementation on field may create confusion amongst enforcing authority and public'. Critically analyse.

[The Top Answer for this Question is written by – Cosviny](#)

Ans) The Idea of GST is contemplated as 2 % add on GDP growth By Finance Ministry which may or may not be true but few confusions can be taken as puzzles to solve as challenges amongst authority are :-

1. The GST regime is a proposition of federal landscape where some curtailment of states' freedom is inevitable. Individual states will lose their right to to tax commodities at the rate they want to GST council.
2. GST is a major shift toward Indirect taxation. The poor and the working classes spend a greater proportion of their income on essential consumption compared to wealthier classes. Thats why is is regressive compared to Direct taxes. how the authorities are going to make corrective for the issue is a great challenge.
3. There are also various inter state regulatory requirements that involved detailed documentation like permits, way bills, tax invoices and delivery notes etc. for which state

machinery may not be adequate. the existing machinery is not adapted to high technology IT and computerized tax regime in both centre and state. It pose a greater challenge like how to achieve capacity building or other alternative like new recruits or replacement.

4. the small and tiny units would lose to large scale production gains as small units produce and sell locally only. Small sector that would be outside of the GST net would not be able to sell to the large scale sector due to lack of receipts for payment of value added tax, unaffordability of computerization of accounts etc. Unorganized sector employing 93 % of the workforce. It very crucial to address this problem.

Severe Hurdles and acute challenges are there before enforcing authorities if they are adequately sensitive to the less advantaged population and fear of its lagging behind while there is no denying the fact that GST is progressive for economy by removing many distortions and inefficiencies of it.

Q.9) What are the problems faced by Insurance Sector in India. Do you think private players should be allowed to compete with Government.organizations in this sector?

[The Top Answer for this Question is written by – Khwabeeda](#)

Ans)

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Q.10) What do you understand by food processing? How can food processing help in ensuring food security?

[The Top Answer for this Question is written by – Mani](#)

Ans) Food processing is the process in which food treated to make it edible. It involves process like cleaning, washing right form farm gate to preparing different products and packaging.

Food processing leads to transformation of food from being a raw material to processed meal.

Food security means adequate availability, accessibility and affordability of food. Food processing can help in ensuring food security:

1. Food processing industry can provide a sustainable source of income to employees, poor farmers.
2. It can reduce wastage through efficient packaging.
3. The food processing industry is supported by high quality supply chain management, so it can ensure availability of food in remote areas.

4. Reducing the cost of food processing by increasing competition, supporting the industry will reduce the price of food products.
5. It increases the choice of food, thus even when a person is not able to eat one thing (due to disease or other reasons) he can try other foods.
6. Dairy products can be made cheap and of good quality through food processing.

Food processing has immense potential in improving food security and efforts must be made to develop the industry. Indian govt has taken steps like Mega Food Park scheme, Supply chain management scheme.

Q.11) Despite of knowledge of the ill effects of pesticides, farmers still use high doses in their agriculture. What is the reason of this excessive use of pesticides. What steps can be taken to check this growth?

The Top Answer for this Question is written by – Yogesh Bhatt

Ans) Reason for excessive use of pesticides

- 1'- use of hybrid seeds which need intensive care and protection.
- 2'- High investment in other inputs like tillage, fertilizer, labor and so on lure farmers to use pesticide to avoid any crop lose by insect and pest attack.
- 3'- farmers are also looking for short cuts to control pest
- 4'- propaganda and huge publicity for chemical industry
- 5'- conventional methods are not much effective against new pest.
- 6'- subsidized products by government
- 7'- Mono culture cropping practices.

How to control?'

- 1'- bring back local seeds, composite, and improved varieties, not follow blindly high cost hybrid
- 2'- Multiple cropping practices
- 3'- Mix of organic farming and gradually shift to organic farming
- 4'- physical, mechanical methods need to promote against pest
- 5'- promotion of friend insects in field
- 6'- Deep summer plough, use of light trap, and many other conventional practices need to bring back.
- 7'- Agriculture university itself need to shift focus from chemical intensive agriculture to other methods and same need to transfer through KVKs and other agriculture workshops.

Remember more chemical, more resistance development in pest and in coming year more powerful pest in field. so it is a vicious cycle, to break it need a shift in agriculture practice itself. Conventional agriculture model, organic farming, and SRI practices are better alternative.

Q.12) Indian farmers are still heavily dependent on monsoons. Where is the Government lacking in meeting the water requirements of the farmers? What steps should be taken?

[The Top Answer for this Question is written by – SBT57](#)

Ans)

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Q.13) What is meant by merchant banking? Discuss in detail the various functions performed by merchant bankers.

[The Top Answer for this Question is written by – Rahul Agarwal](#)

Ans) Merchant banking is the term used for the functions performed by financial institutions in the capital markets of an economy.

Merchant bankers usually work in the primary market segment where new securities are issued. They act as market makers, by helping companies judge the right price of their offerings, do the exercising of underwriting, and also help companies in finding rights targets and valuations for mergers and acquisition.

Some of the common functions of merchant bankers are:

A. Book building : It's an exercise done when company want to raise money from stock market. Under book building, bids are invited from the investors so as to enable the price discovery of the offering.

B. Underwriting: Underwriting means assuring the sale of new stock by transferring risk on merchant bankers. In case a stock is under-subscribed, merchant bankers buy the remaining of the offerings.

C. Mergers and Acquisitions: often companies look right targets of mergers and acquisition, to expand their business and profitability. Merchant bankers provide their expertise in selection of right targets and right valuation for the deal.

Some of the well known merchant bankers are JP Morgan chase, Nomura Financial services, Merrill Lynch working in our country.

Q.14) What is meant by Corporate Governance? Write a note on mandatory recommendations of the Birla Committee.

The Top Answer for this Question is written by – Draconian

Ans) The framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with its all stakeholders (financiers, customers, management, employees, government, and the community).

The corporate governance framework consists of

- (1) explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights, and rewards,
- (2) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles,
- (3) procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances.

SEBI in 1999 set up a committee under Shri Kumar Mangalam Birla to promote and raise the standards of good corporate governance. Its primary objective was to view corporate governance from the perspective of the investors and shareholders and to prepare a 'Code' to suit the Indian corporate environment.

The committee recognized three key constituents i.e. Shareholders, Board of Directors and Management, their roles and responsibilities and their rights in the context of good corporate governance .

The committee stated that the fundamental objective of corporate governance is the "enhancement of shareholder value, keeping in view the interests of other stakeholder under which it divided the recommendations into two categories, namely, mandatory and non-mandatory.

Mandatory are those which are absolutely essential for corporate governance can be defined with precision and can be enforced through the amendments which are as follows:

- ? Applies to listed companies with paid up capital of Rs.3 crore and above and Composition of board of directors should be optimum combination of executive & non-executive directors.
- ? Audit committee should contain 3 independent directors with one having financial and accounting knowledge along with setup of Remuneration committee
- ? The Board should hold at least 4 meetings in a year with maximum gap of 4 months between 2 meetings to review operational plans, capital budgets, quarterly results, minutes of committee's meeting.
- ? Director shall not be a member of more than 10 committee and shall not act as chairman of more than 5 committees across all companies

–? There should be a preparation of anytime review of discussion and analysis of report related to industry structure, opportunities, threats,risks, outlook, internal control system and any information regarding shareholders in regarding their investments should be conveyed to tthem

Q.15) What are the reasons which leads to internationalization of business and investment? What are the sources of international infrastructure financing?

[The Top Answer for this Question is written by – Cosviny](#)

Ans)

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Q.16) Critically evaluate India's Free Trade Policy in the post-reform period.

[The Top Answer for this Question is written by – Rahul Agarwal](#)

Ans) India's trade policy took a paradigm shift after 199 reforms from protectionist to more integrative to world economics. By becoming a party to world trade organization in 1994, certain progressive changes have been brought to trade policy, These are:

- A. Quantitative barriers such as import -export quotas have been gradually abolished
- B. Peak tariff duties from tunes of 90-100% have been reduced to 10-15% in a phased manner
- C. canalization of products eg routing them through public sector units have been reduced to only limited industries like fertilizers and oil etc.
- D. Rupee has been made convertible on current account.
- E. Schemes like Focus market scheme, Focus product scheme have been launched to give incentive to Indian exports.
- F. Special enclaves like SEZs and EPZs are created for export purpose.

Still, India's total share in the world trade is to the tune of only 1-2%. Our exports have been contracted for last 10 months consecutively. We are running a wide trade deficit for a long time. Some of the reasons responsible are:

- A. Lack of supporting infrastructure like power, port linkage
- B. Lack of skills among labours required for manufacturing
- C. Inverted duty structure eroding competitiveness
- D. Stuck labor reforms discouraging business expansion
- E. Ease of doing business in India is still far behind the comparable countries.

Thus, despite having a well drafted policy, our foreign trade is still more import oriented.

**Q.17) "Development projects are considered as temples of modern India."
Justify your answer with reference to their impact on environment and health.**

[The Top Answer for this Question is written by –](#)

Ans) Although, India has witnessed spectacular growth after independence, it is far behind in levels of development. There is stark inequality in Indian society, with vast stretches of tribal areas, villages, hilly areas etc are still grappling with lack of roads, connectivity, power , health services etc. Therefore, development projects are required to use our natural resources and our human capital for ensuring inclusive growth.

We need power plants for uninhibited supply to industries and farms, we need multi-purpose projects for ensuring irrigation, we require all weather roads for connectivity, and we need iron and steel plants for development of infrastructure. Thus, developmental project are rightly viewed as temples of modern India.

But it has also been observed that, these projects have largely been exploitative rather than transformative in nature. They are particularly damaging to environment and health of a region:

- A. Cutting of forests for commissioning plants
- B. Practices like open cast mining causing air and soil pollution
- C. Discharge of toxic effluents in water bodies
- D. Threat to the bio-diversity of a region
- E. Exploiting tribal and rural people to work in unhealthy conditions.

Therefore, for developmental projects to be sustainable they need to be in harmony with environmental and social dimensions also. This could be ensured by:

- A. Empowering PRIs to conduct credible environmental impact assessment
- B. Strict enforcement of the polluters pay principle.
- C. Creating a scientific land use program.
- D. Ensuring proper monitoring for waste disposal by industries.