

1. Improving the job landscape in the rural sector is imperative to provide the much-needed fillip to the economy. Comment.

ग्रामीण क्षेत्र में नौकरी के परिदृश्य को बेहतर बनाना अर्थव्यवस्था के लिए बहुत जरूरी है। टिप्पणी करें।

Demand of the question:

It expects students to write about the criticality of improving job landscape in rural sector to give much needed fillip to the economy.

Introduction:

India is predominantly a rural country. As per the 2011 Census, 68.8 per cent of country's population and 72.4 per cent of workforce resided in rural areas. Rural economy constitutes 46 per cent of national income. Despite the rise of urbanization more than half of India's population is projected to be rural by 2050. Thus growth and development of rural economy and population is a key to overall growth and inclusive development of the country in post COVID-19 India.

Body:

Rural sector as driver of Economic fillip:

- If there is no universal access to a Covid-19 vaccine for another 18-24 months, then businesses in safer sectors and locations are likely to do well, here rural sector might act as net gainer.
- In rural India, where it is naturally easier to have physical distancing and outdoor work. This may shift the focus from urban markets to rural markets, for both demand and production.
- As per NITI Aayog report, more than half of Indian industrial production comes from the rural areas. Rural construction also accounts for nearly half of the total building activity in the country. The value of rural services is about a quarter of the total services output.
- Surplus labour: Livestock, fisheries, dairy, vegetables, fruit and food processing are more labour-intensive and high value-yielding.
- Infrastructure investment: Local initiative for building community infrastructure, like water harvesting, canal irrigation network, hubs for community market centers etc. may generate employment opportunities.

As migrants returned to source states, agriculture may face overcrowding and cannot sustain surge of labourers. It is possible that eventually reverse migration will take place and urban centres will return to economic growth with reduced supply chain constraints. Rural employment has shrunk after 2005 while the urban areas have not been able to absorb the millions who are leaving the farm. Rural India is incapable of absorbing the estimated 23 million interstate and intrastate migrant labours who might return home from urban areas due to the COVID-19 lockdown. However to

reduce the plight of migrant exodus witnessed during forced lockdown indicates necessity to address root cause of such crisis which lies in the developmental deficit.

Need to improve job landscape in rural sector of India:

- Agriculture has accounted for less than half of total rural output since the turn of the century. On the other hand, National Sample Survey Office (NSSO) data shows that more than one-fifth of rural households with self-employment in agriculture have income less than the poverty line.
- Agriculture labour productivity in terms of gross value added (GVA) in India is less than a third of that in China and 1% of that in the US. Rural sector is net importer vis-e-vis urban areas which indicate outward flow of money, which highlights critical need of new jobs.
- About MGNREGA: Need to increase the number of days per household from 100 to 200 days for this year. Another approach would be to let families work as much as they wanted to – even if the number of days exceeded 100 – as long as the state average of labour days per household did not cross 100.
- Food processing sector: After many decades of neglect in research and development, lack of market access, on- off policies for exports, and market distortions, the present adversity may be a timely opportunity for this sector.
- Entrepreneurship: Local production of items of local requirement, the local weavers, artisans and craftsmen may establish micro enterprises and form local community marketing cooperatives.
- Agri-tech start ups will be crucial for developing innovative digital solutions to maximise productivity, improve market linkages, increase supply chain efficiency and provide greater access to inputs for agri-businesses.
- E-commerce platform for local products: On the lines of Amazon India initiative for tribal products of Telangana, rural crafts can be availed on major e-commerce sites with authentic branding with the help of state governments.

These measures or innovations need support of a suitable policy framework and reforms in pricing policy, tax, market access, credit and rural infrastructure, like warehouses and cold storage. The next two years or so of how we learn to live with corona virus can redesign the economy towards safer and more sustainable production and consumption, with agriculture and the rural economy as its strength, rather than its weakness.

Conclusion:

In this economic pandemic, the lifeline of Indian economy lies in the transformation of the rural sector into a matrix of local economies, striking a balance between their diversified local production for local needs and surplus trading.

2. Will it make sense to put an additional tax burden on the super-rich to mobilise revenue at the time of COVID-19 pandemic? Substantiate your views.

क्या COVID-19 महामारी के समय राजस्व जुटाने के लिए अत्यंत धनि लोगों पर अतिरिक्त कर का बोझ डालना समझदारी होगी? अपने विचारों को सारगर्भित करें।

Demand of the question:

It expects students to write about viability of the demand of additional tax burden on the super-rich to mobilise revenue at the time of COVID-19 pandemic with substantive argument.

Introduction:

IRS association paper, Mission Jai Hind in India proposed by economists and activists suggested ideas of raising tax burden on super-rich to fight the impacts of COVID-19. There have been demands of additional tax on super rich to deal with unprecedented fall of revenue of government inspired from Peru's proposed 'solidarity tax' to mitigate the economic impact of the COVID-19 pandemic.

Body:

In late-March, the government announced an economic package of \$22 billion (amounting to 0.8% of GDP). In second week of May, a second economic package was announced, which amounts to nearly 10% of India's GDP. It includes the first economic package and a slew of credit guarantees and liquidity enhancing measures that hardly qualify as fiscal stimulus.

Case for solidarity tax on super-rich:

- India desperately needs solidarity and wealth taxes to boost direct tax revenues that would decline drastically this year due to lockdown and social distancing measures implemented in response to COVID-19.
- Need of fiscal stimulus: Given the magnitude of humanitarian and economic disaster in India, the government should not worry about fiscal deficit numbers. This is the right time to abandon fiscal fundamentalism as India badly needs a strong fiscal stimulus to mitigate COVID-19 shocks which need additional revenue.
- There is no denying that India has the potential of greater domestic resource mobilisation by imposing wealth, inheritance, and estate taxes, in addition to raising the income tax slab for the super-rich.
- Quantity of ultra super-rich: While India is still home to 180 million poor people, the country has the world's fastest-growing population of millionaires. According to a report by Credit Suisse Research Institute, there are 7,59,000 dollar millionaires in India. According to Hurun Global Rich List 2020, India occupies the third position globally (after China and the US) with 137 dollar billionaires.
- In 2016, government abolished the wealth tax introduced way back in 1957. The wealth tax was replaced with an extra 2 percent surcharge on the super-rich individuals with a taxable income of over Rs 10 million. In the 2019-20 Union Budget, the Finance Minister proposed enhancing the super-rich's surcharge but soon withdrew it. Last year, the government slashed the maximum corporate tax rate from 30 percent to 22 percent. The revenue

foregone on reduction in corporate tax would be Rs 1.45 trillion annually, not an insignificant amount.

- Despite experiencing higher growth rates over the past two decades, India's tax-GDP ratio is abysmally low primarily due to low direct tax base, parallel economy, and unorganised sectors of the economy. India's tax-GDP ratio (excluding states' share in taxes) was 10.9 percent in 2019, far lower than the average OECD ratio of 34 percent. According to official statistics, only 14.6 million individuals (less than 2 percent of the population) paid income tax in India last year. On the other hand, indirect taxes (such as excise taxes) impose a greater burden on poor people, thereby aggravating the already high degree of inequality in India. In recent years, there have been frequent demands to reform India's regressive tax system and to make it more equitable.
- A policy paper quickly withdrawn due to huge criticism; 'Fiscal Options and Response to Covid-19 Epidemic', submitted to the Central Board of Direct Taxes (CBDT), recommendations include enhancing the income tax rate to 40% for those earning over Rs 10 million; re-introduction of wealth tax for those with a net wealth of Rs 50 million; a one-time COVID-19 cess of 4% on taxable income of over Rs 1 million; and increasing the surcharge on foreign companies operating in India.

However, Prime minister in his one of the Independence Day speech highlighted the importance of wealth creators and honour to wealth creators; he stressed point of wealth creation as necessity for wealth distribution.

- Targeting: Typically only a small number of individuals often salaried bear the additional tax and/or cess, while another sizeable segment of the super-rich is believed to unfairly evade such tax burdens.
- Tax harassment rather tax terrorism: Repeatedly imposing new cess/surcharge on a small group of captive tax-payers is not only unfair to them and acts as a disincentive, but also goes against the principle of lowering the tax rate along with broadening the tax net adopted since the economic liberalisation in 1991 (when the highest income tax rate including surcharge used to be as high as 56%).
- Fewer rich people: high marginal rates of taxation on income and wealth would produce adverse incentives to work which would reduce the overall size and growth of the national pie.
- Against fundamental economic principles: Laffer Curve' suggests that, as tax rates go up, initially tax revenue increases but eventually at some 'very high' rates of tax, tax collection begins to fall. For instance, 97% rate (the top tax rate, including surcharges, in Indira Gandhi' s Budget of 1970-71) is generally regarded as 'too high' as tax payers in that bracket would either prefer not to earn extra income or make all kinds of efforts to evade paying taxes, including sending capital abroad or migrating to countries with lower taxes.
- Era of digital economy and tax heaven countries: In today's scenario technology allows capital and income to fly from one destination to other in few seconds, competition of tax heaven countries could foil attempts to increase additional taxes on super rich.

Even though, there is no denying fact that in time like this, the so-called super-rich have a higher obligation towards ensuring the larger public good. This is for multiple reasons – they enjoy a higher capacity to pay with significantly higher levels of disposable incomes compared with the rest, they have a higher stake in ensuring the economy springs back into action, and their current levels of wealth itself is a product of the social contract between the state and its citizens.

Most high-income earners still have the luxury of working from home, and the wealthy can fall back upon their wealth to cope with the temporary shock. In view of several European economists, taxing the wealthy would be the most ‘progressive fiscal tool’, as wealth is far more concentrated than income and consumption.

Conclusion:

Even capitalist countries like United States during emergency time of World War 2 increased taxes up to 90% for significant period of times. However, policy makers should think of other sustainable innovative measures to raise resources and additional tax burden can be last resort.

3. What are the most potent threats to India’s cyberspace today? Explain. What are the institutional arrangements in place to address these threats? Examine.

आज भारत के साइबर स्पेस के लिए सबसे प्रबल खतरे क्या हैं? स्पष्ट करें। इन खतरों को दूर करने के लिए संस्थागत व्यवस्थाएं क्या हैं? जांच करें।

Demand of the question:

It expects students to write about the most potent threats to India’s cyberspace along with efficiency of institutional arrangement in place to address these threats.

Introduction:

A cyber security firm Cyfirma has warned against a potential cyber attack from hacking groups in China in retaliation for the violent clashes between armed forces in India and China. Reports of ‘incident’ happened in Kudankulam Nuclear power plant in last September was related to cyber security, highlights threats posed to cyberspace of India by various elements based in national and international arena.

Body:

As the lack of digital literacy, substandard quality of devices used to access internet, import dependence, lack of skilled manpower makes Indian cyberspace vulnerable to cyber threats. The digital economy today comprises 14-15% of India’s total economy, and is targeted to reach 20% by 2024. India has more than 120 recognised data centres and clouds. The average data consumption per person a year is in the range of 15-20 gigabits.

Threats to India's cyberspace:

- Threats to Critical information infrastructure: As it is essential to the functioning of a modern economy, security and other essential social services. Critical information sectors in India include Power, ICT/Communication, Finance/Banking, Transport and e-governance. A minor disruption at one point could have a rippling effect across multiple infrastructures.
- As tool of Proxy warfare: China has built strong 'cyber offense force'. Hacking groups of Pakistan and China, external intelligence agency of Pakistan has started using cyber space as tool to attack security and economic infrastructure, which might hamper India's growth trajectory. These countries are acquiring offensive capabilities by building bits of software called 'cyber weapons' to do enormous damage to the adversary's networks.
- Threat to economic security: Sectors such as healthcare, retail trade, energy and media face advance persistent threats (APTs), as the latest reports of an Israeli spyware allegedly used to spy on Indian journalists and human rights activists attest. These incidents relating to data leakage, ransom ware, ATM/credit cards denial of service, diversion of network traffic intrusion in IT systems and networks using malware are on rise.
- Threat to IT infrastructure: As India is renowned IT service provider to the rest of the world; compromise on the security of IT infrastructure will be huge risk to India's service sector.
- Advance technologies: With more inclusion of artificial intelligence (AI), machine learning (ML), data analytics, cloud computing and Internet of Things (IoT), cyberspace has become a complex domain, giving rise to threats of complex nature. Attacks on embedded systems and IoT have also registered a sharp increase of late. Such incidents are being launched from cyberspace of different international jurisdictions.

Institutional arrangements in India:

- National Critical Information Infrastructure Protection Centre (NCIIPC) to battle cyber security threats in strategic areas such as air control, nuclear and space. It will function under the National Technical Research Organisation, a technical intelligence gathering agency controlled directly by the National Security Adviser in PMO.
- National cyber coordination centre (NCCC) to scan internet traffic coming into the country and provide real time situational awareness and alert various security agencies.
- A new Cyber and Information Security (CIS) Division has been created to tackle internet crimes such as cyber threats, child pornography and online stalking.
- Under this, Indian cyber- crime coordination centre (I4C) and Cyber Warrior Police force has also been established.
- Ministry of Defence formed Defence Cyber Agency in the realm of military cyber security. Indian Computer Emergency Response Team (CERT-in) to enhance the security of India's Communications and Information Infrastructure through proactive action and effective collaboration.

- CERT-fin has also been launched exclusively for financial sector. CERT-in is also operating Cyber Swachhta Kendra, a Botnet Cleaning and Malware Analysis Centre.
- Government inaugurated the new body National Information Centre Computer Emergency Response Team (NIC-CERT) to prevent and predict cyber-attacks on government utilities.
- Cyber Surakshit Bharat Initiative to strengthen Cyber security ecosystem in India. It is first public private partnership of its kind and will leverage the expertise of the IT industry in cyber security.
- Information Technology Act, 2000 (amended in 2008) to provide a legal framework for transactions carried out by means of electronic data interchange, for data access for cyber security.

Steps to be taken:

- There is need to strengthen National Cyber security Coordinator (NCC) to bring about much-needed synergy among various institutions and work out a coordinated approach to cyber security, including cyber deterrence.
- India needs to make a proper assessment of an offensive cyber doctrine.
- National cyber security strategy, 2020 is need of the hour to ensure a safe, secure, trusted, resilient and vibrant cyber space for our Nation's prosperity.
- The concept of 'active cyber defence' is generally being adopted to address the new challenges; India should devise its own strategy on the lines of Examples like EU's General Data Protection Regulation (GDPR).

As the global multi-stakeholder model of internet governance is showing cracks. UN could not decide norms of global cyber behaviour. India should not left behind in advancement in fields of cyber security and need to rethink joining Budapest convention on cyber security.

Conclusion:

Stress on development of cutting edge technology in the field of cyber security along with capacity of skilled human resources can make Indian cyber space robust, irrespective of changing norms of cyber behaviour at global level. Priority to cyber security is no longer optional but one of the pillar of India's internal and external security.