

Q1. What are your expectations with today's budget? Please outline five areas where you would like to see some intervention.

Approach

Candidate is required to understand the importance of this year's budget. A broad theme of expectations can be outlined in first part of body and then major five areas can be stated, that should be priority of government for spending. Answer can be concluded with similar historic budgets of the past with a way forward.

Introduction

Budget of 2021 is historic in several sense. We have witnessed once in a century slowdown and an urgent economic intervention with a lightning reforms is expected to revive economy. GDP fell sharply when lockdowns restricted activities, and has bounced back once lockdowns were lifted, particularly as the infection-fatality rate of coronavirus in India has turned out to be much lower than feared earlier. Hence a budget for already thriving economy is expected.

Body

1. Providing impetus to investment and spending

- The pandemic has adversely hit the savings and consumption in the economy. To boost consumption the government may consider a one-time tax deduction for all individual taxpayers in respect of expenditure incurred by them on travel & stay in India, purchase of electronics, white goods, and vehicles, that are manufactured in India. This would help provide impetus to the ailing hospitality industry and give boost to make in India.

2. Healthcare

- After the pandemic-hit year, India's healthcare sector is looking for holistic reforms like reduction in taxes on healthcare and treatment besides higher budgetary allocation. Better allocation for pharma research is also on the cards.

3. Defence

- The government's defence spending got a boost last year in the wake of the conflict with China at the Ladakh border. The government is likely to announce higher budget allocation for the defence sector, with focus on indigenous procurement and R&D.

4. Increase in government spending

- This Budget is also likely to see increase in government spending on infrastructure, both urban and rural. Not only will this help generate employment for people who have lost their livelihoods due to the pandemic, particularly the unskilled and semi-skilled workers, but would help rekindle both rural and urban demand. This is extremely important for India

5. Incentivizing the employment creators (start-ups)

- Indian Start-up eco-system, though still developing, has been instrumental in creating 21 unicorns valued at USD 73.2 billion and it is expected that more than 50 start-ups might join the unicorn club as early as 2022. They are going to be an important part of the vision of "local to global".

6. Education Sector

- There has been a paradigm shift in the mode of learning and teaching method and also in the meanwhile of challenging pandemic there has been approval of The National Education Policy (NEP) by the Union Cabinet. technology in Education, guidelines for NEP implementation, Rural education, Primary Education considering health of students along with their ability to pay tuition fees are important factors.

7. Incentives to promote ease of doing business

- Among the chosen 190 countries, India ranked 63rd in Doing Business 2020 from 142nd in 2014 as per the World Bank Report. The Indian government envisions to take the country to the top 50 in the global Ease of Doing Business rankings.

8. Agriculture

- The government may increase its overall agriculture expenditure to pacify farmers protesting against its farm laws. Steps are also expected for expansion of warehousing and storage capacities.

9. Railways

- Privatisation of trains and infrastructure development remain top priorities for the Indian Railways. While budget allocation may see only a marginal rise, measures may be announced for better public-private partnership (PPP) in passenger train operations.

Conclusion

There is no denying that the economy is facing trying times and it may not be easy for the government to provide "please all solutions". However, with the receptiveness shown in hearing out all stakeholders concerns, we can expect that Budget 2021 to be a reformist one that will place the economy firmly on a high growth trajectory.

Q2. What are the factors leading to high numbers of tax litigation in India? What are its implications for the business climate? What measures have been taken recently to reduce tax litigations? Examine.

Approach

Since question is asking you to examine which is to probe deeper into the topic and understand the topic in detail. Here a candidate is expected to investigate and establish the key facts and issues related to the question.

Introduction

The tax dispute resolution mechanism in India is multi-layered and time consuming, affecting the environment for doing business in India. The country has an extensive tax appeals system that goes up to the Supreme Court of India. However, this system is subject to overuse. The income tax department is a major generator of tax appeals filed under the current dispute resolution procedure.

Body

FACTORS LEADING TO HIGH NUMBERS OF TAX LITIGATION IN INDIA –

- Compared with other countries, India's tax litigation numbers, pendency, and resolution times are significantly higher.
- India's income tax department has a very low rate of success in its tax appeals compared with other countries.
- A taxpayer, after receiving an assessment order, can take an appeal through four appellate forums – CIT (Appeals), ITAT, High Courts, and the Supreme Court. The current tax litigation process in India could take 12-14 years (if appeals go up to the Supreme Court) to resolve a tax dispute.
- The lag is mainly because no timelines are mandated for conclusion of proceedings at the appellate forums, significant workload, lack of a fast-track dispute resolution mechanism, etc.
- If an order is passed by the appellate authority [i.e., the CIT(A)] in favour of the taxpayer, the assessing officer has the statutory power to challenge the order passed by the CIT(A) to the ITAT, High Court, and the Supreme Court. This appeal process is the primary reason for long pendency of tax disputes.

IT'S IMPLICATIONS FOR THE BUSINESS CLIMATE –

- Litigation is a pressing concern for all corporates in India and a consequence of tax uncertainty, inconsistent application and law-related ambiguity.
- A number of cases that have emerged in the recent past have drawn media attention globally and alarmed foreign investors.
- While tax disputes related to interpretation and application are inevitable in many jurisdictions, what makes the experience especially frustrating in India

is the incapability of the system to resolve them expeditiously without resorting to a prolonged and expensive litigation process.

- This leads to the global perception that India is a difficult jurisdiction to operate in or to do business with.
- Enforcing contracts and paying taxes are areas where a weak dispute resolution procedure weighs heavily on the business environment in India.

MEASURES THAT HAVE BEEN TAKEN RECENTLY TO REDUCE TAX LITIGATIONS –

- To reduce this burden of tax litigation, Indian tax authorities have taken a number of measures.
- One of these is stipulating monetary thresholds (of tax effect) below which Indian tax authorities will not file appeals and withdraw the ones that have already been filed.
- Appointed additional officers (independent or additional charge) to decide taxpayer appeals.
- To reduce pendency and enable faster disposal of pending cases in Supreme Court, 22 issues totalling about 1,000 pending cases have been identified and a request has been made to the Supreme Court for priority resolution of cases.
- The Central Technical Committee (CTC) has been created at the level of CBDT to resolve contentious legal issues and formulate departmental view/settled view.
- As a long-term measure to reduce litigation at higher judicial fora, a proposal for Alternate Tax Dispute Resolution (ATDR) initiated by a member (A&J) is under deliberation of the finance ministry.
- A national talent pool and regional talent pool of departmental officers is being created to use their specialised knowledge and experience in managing complex judicial cases at ITAT/HC/SC.

Conclusion

A number of initiatives have been taken to reduce pending tax litigation. The additional measure taken by the government in the Budget 2020 is the proposal for a legacy tax dispute resolution scheme for which a legislation has been introduced in the parliament as detailed earlier. Given that most of the tax litigation is generated by tax authorities, it needs to be realised that the income tax department, which is in appeal in these cases has a very low success rate. It is obvious that such a scheme can only succeed if the taxpayer (who would have a ruling in his favour at the lower level) is offered a substantial reduction on the original tax demand itself besides no levy of interest or penalty. The government will need to forgo an appropriate percentage of its “paper” demands in the scheme, so that taxpayers consider it worthwhile to opt for the scheme to gain tax certainty and reduce their litigation costs in terms of both money and time.

Q3. Discuss the underlying principles of the doctrine of separation of powers. What are the current issues related to the doctrine?

Approach

A straightforward question where you need to discuss the underlying principles of the doctrine of separation of powers in the first part of the answer while in the second part, you need to highlight the current issues related to the doctrine.

Introduction

The doctrine of Separation of Powers deals with the mutual relations among the three organs of the Government namely legislature, executive and judiciary. The origin of this principle goes back to the period of Plato and Aristotle. If this principle is not followed then there will be more chances of misuse of power and corruption.

Body

- The definition of separation of power is given by different authors. But in general, the meaning of separation of power can be categorized into three features:
 1. That the same person should not form more than one of the three departments of the government. Eg: Ministers should not sit in the parliament.
 2. That one department of the government should not interfere with any other department. Eg: The judiciary should be independent of the executive or that Ministers should not be responsible to Parliament.
 3. That one department of the government should not exercise the functions assigned to any other department. Eg: The Ministers should not have legislative powers
- Montesquieu believed that if all three powers were held by the same person, then there would be a dictatorship and arbitrary rule would prevail. Another writer, John Locke mentioned that the three organs of the state must not get into one hand as it may be too great a temptation to human frailty.
- The term separation of powers can be defined in the strict sense and the liberal sense. In the strict sense, separation of powers but in a liberal sense, separation of powers means there could be overlaps in functions and personnel between the three organs but there should also be checks and balances between the three organs.
- The doctrine of separation of powers has no place in strict sense in Indian Constitution, but the functions of different organs of the Government have been sufficiently differentiated, so that one organ of the Government could not usurp the function of another.
- In the case of Indira Gandhi vs Raj Narain, the court held that in our Constitution the doctrine of separation of power has been accepted in a broader sense. Unlike in American and Australia Constitution where a rigid

sense of separation of power applies, this is not applicable in India. But the doctrine of Separation of Powers has been included in our basic structure doctrine as has been ruled and upheld by the Supreme Court in a number of cases.

- In India, not only is there a functional overlapping but there is personnel overlapping also. The Supreme Court has the power to declare void the laws passed by the legislature and the actions taken by the executive if they violate any provision of the Constitution or the law passed by the legislature in case of executive actions.
- Even the power to amend the Constitution by Parliament is subject to the scrutiny of the Court. The Court can declare any amendment void if it changes the basic structure of the **Constitution**. The President of India in whom the Executive Authority of India is vested exercises law-making power in the shape of ordinance making power and also the judicial powers under **Article 103(1)** and **Article 217(3)** to mention only a few.
- The Council of Ministers is selected from the Legislature and is responsible to the Legislature. The Legislature besides exercising law-making powers exercises judicial powers in cases of breach of its privilege, impeachment of the President and the removal of the judges. The Executive may further affect the functioning of the judiciary by making appointments to the office of the Chief Justice and other Judges.

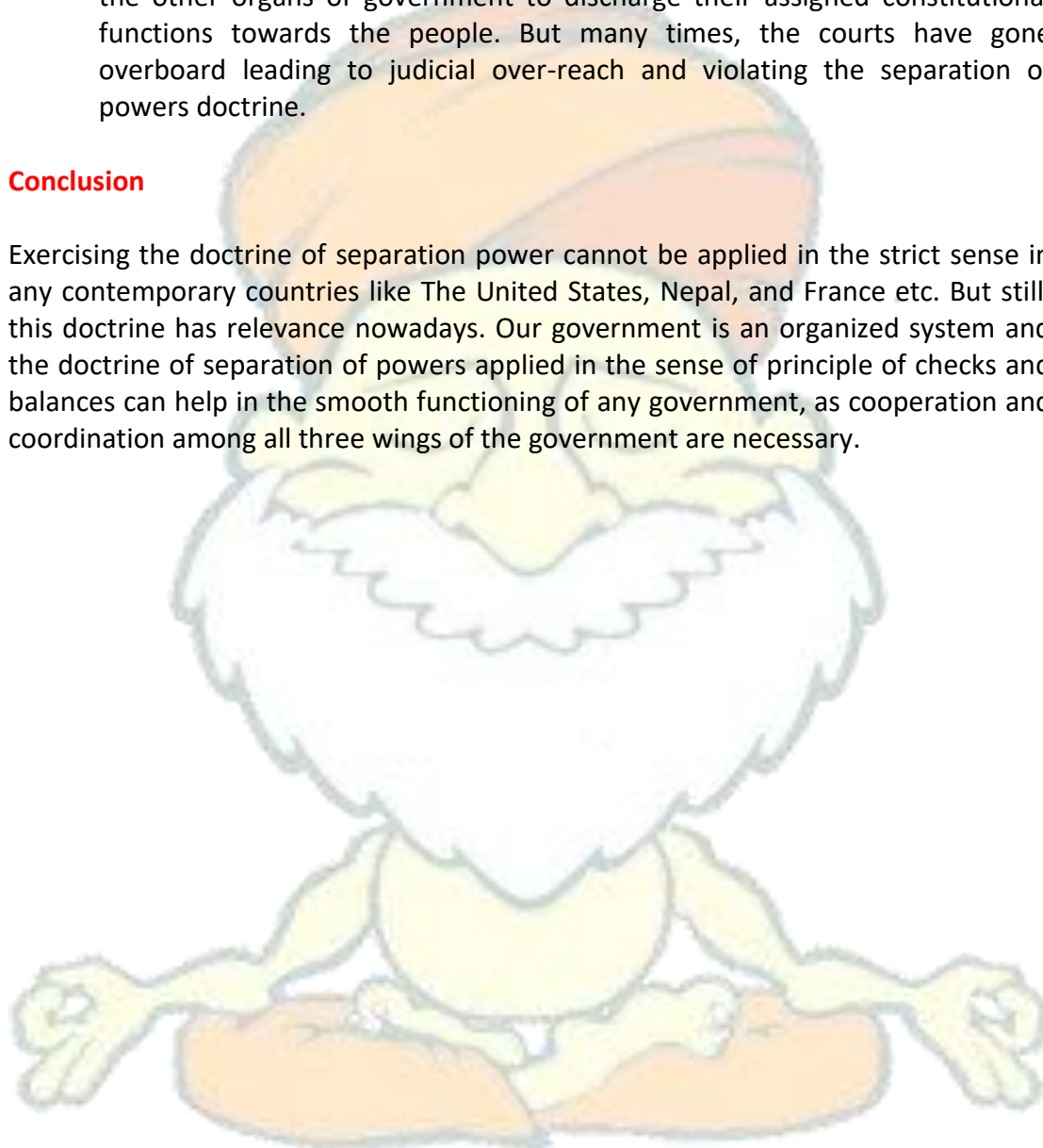
Unlike the US constitution, instead of having strict separation of power India follows the principle of 'checks and balance' which is evident from the various constitutional provisions dealing with executive, legislative and judicial organs. All three of them are strong pillars of India which support and strengthen each other. But as with any system, there are also many issues involved in this aspect, some of which include –

- Since its inception Indian Constitution has undergone various amendments, however, our constitution hadn't undergone major changes as changing the constitution entirely due to its principle of separation of power and checks and balances. But many provisions have also been an undoing for the principle.
- Provision of Emergency powers (Article 352-360) under constitution keep scope for totalitarianism violates principle of separation of power. Use of instrument of President's rule by more than 125 times by union government to remove state governments in different states. It was envisaged as dead letter which proved deadly weapon against states and hampered separation of powers.
- Governor's office: Constitutional and situational discretions are used by office of governor in inappropriate manner. Political activism shown by governor's office in West Bengal and Maharashtra in recent time reduces the stature of constitutional office in Indian polity. It also exemplifies violation of constitutional morality by indulging in jurisdiction of state's powers.

- One nation one policy initiatives erode the federal independence and innovation in their own jurisdiction like taxation, social sector schemes and electoral matters. E.g. push for one nation one election, one nation one tax.
- Sheer number of subjects under state list is much less than union list; still there is constant encroachment by union on the subjects of state list. E.g. Farmers acts of 2020.
- Judicial activism connotes the assertive role played by the judiciary to force the other organs of government to discharge their assigned constitutional functions towards the people. But many times, the courts have gone overboard leading to judicial over-reach and violating the separation of powers doctrine.

Conclusion

Exercising the doctrine of separation power cannot be applied in the strict sense in any contemporary countries like The United States, Nepal, and France etc. But still, this doctrine has relevance nowadays. Our government is an organized system and the doctrine of separation of powers applied in the sense of principle of checks and balances can help in the smooth functioning of any government, as cooperation and coordination among all three wings of the government are necessary.



Q4. What are your views on this year's budget proposals? Is it a progressive budget? Critically comment.

Approach

Students are expected to write about budget and present views on this year's budget proposals and critically comment whether it's a progressive budget.

Introduction

According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement. Budget 2021, hailed by many as the Economic vaccine, is expected to boost revival of the Indian economy, which is currently in distress due to the impact of COVID-19 pandemic and the ensuing national lockdown.

Body

Important budget proposals –

- Production-linked incentive (PLI) scheme: Finance minister Nirmala Sitharaman has earmarked Rs 1.97 lakh crore for Production-linked incentive (PLI) scheme, whose scope has been expanded beyond the electronics segment. To mainly envisions to create an Atmanirbhar Bharat.
- Health reforms: The Pradhan Mantri Atma Nirbhar Swasthya Bharat Yojana will support the National Health Mission. With Rs 64,180 crore to build up primary, secondary and tertiary healthcare systems in the next six years.
- Power sector: To break the monopoly of power distribution companies (DISCOMS), the Centre has now given consumers the right to select the DISCOM of their choice to increase competition and to function financially efficient.
- Divestment gets a boost: The government has set targets for strategic disinvestment of Container Corporation of India, Air India BPCL, Pawan Hans and IDBI Bank in the ensuing financial year.
- Capital injunction: The government has decided to set up an Asset Reconstruction and Management Company for Stressed Assets to take over bad loans. Besides, the finance minister has made provision for a Rs 20,000 crore equity infusion to bail out public sector banks.
- Development Financial Institution: A Development Financial Institution (DFI) will be set up with Rs 27,000 crore capital. The funds will be used to finance social and economic infrastructure projects identified under the National Infrastructure Pipeline.

The FM managed to present a progressive budget which will not only help push the economic growth forward but also takes care of the healthcare and welfare of the people such as –

- The government presented the first paperless budget - 2021-22 against the backdrop of a pandemic-induced Global economic slowdown.
- Under the 'Sankalp of Aatmanirbhar Bharat' the Budget focused on six pillars, which include – Health & Well-being, Inclusive Development, Human Capital, Innovation and R&D.
- To shed its pro-corporate image and strengthen PSU banks, decided to set up a Big Bad Bank. The Asset Reconstruction Company will enable banks to improve its lending to productive sectors of the economy.
- It has also clearly conveyed that some banks and an insurance company will be privatised and they further increased Foreign Direct Investment (FDI) in the insurance sector. This shows the government's thinking that it is essential to involve the private sector in the long run.
- Post-pandemic budget estimates a deficit of 9.5% for the current fiscal year, from April 2020 to March 2021. This is up from around 7% expected by most analysts before the Budget. The reason for the jump in numbers is because the government has decided to officially admit to the extent of its borrowings and to be transparent in numbers.
- Budget 2021 is also humanist in its approach. To this end, senior citizens aged 75 years and above with only pension and interest income will be exempted from filing their income tax returns.

This budget made a brave-effort to make good use of lesson learnt from the global health crisis and economic set back due to ensuing national lockdown. But needs to be done more to call it purely progressive budget such as –

- A lot more could have been done to address the chronic underinvestment in India's public health infrastructure by appreciably raising expenditure.
- There is no tax relief for the salaried middle class, which will continue to pay 30% to 35% tax plus cess when the corporate sector pays 25%.
- There is no mention and any measures against the stupendous rise in economic inequality during just the last year. While the poor lost their jobs and livelihoods-in 2020, corporate India's profits zoomed.
- However, the household balance sheets have been smashed badly since the pandemic savings rate declining by 5 percentage points of GDP. The key question was how will aggregate demand improve in the next two years if households don't spend this was supposed to be addressed in budget.
- This year also saw the passage of a new National Education Policy (NEP) that called for a doubling of government expenditure over the next 10 years, starting from this year there were expectation from budget to increase the allocation.
- National Family Health Survey which pointed to an alarming trend of worsening nutrition indicators across the country. Nutrition services delivered through anganwadis and mid-day meals in schools were also neglected in the Budget, with zero increase to their allocations.

- The big infrastructure investments announced through roads and railways is welcome, but it appears rural infrastructure was left out of the priority list. Given that rural infrastructure provides both immediate cash relief to workers and fills critical infrastructure gap in remote areas it should have been in priority list.

Conclusion

However, the Budget has given a clear message in favour of reviving the economy, infrastructure and markets. This should be followed up by reducing red-tape, simplifying the tax and regulatory framework, and reforming the financial sector to create a conducive environment for investment.



Q5. What are the key pillars of 'Atmanirbhar Bharat'? Discuss.

Approach

Question is straight forward. A short background of atmanirbhar bharat scheme can be given in the introduction, then in the body, main themes can be covered with the way ahead and future of the programme.

Introduction

Prime Minister Modi On 12 May 2020, raised a clarion call to the nation giving a kick start to the Atmanirbhar Bharat Abhiyaan (Self-reliant India campaign) and announced the Special economic and comprehensive package of INR 20 lakh crores - equivalent to 10% of India's GDP – to fight COVID-19 pandemic in India. He further outlined five pillars of Aatma Nirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

Body

The five pillars of 'Atmanirbhar Bharat' are economy, infrastructure, technology driven system, vibrant demography and demand.

- **Economy** – Contemplates not an Incremental change but a quantum leap so that we can convert the current adversity into an advantage.
- **Infrastructure** – That can be an image of modern India or it can be the identity of India.
- **Systems** – driven by 21st-century technology, and that is not based on old rules.
- **Democracy** – a vibrant democracy that is the source of energy to make India self-reliant.
- **Demand** – where the strength of our demand and supply chain is utilized intelligently.

Significance of Atmanirbhar Bharat Abhiyan –

- Talking about turning a crisis into an opportunity, he gave the example that the production of PPE kits and N-95 masks in India has gone up from almost being negligible to 2 lakh each, daily.
- Remaking that self-reliance is the only way out for India, the PM quoted from our scriptures "Eshah Panthah", that is – self-sufficient India.
- Self-reliance will make globalization human-centric. The definition of self-reliance has changed in a globalized world and it is different from being self-centred. India's fundamental thinking and tradition of "Vasudhaiva Kutumbakam" provides a ray of hope to the world. This should be seen in the context of Human-Centric Globalization versus Economy Centralized Globalization.

- Self-reliance does not mean cutting India off from the world. India believes in the welfare of the world and India's progress is linked with the world. The world trusts that India has a lot to contribute to the development of the entire humanity.
- The PM also stressed on the need to be vocal for local products and urged people to buy only local products.

Criticism of Atmanirbhar Bharat Abhiyan –

- Inflated figures - Several economists pointed out that as per the calculations by many economists, the actual government expenditure in the Atmanirbhar package is just 1%.
- The actions of RBI were included as part of the government's fiscal package whereas government expenditure and RBI's actions cannot be clubbed together.
- Need to spend more - The Indian economy likely to contract and the Gross Value Added across sectors is likely to fall. According to an assessment by Prof N R Bhanumurthy of the National Institute of Public Finance and Policy (NIPFP), India's GVA will contract by 13% this year under the Base case scenario (The Base case scenario refers to a scenario where governments bring down their expenditure in line with their falling revenues to maintain their fiscal deficit target).
- Credit easing will not work immediately - Direct expenditure by a government such as direct benefit transfer or by construction will mean that money reaches the people. But credit easing by the RBI is not direct government expenditure and banks will be hesitant to lend the money available with them.
- Nothing to stimulate demand – many economists have opined that the government stimulus tries to resolve only supply-side issues. There is nothing to generate demand. This could only be done by putting money in the hands of people.
- Modest MSME package – according to opposition leaders, the MSME package was modest and the measures were skewed in favour of the larger ones. Moreover, the unorganized sector was not catered to.
- Insufficient support for the state governments – the state governments which are at the forefront of fighting the pandemic have not been supported adequately via fund transfers.
- The philosophy of self-reliance - India, like most countries, has been following the principles of globalisation since the LPG reforms in 1991. Even though the globalised world shrank into isolated countries in the COVID19 period, it is yet to be seen if self-reliance can be adopted as a viable economic policy by a country like India, post-COVID.

Conclusion

The strategy of Atmanirbhar Bharat Abhiyan seems to give a strong supply-side push by boosting the availability of capital on easy terms and through supporting agriculture and business sectors. But it cannot be denied that there is a desperate need for demand stimulus now. People's purchasing power needs to be increased and demand for industrial products and services must be created to achieve dream of five trillion dollar economy.



Q6. How has the fiscal scenario panned out during COVID-19? What are your views on the mid-year budgetary allocations announced by the government during the previous year? Discuss.

Approach

Since question is asking you to discuss it necessitates a debate where reasoning is backed up with evidence to make a case for and against an argument and finally arriving at a conclusion. In simple terms an examiner expects one to discuss various perspectives and present a logical argument.

Introduction

Amidst the economic slowdown triggered by the outbreak of the Covid-19 pandemic in India's there have been many demands for the government to announce a large fiscal stimulus to support the economy. Economic growth and tax revenues remain uncertain in 2020-21 making it challenging for the government to finance any addition to the fiscal deficit.

Body

HOW HAS THE FISCAL SCENARIO PANNED OUT DURING COVID-19? India's fiscal support measures can be divided into two broad categories –

- (i) Above-the-line measures which include government spending (about 3.2 percent of gdp, of which about 2.2 percent of gdp is expected to fall in the current fiscal year), foregone or deferred revenues (about 0.3 percent of gdp falling due within the current year) and expedited spending (about 0.3 percent of gdp falling due within the current year); and
- (ii) Below-the-line measures designed to support businesses and shore up credit provision to several sectors (about 5.2 percent of gdp).
 - In the early stages of the pandemic response, above-the-line expenditure measures focused primarily on social protection and healthcare. These include in-kind (food; cooking gas) and cash transfers to lower-income households (1 percent of gdp); wage support and employment provision to low-wage workers (0.5 percent of gdp); insurance coverage for workers in the healthcare sector; and healthcare infrastructure (0.1 percent of gdp).
 - The more recent measures that were announced in October and November include additional public investment (higher capital expenditure by the central government and interest-free loans to states, of about 0.2 percent of gdp) and support schemes targeting certain sectors. The latter includes a production linked incentive scheme targeting 13 priority sectors and is expected to cost about 0.8 percent of gdp over 5 years, etc.
 - Several measures to ease the tax compliance burden across a range of sectors have also been announced, including postponing some tax-filing and

other compliance deadlines, and a reduction in the penalty interest rate for overdue gst filings.

- Measures without an immediate direct bearing on the government's deficit position aim to provide credit support to businesses (1.9 percent of gdp), poor households, especially migrants and farmers (1.6 percent of gdp), distressed electricity distribution companies (0.4 percent of gdp), and targeted support for the agricultural sector (0.7 percent of gdp), as well as some miscellaneous support measures (about 0.3 percent of gdp).
- Key elements of the business-support package are various financial sector measures for micro, small, and medium-sized enterprises and non-bank financial companies, whereas additional support to farmers will mainly be in the form of providing concessional credit to farmers, as well as a credit facility for street vendors.

VIEWS ON THE MID-YEAR BUDGETARY ALLOCATIONS ANNOUNCED BY THE GOVERNMENT DURING THE PREVIOUS YEAR –

- The Finance Minister has announced a package ("Atmanirbhar Bharat Abhiyaan" package) of policy initiatives targeted at low-income households and micro, small and medium enterprises which are likely to be most vulnerable in the broad-based economic slowdown. The total amount of the package has been announced to be Rs 20 trillion (or roughly 10% of GDP).
- This allocation focussed on land, labour, liquidity and laws, and would deal with such sectors as cottage industries, MSMEs, the working class, middle class and industry. He also talked of focusing on empowering the poor, labourers and migrant workers, both in the organised and unorganised sectors.
- However, a careful analysis reveals that the actual amount of fiscal stimulus offered by the government has been around 2-3% of GDP. As a result, demand for a larger fiscal stimulus has been emerging from various quarters. Several economists have argued that spending on welfare measures should be increased significantly, by 5 percent of GDP or more.
- Increase in government spending beyond the levels already announced would then mean an increase in the fiscal deficit beyond the levels discussed above. This may be financed either if disinvestment revenue turns out to be higher this year due to additional efforts made to sell off Public Sector Enterprises.

Conclusion

The economic impact of COVID-19 has been substantial and broad-based. GDP contracted sharply in 2020Q2 (-23.9 percent year-on-year) due to the unprecedented lockdowns to control the spread of COVID-19. However, if the fiscal deficit is even higher and puts the government's debt trajectory on an unsustainable path, longer term considerations will come into play.

Q7. What are your views on recent budgetary announcement regarding disinvestments and privatisation? Discuss.

Approach

The question is very much straight forward, students need to put forward their views regarding recent budgetary provisions in terms of disinvestment and privatisation, also mention some data regarding disinvestment policies of the previous budgets as well.

Introduction

Privatization is the process of transferring the ownership of a business of a public sector to the private sector. In a broader sense, privatization refers to transfer of any government function to the private sector including governmental functions like revenue collection and law enforcement whereas disinvestment means sale or liquidation of assets by the government, usually Central and state public sector enterprises, projects, or other fixed assets. The government undertakes disinvestment to reduce the fiscal burden on the exchequer, or to raise money for meeting specific needs, such as to bridge the revenue shortfall from other regular sources. Disinvestment allows a larger share of PSU ownership in the open market, which in turn allows for the development of a strong capital market in India.

Body

Historical context of disinvestment and privatisation –

- Central public sector Enterprises policy was reset in 1991 when the government decided to disinvest upto 20% in select public sector undertakings. The first disinvestment commission set up in 1996 recommended strategic sales meant to bring down the government's share to less than 50% in select PSU'S. Strategic sales were part of policies being pursued between 1998-2004.
- In last five financial years attempted disinvestments through buy-backs, exchange traded funds and in some cases transfer of stake to other public sector entities.
- In 2020 a new public sector policy was put in place, accordingly maximum of four public sector companies in strategic sectors will be retained and other firms will eventually be privatised.

Provisions in budget 2021-22 –

- Budget 2021-22 projected 1.75 lakh crore from stake sale in public sector companies and financial institutions including 2 PSU banks and one insurance company. According to new PSE policy barring four strategic areas like Atomic energy, Space and defence, Transport and telecommunications power

petroleum coal and other minerals and banking insurance and financial services, all CPSEs in other sectors will be privatised, in four strategic areas a bare minimum number of firms will be retained and rest will be privatised.

Views –

- The government has no business to be in Business, guided by the basic principle that government should not be in the business to engage itself in producing and manufacturing goods where competitive markets have come of age, examining the realised efficiency gains from privatisation in the Indian context economic survey 2019-20 analysed the before and after performance of 11 CPSEs that had undergone strategic disinvestment during 1999-2004 comparing such CPSEs with their peers in the same industry group showed that on an average they performed better post privatisation in terms of their net worth, net profit and sales growth this indicated that privatised CPSEs could generate more wealth from same resources.
- Providing employment was one of the objectives of the CPSEs in the years that followed several PSUs became white elephants serving neither social nor economic cause, many of them naturally became black holes for public money they were often the text book case of poor management and aggressive trade unionism and became umpireless playfields for political parties with myopic objectives.
- Confronted with an unprecedented fiscal deficit and worried by economy in crisis the government has to find resources and Disinvestment is a preferred option for ideological and practical reasons.
- Privatisation will give ample space for creative and innovative thinking as well as systematic and strategic planning to realize the full potential of economy.
- Privatising PSUs will incentivise the employees to work more efficiently in order to serve the interests of company which will ultimately help in making market more competitive and efficient.

However, the process of disinvestment and privatisation has some issues which are as follows –

- With disinvestment government would get some cash in hand and could carry out some capital formation, but there are multiple claims on government funds and only a fraction of capital receipts from the sale of PSUs is likely to be channelled into new investment.
- At the time of crashing growth and low animal spirits the competition to buy up public enterprises on the block would be anaemic and government will get significantly lower.
- With rising unemployment figures of about 23% due to COVID containment measures it would be hazardous to tamper with PSEs that employ over 15 lakh people at this juncture.

- Privatisation is one element of the overall reform policy but it can't be adopted as a foremost plank of reforms in sectors like banking and insurance simple solutions like privatising all PSUs may be no panacea.

Conclusion

Privatisation only weighs well when there is transparency of process and effectiveness of the regulators, every government has an obligation to reconcile growth with equity and privatising government assets is a step in that direction, however It must be accompanied by competition in the post privatised scenario in order to improve the performance of inefficient units creation of competitive market environment is absolutely essential eventually it is the people who will benefit, as an arm of overall reforms disinvestment and privatisation need to be carefully proceeded.



Q8. What can be the possible implications of the recent regime change in Myanmar for India? Discuss.

Approach

Question requires candidate to understand history of military rule in Myanmar. Answer can be framed giving a short background behind events and how things will play out for India and the region in the future.

Introduction

In the early hours of Monday, Feb 1, 2021 Myanmar army's TV station said power had been handed over to Commander-in-chief Min Aung Hlaing. Ms Suu Kyi, President Win Myint and other leaders of the National League for Democracy (NLD) were arrested in a series of raids. A coup was organized by military establishment.

Body

What are the possible implications for India?

- For India, the return to military rule by Myanmar's Tatmadaw (Army) and the arrest of Aung San Suu Kyi and the political leadership of the National League of Democracy (NLD), are a repeat of events thirty years ago, but the Modi government's reaction, is likely to be starkly different to India's strong public criticism of the Junta's actions in 1989-90.
- India does care about democracy in Myanmar, but that's a luxury it knows it will not be able to afford for the time being. The only option will be to engage, building on its outreach in recent years via the security and defence establishment
- India has successfully worked with the Tatmadaw, Myanmar's military, to contain ethnic insurgencies in its own North East. The Tatmadaw has, moreover, pushed back against China's influence, increasingly cultivated by Aung San Suu Kyi as she faced a hostile West.
- In 2019, India emerged, for the first time, as the Tatmadaw's leading arms supplier, selling \$100 million of equipment compared with China's \$47 million.
- In Myanmar Eternal crisis, had the great virtue of providing legitimacy for endless military rule. In 1988, large-scale pro-democracy protests led the Tatmadaw to commit to democratization. There was, however, a significant gap between the promise and its realization.
- The 2008 Constitution, which finally paved the way for the election of Aung's National League for Democracy, gave the Tatmadaw an institutional stake in power. The Constitution reserved for it a quarter of seats in both houses of the Assembly of the Union, the country's parliament, as well as the ministries of defence, home affairs and border affairs.

- The NLD, though, proved more successful than the Generals had bargained for, winning by the elections of 2015 handily. Su Kyi's party cashed in on the rising ride of majoritarian nationalism. Following the genocidal anti-Rohingya violence in 2017, Su Kyi positioned herself as a defender of ethnic-Bamar identity and the Myanmar nation. The result was a head-on challenge to the Army's legitimacy as the sole guardian of the country's unity—yielding a landslide win for the NLD in the 2020 elections.
- Su Kyi also proved successful in containing the fallout from Western sanctions after 2017—expanding the country's economic relationship with China and using Beijing's diplomatic heft to ward off international pressure. This, in turn, irked the Tatmadaw, which believed Beijing had failed to act against insurgent networks operating from China.
- Apart from strategic concerns, India has cultivated several infrastructure and development projects with Myanmar, which it sees as the “gateway to the East” and ASEAN countries. These include the India-Myanmar-Thailand Trilateral highway and the Kaladan Multi-modal transit transport network, as well as a plan for a Special Economic Zone at the Sittwe deep-water port.
- India still hopes to help resolve the issue of Rohingya refugees that fled to Bangladesh, while some still live in India, and will want to continue to engage the Myanmar government on that.
- In the past decade, the balance between engaging Myanmar's civil and military establishment became easier, once Ms. Suu Kyi was released and the NLD was allowed to form the government in 2015.
- In Myanmar, India faces a tightrope walk, A pro-military tilt, moreover, risks alienating democratic forces in Myanmar, pushing them closer to China, and giving that country greater popular legitimacy.
- An escalation in violence will, inexorably, draw the energies of the Tatmadaw away from the borders with India's North-East and will cause more headache for country.

Conclusion

India faces a tough call, as more unstable neighborhood will give rise to insurgency, and for that they will need support of military, on other hand we cannot compromise installation of democracy. Hence the choice for India between democratic ideals, which it has expressed in Nepal and Maldives recently, and 'Realpolitik', to keep its hold in Myanmar and avoid ceding space to China, will be the challenge ahead.

Q9. Is the current breed of actors and cinema professionals an ideal role model for the young generation? Critically comment.

Approach

Question is asking for broader opinion on importance of role models in our life. Question can be approached citing current environment prevailing in our entertainment industry, and can be concluded by giving examples of both positive and negative side.

Introduction

In today's time we all have access to internet and we get news about everything trending on social media. Young minds too learn from trending news about celebrities from all over the world. The celebrities leave an impression on young minds too by how they portray themselves.

Body

India is the most prolific film producer in the world and plays a pivotal source of entertainment. Films and advertisements however, are also instrumental in setting trends for fashion and life style. People in India love to talk about films, film stars, even box office revenue of films. In fact, films are the reflection of modern society and culture on one hand and they easily influence all sections of society in all possible ways on the other.

Are film celebrities an ideal role model for young generation?

- Films and film celebrities are the reflection of modern society and culture on one hand and on the other they easily influence all sections of society in all possible ways.
- In a survey conducted by international journal of Indian culture with young teenagers on impact of celebrities on their life, According to 37% of interviewees, following an actor/actress as role model by teenagers is neither good nor bad, while 30% think that it is bad and 32.5% believe it is good to follow film celebrities.
- There are both the aspects, good as well as bad. Good if teenagers make those celebrities as their role model who are genuinely (or truly) involved in social works for the development of people and society and bad when they follow the negative image of the celebrities.
- Beneficial effects include early readiness for learning, educational enrichment, opportunities to view or participate in discussions of social issues, exposure to the arts through music and performance, and entertainment.
- Harmful effects may result from violent behaviour, exposure to subtle or explicit sexual content, promotion of unrealistic body images, presentation of

poor health habits as desirable practices, and exposure to persuasive advertising targeting youngsters

- Every teenager has their own reason for wanting to take a look into the life of their favourite stars. The truth is that they are obsessed with celebrities.
- Celebrities influence behaviour, attitude, culture, moral values, fashion and lifestyle of teenagers. Children often relate with celebrities more easily than to friends or neighbours.
- In a sense, celebrities are their new gods. They like to fantasise that their life could become like celebrities – they too could be beautiful, desirable, talented and rich.
- Looking at the environment of entertainment industry, celebrities are the influencers for young generation, but the narcotic practices of the industry, irresponsible comments by actors on social media, recent cases of depression and suicides, violence and abuse tell us all that glitters is not gold.
- It may be toxic for young to follow her/his favourite celebrity, because underneath their glittery life lies stress, cut throat competition for fame, attraction seeking behaviour and reel life conceptions of chasing your dream.
- Most of the misogyny and patriarchal behaviour is enforced by the behaviour of protagonist in the film. When it is considered cool to smoke, chew tobacco and drink often as shown in the film, we are on the road of destruction.
- On the other hand there are examples of sheer hard work, professionalism, dedication and will to constantly improve oneself in actor, actresses from industry.
- It is not about good or bad, right or wrong. It is about our choice. Role models can have both positive and negative side. What matters is our choice, where we want to look and from what we want to get inspiration from.

Conclusion

Celebrities are integral part of our entertainment sphere. Young mind must be aware of where to draw the line, when it comes to seek inspiration from real life and reel life. We have educate our young minds so that they become wise enough to make decision about whom to follow, when to follow and most important, why to follow.

Q10. What are the key challenges being faced by India's MSME sector? Analyse. What are the recent steps taken to promote MSMEs in India? Discuss.

Approach

Since question is asking you to discuss, it necessitates a debate where reasoning is backed up with evidence to make a case for and against an argument and finally arriving at a conclusion.

Introduction

With a sustained growth rate of over 10 per cent in the past few years, the MSME sector has come to represent the ability of the Indian entrepreneur to innovate and create solutions despite the logistical, social, and resource challenges across the country. Because of its huge contribution to the economy, the MSME sector is called the growth engine of the nation.

Body

THE KEY CHALLENGES BEING FACED BY INDIA'S MSME SECTOR – Despite the rising importance of the MSME sector in the Indian economy, the sector is grappling with several challenges that are hindering it from performing to its optimum. These challenges include –

- The lack of adequate and timely access to finance continues to remain the biggest challenge for MSMEs and has constrained their growth.
- Lack of access to working capital. A large number of MSMEs often require regular sources of working capital to stay afloat.
- Technology is a big issue for MSMEs. Concerted efforts are needed to apprise MSMEs of new developments and technologies and how these can be usefully employed by them keeping in view the local conditions, in the language and mode which the locals can understand and assimilate.
- GST has emerged as the biggest compliance issue before the MSMEs. Given their small size, they are unable to be a part of the GST network, and, as a result, they are not obliged to maintain a set of financial records. It is time that the GST issues/bottlenecks are addressed and resolved at the earliest.
- Then there are issues related to labour, research, infrastructure and others for MSMEs. Some new labour law codes are already in place and some others are in the pipeline. Equally important is to sensitize the state governments/local bodies not to impose undue compliance burden on these units.
- Lack of access to markets access to marketplaces is crucial for the growth of any enterprise. Most MSMEs of India in pre-covid-19 times were known to carry out their operations solely through a brick-and-mortar model, which is known to limit the outreach to their geographical location, and also productivity.

- Poor productivity from inefficient processes and unskilled workforce while the MSME sector employs a large section of the non-farm workers, a majority of them hire fewer than five workers, with the World Bank pegging this number to be nearly 94.6 percent of all MSMEs.

THE RECENT STEPS TAKEN TO PROMOTE MSMEs IN INDIA – The government seems to have taken issues related to MSME on a priority now. Following are the steps –

- Government has introduced collateral-free automatic loans up to INR 3,00,000 Crore. MSMEs can borrow emergency credit from banks and NBFCs up to 20% of their entire outstanding credit.
- In order to address the problem of unfair competition between Indian MSMEs and foreign companies, the government has taken the decision to not allow global tenders in procurements up to INR 200 Crore. The foreign companies who are far ahead in size and strength thus become a threat to our home companies. This will help MSMEs to cope up during this time of crises.
- The finance ministry has given an assurance that the government and the central public sector enterprises will release all pending MSME payments/dues in 45 days.
- In order to address the problem of unfair competition between Indian MSMEs and foreign companies, the government has taken the decision to not allow global tenders in procurements up to INR 200 Crore.
- To help MSMEs government has announced to launch E-commerce portal 'Bharat Craft' that will act as a direct interface between sellers and buyers.
- To boost employment opportunities, the MSME ministry has launched a scheme of 'second financial assistance' to help the PMEGP and Mudra units expand or upgrade.
- Finance Minister revised the definition of MSMEs to a new one so as to address the developing fear of out-growing in size and losing out on the benefits. According to the new definition, there will be no bifurcation.

Conclusion

Amid fears of a slowdown, cut in jobs in various industries and rising unemployment, the MSME sector can play a big role, if aided and supported ably by the government as well as others. Many stakeholders from the private sector are also contributing their efforts for the growth of MSMEs. Key among them is the Global Bharat Movement. This is a unique initiative by SAP in association with NASSCOM Foundation, United Nations Development Program (UNDP) and Pratham InfoTech Foundation. By helping reassess critical processes, the movement enables these companies to become future-ready. It follows a three-pronged approach – providing access to a global marketplace, digitally skilling the workforce, and digitally transforming the business.

Q11. Infrastructure expansion has significant multiplier effect for the economy. Do you agree? What are the current constraints of infrastructure expansion in India? Discuss.

Approach

Question is straight forward. In the backdrop of economic recession role of infrastructure is important to outline. How infrastructure is responsible for growth can be shown in body with constraints in system. Answer can be concluded with way forward.

Introduction

Infrastructure spending is expected to have a multiplier effect on overall economic growth, primarily based on the Keynesian theory that aggregate demand can be reactivated by increasing public expenditure. Improved infrastructure will enhance the overall productive capacity of the economy and its global competitiveness.

Body

- As India faces its deepest recession since Independence, infrastructure spending can help spur economic activity and the involuntarily unemployed through job creation. The ₹111 lakh crore National Infrastructure Pipeline (NIP) built on Infrastructure Vision 2025 should provide a timely stimulus to the economy.
- Typically, infrastructure projects are characterised by high capital intensity and long gestation periods, often leading to a funding gap. Public investment is key to filling this gap.
- The government should take stock of the project pipeline and review its expenditure and financing programmes to obtain optimal results and impacts.
- Closing the infrastructure funding gap calls for developing financing solutions and placing more emphasis on collaboration and shared responsibilities across public, private and non-governmental organisations.
- Infrastructure Vision 2025's strategic goals are aligned with those of the UN's 2030 Sustainable Development Goals to improve the living standards of people.

What are the constraints for infrastructure expansion?

- India's infrastructure gap can be the catalyst for its economic and development leap. In order to bridge this gap, however, an investment of \$1.5 trillion over the next ten years is needed.
- **Financing** – Infrastructure projects are highly capital intensive and funding is considered as a major impediment in achieving the infrastructure goals. The infrastructure broadly can be divided into two types, one which is very

essential for the public at large and have no or very little revenue potential and other which has handsome revenue potential. The first kind of infrastructure must be totally government financed whereas the later can be developed on PPP mode. Since resource constraints will continue to limit public investment in infrastructure, PPP-based development needs to be encouraged wherever feasible.

- **Land Acquisition** – Another significant challenge in achieving the infrastructure goal is the way land acquisition is done for infrastructure projects. Compensation fixed in terms of registered value is always the bone of contention. There is always a substantial difference between the compensation offered and the actual value of the land. The land owners always feel aggrieved which results in dispute and litigation.
- **Clearances from numerous agencies** – Most of the infrastructure projects in India suffer from delays in completion. This is mainly due to an inadequate regulatory framework and inefficiency in the approval process. Infrastructure projects require multiple sequential clearances at various levels of government.
- **Environmental Impact Assessment (EIA)** – Environmental safeguards and guidelines have proven to be one of the major reasons for delay in infrastructure projects, especially in the power sector. While new projects need to comply with these regulations, even a project under construction may need to comply with revised standards.
- **Poor pre-construction planning** – Due to the already adverse effect of various impediments like land acquisition, statutory approvals, delayed financial closure, etc. the pre-construction phase of infrastructure projects is pretty long. Therefore, there is delayed commissioning and completion of projects.

What can be the way forward?

- **Public-Private Partnership:** Government is making efforts towards Public-Private Partnership Projects especially in Infrastructure.
- **Viability Gap Funding:** Government has made provision to financially support the viability gap to the tune of 20% of the cost of the project in the form of capital grant from its viability gap fund.

Conclusion

Infrastructure is a key driver of the overall development of Indian economy. It is seen that investments in infrastructure equal to 1% of GDP will result in GDP growth of at least 2% as a “multiplier effect” on economic growth across sectors. The recent headway made in developing transport infrastructure will prove to be the biggest enabler for growth. An efficient infrastructure is the biggest enabler for growth. India’s growth story should no longer be impeded by a lack of infrastructure, and the fruits of this growth should reach everyone in the remotest part of the country.

Q12. What are India's recent achievements in the field of green energy? Illustrate.

Approach

Since question is asking you to illustrate which means it is asking you to exemplify or to provide examples.

Introduction

Green energy is any energy type that is generated from natural resources, such as sunlight, wind or water. The key with these energy resources is that they don't harm the environment through factors such as releasing greenhouse gases into the atmosphere.

Body

INDIA'S RECENT ACHIEVEMENTS IN THE FIELD OF GREEN ENERGY –

- India is rapidly moving towards becoming one of the largest green energy producers in the world.
- As of 31 October 2020, India's total renewable energy installed capacity had reached over 89.63 GW, according to the Ministry of New and Renewable Energy.
- The government said that during the last six years, India has witnessed the fastest rate of growth in renewable energy capacity addition among all large economies, with renewable energy capacity growing by 2.5 times and solar energy expanding by over 13 times.
- Renewable energy now constitutes over 24 per cent of the country's installed power capacity and around 11.62 per cent of the electrical energy generation.
- Also, if large hydro is included, the share of renewable energy in electric installed capacity would be over 36 per cent and over 26 per cent of the electric energy generation.
- Further, around 49.59 GW renewable energy capacity is under installation, and an additional 27.41 GW capacity has been tendered. This makes the total capacity that is already commissioned and in the pipeline about 166.63 GW.
- The government apprised that on top of that, large hydropower, which has also been declared as renewable energy has about 45 GW hydro installed capacity and 13 GW capacity under installation, which brings India's total renewable energy portfolio of installed and in pipeline projects to 221 GW. This is significantly higher than the Modi government's target of installing a green energy capacity of 175 GW by 2020.

Conclusion

Meanwhile, Prime Minister has recently invited foreign investors saying that there

are huge renewable energy deployment plans for the next decade, which are likely to generate business prospects of the order of around \$20 billion per year. Inviting the global investors, developers, and businesses to join India's renewable energy journey, PM Modi had added that India has a very liberal foreign investment policy for renewables. The foreign investors can either invest on their own or they can collaborate with an Indian company. PM Modi had also announced that after the success of PLI in electronics manufacturing, the government has decided to give similar incentives to high-efficiency solar modules.



Q13. What are the most pressing challenges being faced by the tourism sector in India? Discuss. Examine the recent initiatives taken by the government to address the challenges.

Approach

We need to discuss on diverse challenges faced by tourism sector of India and also mention about government initiatives taken to tackle these challenges.

Introduction

The Tourism and Hospitality industry is one of the largest service industries in India which accounts for 9.2% of India's GDP and employs 8% of India's total workforce. It was also one of the largest Foreign Exchange Earners in India with earnings of \$29.962 billion in 2019.

Body

India's tourism sector which has exceptional potential, suffers through following pressing challenges –

- **Pandemic setback:** A study by CARE Ratings notes a 40 per cent decline in tourism sector revenue in 2020 as compared to 2019. Railways, Airways are working at lower capacity.
- **Reduced Budget allocation:** Budgetary allocation for the Ministry of Tourism has been slashed to Rs 2026.77 from Rs 2,500 crore in 2020-21.
- **Lack of efficient Infrastructure and connectivity:** It prevents tourist from visiting tourism potential sites. It includes hotels, connectivity with other cities, health facilities, and transportation etc.
- **Safety and Security:** Attacks on foreign tourists, especially on the woman tourists have raised this question. India is placed at 114th position in terms of safety.
- **Inaccessible tourism:** Lack of accessible and affordable infrastructure and services for divyangs, elderly, low income entities, etc.
- **Low foreign tourist arrivals:** India has 38 monuments listed as world heritage sites, the fifth highest number in the world but attracts less than 1% of global foreign travellers every year.
- **Stiff Competition:** India is facing stiff competition from other popular destinations like Malaysia, Sri Lanka, Thailand and Vietnam
- **Lack of sanitation and cleanliness, high pollution, lack of skilling, geopolitical tension, slowdown in global economies etc.** some of the other challenges faced by tourism sector in India.

To address these pressing challenges faced by the tourism industry, the government has taken following initiatives –

- Investment in infrastructure and connectivity: Budget 2021-2022 has allocated ₹1,18,101 crore, the highest ever outlay, for Ministry of Road Transport and Highways and ₹1,10,055 crore have been allocated to the Railways.
- Comprehensive and rapid corona vaccination drive: India is fastest in world to vaccinate 6 million beneficiaries for Covid-10.
- Incredible India campaign
- Prime Minister of India urged people to visit 15 domestic tourist destinations in India by 2022.
- E-Tourist VISA facility: e-Tourist VISA, e-Business VISA & e-Medical VISA (currently, 167 countries have e-tourist visa facility)
- Special Tourism Zones (STZ): 5 STZs in partnership with states to boost tourism in India
- Medical tourism: Economical treatment, quality healthcare infra & highly skilled doctors
- Coastal tourism: Promote intra-regional trade among Indian Ocean Rim (IOR) countries.
- The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI)
- Ministry of Tourism launched Dekho Apna Desh webinar to generate awareness tourist destinations
- Development of tourist circuits under Swadesh Darshan for eight Northeast states.
- Development of tourist circuits under PRASHAD scheme.
- Government reduced GST on hotel rooms to increase India's competitiveness as a tourism destination.

Conclusion

Tourism tends to encourage the development of multiple-use infrastructure including hotels, resorts & restaurants, transport infrastructure (aviation, roads, shipping & railways) and healthcare facilities. Thus, concentrated efforts in reviving India's tourism sector lies at the core in achieving V-shape recovery and sustainable development of India.

Q14. Examine the deleterious effects of India's current cropping pattern on the environment. What reforms are needed to incentivise sustainable cropping pattern? Discuss.

Approach

Question is analytical in nature. In first part changes in cropping pattern after green revolution can be given. In second part of the body, after effects of unsustainable farming and reforms to contain this crisis can be provided with a way forward.

Introduction

Cropping pattern in India is determined mainly by rainfall, climate, temperature and soil type. Technology also plays a pivotal role in determining crop pattern. The adoption of High Yield Varieties Seeds along with fertilizers in the mid 1960's in the regions of Punjab, Haryana and Western Uttar Pradesh increased wheat production significantly.

Body

- The Green Revolution has transformed India to a food grain surplus country from a deficit one. No other activity has such immense impact on the socio-economic development of the people as the Green Revolution.
- But Intensification of agriculture over the years has led to overall degradation of the fragile agro-ecosystem. High cost of production and diminishing economic returns from agricultural practices are affecting the socio-economic condition of farmers.
- Loss of soil fertility, erosion of soil, soil toxicity, diminishing water resources, pollution of underground water, salinity of underground water, increased incidence of human and livestock diseases and global warming are some of the negative impacts of over adoption of agricultural technologies by the farmers to make the Green Revolution successful.
- Indiscriminate and disproportionate use of chemicals pollutes the soil, air and water and feed and fodders offered to animals. This may be one of the important etiologies of increased productive and reproductive health problems of livestock.
- Various scientific studies and surveys conducted on fertilizer and pesticide residues during last 45 years indicate the presence of residues of fertilizers and pesticides like nitrates, organochlorines, organophosphates, synthetic pyrethroids and carbamates at higher level than permissible limit in milk, dairy products, water, fodder, livestock feeds and other food products.
- Stubble burning in the winter months in northern states contribute to highest level of air pollution in areas around National capital region and has created severe impact on environment and health.

What can be done?

- The exponential population increase in recent decades has increased the practice of agricultural land conversion to meet the demand for food which in turn has increased the effects on the environment. The global population is still increasing and will eventually stabilize, as some critics doubt that food production, due to lower yields from global warming, can support the global population.
- Organic farming is a multifaceted sustainable agriculture set of practices that can have a lower impact on the environment at a small scale. However, in most cases organic farming results in lower yields in terms of production per unit area. widespread adoption of organic agriculture will require additional land to be cleared and water resources extracted to meet the same level of production.
- Conservation tillage is an alternative tillage method for farming which is more sustainable for the soil and surrounding ecosystem. This is done by allowing the residue of the previous harvest's crops to remain in the soil before tilling for the next crop.
- To address issue of stubble burning, both farmers and the government need to explore the Chhattisgarh Model. The Chhattisgarh model is an innovative experiment that has been undertaken by the Chhattisgarh government which involves the setting up of gauthans. A gauthan is a dedicated five-acre plot, held in common by each village, where all the unused stubble or parali is collected through parali daan (people's donations) and is converted into organic fertiliser by mixing with cow dung and a few natural enzymes.
- Zero Budget Natural Farming (ZBNF) envisaged in the Union Budget 2019-20 for sustainable agriculture. ZBNF is a set of farming methods, and also a grassroots peasant movement, which has spread to various states in India. It has attained wide success in southern India, especially the southern Indian state of Karnataka.
- Integrated farming system (IFS). The salient features of IFS include – innovation in farming for maximizing production through optimal use of local resources, effective recycling of farm waste for productive purposes, community-led local systems for water conservation, organic farming, and developing a judicious mix of income-generating activities such as dairy, poultry, fishery, goat-rearing, vermicomposting and others.

Conclusion

India from 1960's drought hit country has travelled a long road to become a self-sufficient nation. Techniques used during that time to improve farm produce was necessary to achieve food security. India is now producing more than it needs. We have to invent new methods to overcome unsustainable ways of agriculture that can feed a population of billion and also not harm environment.

Q15. Comment on the recent agreement on disengagement at the Ladakh border. Why should India be more cautious now? Examine.

We need to mention and comment on provisions of agreement on disengagement at the Ladakh border. Further after mentioning positive outcomes, we need to mention reasons to be cautious.

Introduction

After 10 months of an intense standoff between Indian and Chinese troops in eastern Ladakh on the Line of Actual Control (LAC), Defence minister in parliament said both sides had begun the process of disengagement in Pangong Tso area.

Body

Main provisions of recent agreement on disengagement at the Ladakh border –

- India will move its troops back to Finger 3, while China will move back to Finger 8 along the peaks surrounding Pangong Tso Lake in Eastern Ladakh.
- The agreement also entails that any structures that had been built by both sides since April 2020 in both north and south bank area will be removed and the landforms will be restored.
- There is also a moratorium on patrolling in this area until resumption is discussed by both sides through diplomatic and military talks.
- Once complete disengagement is achieved at all friction areas, both sides will undertake de-escalation along the LAC.

Disengagement is a welcome step due to following reasons –

- Triumph of peaceful bilateral dialogue: Even after violent Galwan clash, both sides realized potential of peaceful bilateral dialogue. It took 9 rounds of talks to come up with current disengagement understanding.
- Preventing a costly affair: Heavy troop and equipment deployment in difficult terrain and extreme climatic conditions put heavy cost. Thus current agreement prevents not only economic drain but also saves lives of personnel.
- It provides opportunity to discuss and resolve other standoffs especially Depsang plains. Even long standing sticky issues like demarcating Line of Actual Control (LAC), etc. can be discussed for a long term and sustainable peace.

However, India needs to be more cautious now due to following reasons –

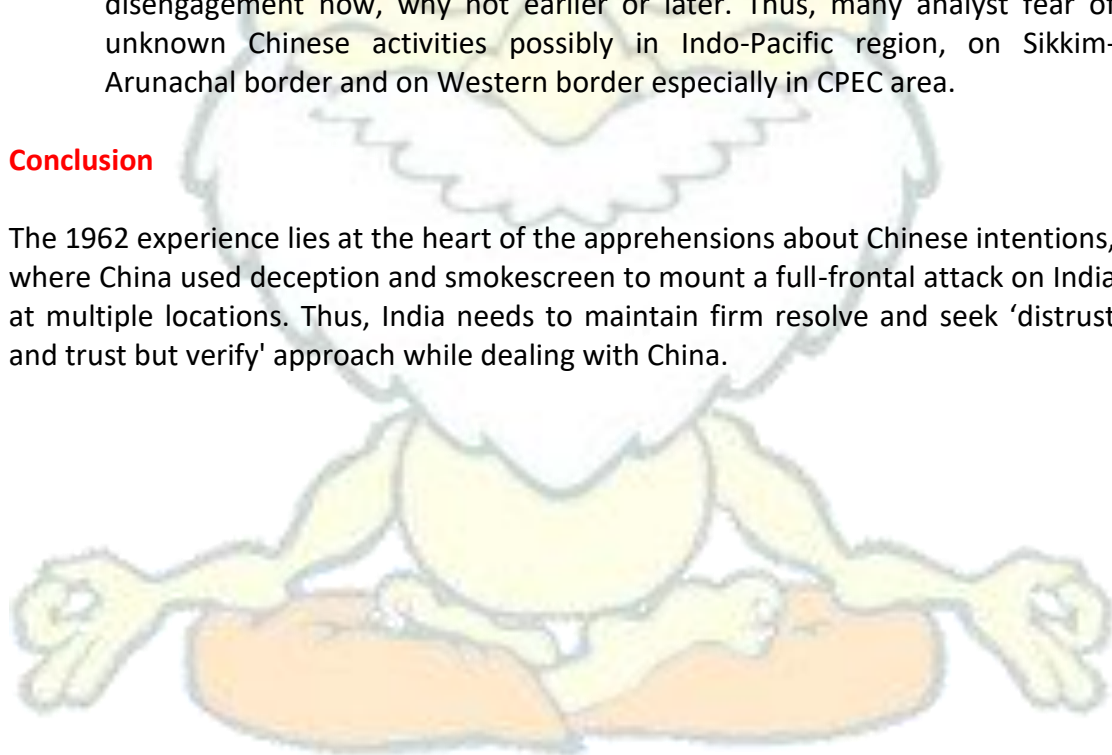
- 1962 experience: in July, 1962, the then Prime Minister Jawaharlal Nehru had welcomed the 'partial' withdrawal of Chinese troops from Ladakh. However,

China invaded Indian territory barely three months later in a blatant act of betrayal.

- Galwan conflict: The Galwan Valley clash that killed 20 Indian soldiers on 15 June, 2020. It had taken place during a verification process after both sides had agreed to disengage from the location. Thus, India needs to maintain cautious approach while current disengagement as per the agreement.
- Other pending standoffs: standoff in Depsang Plains, Hot Springs, Gogra, Charding Ninglung Nallah junction in Demchok sector, etc. are not part of the current disengagement plan. Though not tense currently but they need an amicable resolution to prevent future escalation.
- Restrictive terms of disengagement: As per agreement Indian troops cannot patrol in area between Finger 4 to Finger 8, which Indian troops patrolled before the standoff. Thus, as per current disengagement process nothing stops the Chinese from coming back later.
- Heavy troop deployment: China and India has deployed more than 50000 troops in the standoff region. Understanding on withdrawal of troops is still pending and continues to be a major reason of worry.
- Apprehension of conflict in other areas: Still, there is confusion over the reason for current stand off by Chinese side and also no clarity on why disengagement now, why not earlier or later. Thus, many analyst fear of unknown Chinese activities possibly in Indo-Pacific region, on Sikkim-Arunachal border and on Western border especially in CPEC area.

Conclusion

The 1962 experience lies at the heart of the apprehensions about Chinese intentions, where China used deception and smokescreen to mount a full-frontal attack on India at multiple locations. Thus, India needs to maintain firm resolve and seek 'distrust and trust but verify' approach while dealing with China.



Q16. Examine the concept of 'internationalism'? Why is it important in the current global context?

Approach

We need to define the concept of 'internationalism'. Further we have to mention the importance of 'internationalism' in the current global context.

Introduction

Internationalism is a political principle based on a belief that countries can achieve more advantages by working together and trying to understand each other than by arguing and fighting wars with each other.

Body

- Supporters of internationalism are known as internationalists and generally believe that humans should unite across national, political, cultural, racial, or class boundaries to advance their common interests, or that governments should cooperate because their mutual long-term interests are of greater importance than their short-term disputes.
- Internationalism is an important component of socialist political theory, based on the principle that working-class people of all countries must unite across national boundaries and actively oppose nationalism and war in order to overthrow capitalism
- Most challenges confronting the world and likely to confront it in the future are cross-national in character. They respect no national boundaries and are not amenable to national solutions.

Thus, Internationalism is important in the current global context due to following reasons –

- **COVID-19 pandemic:** Global Covid death toll crossed 2.43 million still, there is virtually no coordination at the international level to tackle covid pandemic. Addressing UNSC, India urged the international community to stop vaccine nationalism and actively encourage internationalism, underlining that hoarding superfluous doses will defeat global efforts to attain collective health security and combat the pandemic.
- **Economic Revival:** The World Bank (WB) baseline forecast envisions a 5.2% contraction in global GDP in 2020, the deepest global recession in decades due to covid pandemic. Recent protectionist tendencies reflected via USA-China, Indo-China trade conflicts and sanctions on Iran, Russia, etc. deepens economic fractures. Internationalism effort like G-20 summit was born in response to the global financial and economic crisis of 2008 and provided a coordinated response that prevented catastrophic damage to the global

economy. Such similar effort is needed to ensure inclusive and sustainable economic V-shaped recovery.

- **Climate Conservation:** Sea levels are rising, glaciers are melting and precipitation patterns are changing. Extreme weather events are becoming more intense and frequent. Through comprehensive communication and co-operation we can mitigate ill effects of climate change.
- **Global Peace:** Tensions between nuclear powered nations like US, China, Russia, North Korea, India, Pakistan, etc. put world in the brink of mass destruction. Terrorism with its complex and wide spread operations threaten the world peace. Wars in West Asia, Gulf, etc. need a global solution through inclusive and peaceful dialogue.
- **Global Governance:** Institutions such as the United Nations and the World Health Organization which are already marginalised may become increasingly irrelevant. United Nation currently works on an outdated global understanding where only five permanent members of UN Security Council (UNSC) wield power to veto crucial decisions. U.N. as the only truly inclusive global platform enjoying international legitimacy despite its failing's needs reforms to make it more democratic and in line with current global realities.
- **Appreciation to global cultural diversity:** Fear of loss of identity due to overriding influence of western culture and influence of other cultures on western culture has caused hate and conflicts. Islam phobia, White Supremacy, etc. highlight divides among the global community. Thus an environment of global solidarity and tolerance can be achieved through internationalism.
- **Technological advances and privacy concerns:** Artificial Intelligence, Cryptocurrency, big data etc. have caused concerns related to data sovereignty and privacy. Solarwind hack, Zhenhua Data leak, etc. highlight misuse of technology. Thus, a global consensus based agreement is need to safeguard sovereignty on nations and privacy of citizens.

Following are recent initiatives that highlight adherence to the principle of internationalism –

- Indian initiative in convening leaders of the South Asian Association for Regional Cooperation nations for a regional collaborative effort on COVID-19 and providing Covid-19 vaccine to global community. India has shipped Made in India' Covid-19 vaccines to around 25 nations.
- COVAX is co-led by Gavi, the Coalition for Epidemic Preparedness Innovations (CEPI) and WHO. Its aim is to accelerate the development and manufacture of COVID-19 vaccines, and to guarantee fair and equitable access for every country in the world.
- Paris Climate deal including intended nationally determined contribution (INDC) and efforts to finalise framework for its working and implementation show a cooperative resolve to tackle climate change.

Conclusion

At the recent The Economic Times Global Business Summit, Indian Prime Minister claimed that the world today is “inter-connected, inter-related and also interdependent” but it has not been able to come on a single platform or frame a Global Agenda, a global goal of how to overcome world poverty, how to end terrorism, how to handle Climate Change issues. Thus internationalism can make us capable to face these challenges together and make us all victorious in near common future



Q17. What are your views on the frequent disruption of parliamentary proceedings? Shouldn't there be a strict law to curb such disruptions? Critically comment.

Approach

Candidates are expected to write views on disruptions of parliamentary proceedings and comment on whether there is requirement of law to curb such disruption.

Introduction

Parliament is the highest law making body in the country. In addition to its legislative function, it keeps a check on the functioning of the government and passes the country's budget. As a representative institution, it also highlights important issues being faced by the people. These responsibilities have been entrusted to both Houses of Parliament by the Constitution. The fulfilment of this mandate is dependent upon the effective participation of Members of Parliament (MPs) in its proceedings.

Body

As the very essence of our parliamentary democracy is a free and fearless discussion, anything said by them expressing their views and thoughts are exempted as per Article 105 of parliamentary privileges from any liability and cannot be tried in the court of law. But these causes disruption and obstacles to legislative process. Frequent disruptions of parliamentary proceedings –

- In the last decade, MPs have raised slogans, snatched papers from ministers and used pepper spray in the House. During this session, both houses witnessed coordinated sloganeering and display of placards. MPs threw paper planes and a protesting MP, dressed in costume as a former chief minister, and played music to disrupt the house.
- In most cases, disorders in the House arise out of a sense of frustration felt by members due to lack of opportunities to make his point, or clear his chest of grievances of the people that move him or out of the heat of the moment. They are perhaps easier to deal with. What is more difficult to tackle is planned parliamentary offences and deliberate disturbances for publicity or for political motives.
- Disruptions have become an endemic feature of the functioning of the Indian Parliament. This has led to waste of taxpayers' money on a perpetually disrupted and consequently, non-functioning Parliament; second, the legislative paralysis that has stultified governance.
- Accordingly, ruling governments may, in some cases, schedule the transaction of business of each Session in such manner so as pave the way for greater disruptions in Parliament. Such disruptions make it impossible for the Speaker/Chairman to conduct the Question Hour/Zero Hour, and, in some

sense, allow governments to avoid answering questions that are posed to them.

Stricter law to curb disruption –

- New stricter law to check disruption of Parliament proceedings and stop members from frequently entering into the Well of the House and shout slogans, a phenomenon which has kept the transaction of crucial legislative business at bay in many sessions.
- Stricter law with harsh provisions can stifle the freedom of MPs therefore there is need to have a “Code of Conduct” for members of Lok Sabha, Rajya Sabha, State Assemblies and Councils to minimise disruptions in the House especially relating to suspension for entering and protesting in the well of the House.
- With code of conduct on lines ‘Parliamentary Disruption Index’ can be used to assess. It can draw a distinction between genuine interruptions which raise issues of national importance and seek to engage members, from different political parties, in a healthy debate, from disruptions, which are made simply to stall the smooth and efficient functioning of the House(s).
- To address this, the parliamentary sessions may be structured on similar lines as in the UK and USA, where the opposition parties get the opportunity to lead discussions. At least one day per week, preferably a Monday so as to reduce incidents of disruptions during the rest of the week, must be allocated towards discussions that are led by the members of the opposition parties.
- The Ethics Committees may also be vested with the power to specifically publish information on disruptions, including names of MPs who disrupt the most, on a periodic basis as well as a record of complaints and enquiries relating to disruptions.
- Thus, the application of the law of defection by convention should only be when a MP votes against the party whip on a no-confidence motion or a finance bill. For ordinary legislative activity as well as non-legislative activity (where whips are issued), a contrary vote should not attract the anti-defection law.
- However, little attention has been paid to what the underlying causes for such disruptions are. More crucially, very little writing has focused on why MPs, envisaged as the embodiments of responsiveness to their constituents, have continued to disrupt Parliament, and been immune to popular criticism.

Conclusion

Parliamentary debates are recorded for posterity. They offer an insight into the thinking of our elected representatives. Disruptions ensured that no such insights are available to future generations. An inscription on top of the gate of the inner lobby of the Lok Sabha reads: “Truth has been said to be the highest duty.” When we look at the work done by the Parliament in many disputed sessions, our MPs might have fallen short of their constitutional duty.

Q18. What are the roles and privileges of Lieutenant Governor (LG) in the Union Territories (UTs)? What are the emerging issues with respect to LG's relations with the elected government? Discuss.

Approach

Candidate is required to give role and privileges of lieutenant governor according to constitution and then go on to discuss the emerging dominant trends in their functioning with respect to elected representatives.

Introduction

Article 239 says that every Union Territory in India shall be administered by the President of India, to such extent as he thinks fit, through an administrator to be appointed by him. It is called Lieutenant Governor in Andaman and Nicobar Islands, Delhi and Puducherry. Thus, Lieutenant Governor is an administrator and not a constitutional head like governors of states.

Body

Role of Lieutenant Governor –

- Governors are not elected by the people and, so their role was debated in the Constituent Assembly. But, they were considered important in situations of constitutional crisis and for bridging the gap between the centre and the state government.
- Only three Union Territories — Andaman and Nicobar, Delhi and Puducherry have Lt. Governors.
- The functions and powers of a Governor and a Lieutenant Governor are, more or less, the same. The LG, like the Governor, acts a titular head of the Union Territory. But, the powers of an LG are wider than that of a Governor.
- This is because, a Governor of a state has to act solely on the aid and advice of the Council of Ministers, whereas, the LG does not need the approval of the Council of Ministers on every matter.
- In case of Delhi, the government exercises no power in the domain of land, law, and police. The LG has complete discretion to decide upon any of these matters.
- Both Delhi and Puducherry has an elected legislature and government. But, the functions and powers of the Lieutenant Governors of Delhi and Puducherry are marked by certain differences.
- The LG of Delhi enjoys greater powers than the LG of Puducherry.
- The LG of Delhi is vested with “Executive Functions” that enable him to exercise powers in matters connected to public order, police and land “in consultation with the Chief Minister, if it is so provided under any order issued by the President under Article 239 of the Constitution”.

- While the L-G of Delhi is guided by the Government of National Capital Territory of Delhi Act, 1991, and the Transaction of Business of the Government of National Capital Territory of Delhi Rules, 1993, the L-G of Puducherry is guided by the Government of Union Territories Act, 1963.

Emerging issues of LG with elected governments –

- Due to the co-existence of Article 239 and 239AA, there is a jurisdictional conflict between the government of NCT and the Union Government and its representative, the Lieutenant Governor.
- According to the Union government, New Delhi being a Union Territory Article 239 empowers the Lieutenant Governor to act independently of his Council of Ministers.
- However, the state government of Delhi held that the Article 239AA of the Constitution bestows special status to Delhi of having its own legislatively elected government.
- SC in 2018 held that for establishing a democratic and representative form of government for NCT of Delhi, Government of Delhi that enjoys the confidence of the people of Delhi should have the functional autonomy to legislate for the NCT of Delhi.
- Hence, through the judgement, the Supreme Court has settled the law in regard to the 'aid and advice' of the Council of Ministers by affirming that the LG is bound to act on the aid and advice except in respect of 'Land', 'Public Order' and the 'Police'.
- Recent disputes also emerged between LG of Puducherry and elected government.
- SC held that LG does not refer to the President normal administrative matters as that would disturb the concept of Constitutional governance, principles of collaborative federalism and the standards of Constitutional morality.

Way forward –

- Incorporating the Washington DC Model: Indian Government can emulate the model of administrative sharing of power between the Federal Government of US and state of Washington.
- Under that scheme, only the strategic areas and buildings are under the effective control of the federal government and the rest of the areas are under jurisdiction of Washington State.
- Given this, the institution of strategic importance like Parliament, Supreme Court etc. can remain under the jurisdiction of Union Government and areas other than these can be given statehood.

Conclusion

Harmonious Functioning: Constitutional scheme adopted for the NCT of Delhi conceives of the Council of Ministers as the representatives of the people on the one hand and the LG as the nominee of the President on the other. For the sake of adhering to the principle of representative democracy and cooperative federalism, it is required that both the constitutional offices should function in harmony within the Constitutional parameters.



Q19. What are the key considerations that attract foreign investors to a country? Discuss. What are the recent initiatives taken by the government to increase the inflow of foreign investment in the country? Examine.

Approach

First discuss the key considerations that attract foreign investors to a country (to discuss means to use your skill at reasoning, backed up by deliberately selected evidence to make a case for and against an argument) then examine the recent initiatives taken by the government to increase the inflow of foreign investment in the country (examine means to inspect something in detail and investigate the implications)

Introduction

Foreign direct investment (FDI) means companies purchase capital and invest in a foreign country. For example, if a US multinational, such as Nike built a factory for making trainers in India; this would count as foreign direct investment.

Body

THE KEY CONSIDERATIONS THAT ATTRACT FOREIGN INVESTORS TO A COUNTRY

The main factors that affect foreign direct investment are –

1. **Wage rates:** A major incentive for a multinational to invest abroad is to outsource labour-intensive production to countries with lower wages.
2. **Labour skills:** Some industries require higher skilled labor, for example pharmaceuticals and electronics. Therefore, multinationals will invest in those countries with a combination of low wages, but high labor productivity and skills.
3. **Tax rates:** Large multinationals, such as Apple, Google and Microsoft have sought to invest in countries with lower corporation tax rates.
4. **Transport and infrastructure:** A key factor in the desirability of investment are the transport costs and levels of infrastructure.
5. **Size of economy / potential for growth:** Foreign direct investment is often targeted to selling goods directly to the country involved in attracting the investment. Therefore, the size of the population and scope for economic growth will be important for attracting investment.
6. **Political stability / property rights:** Foreign direct investment has an element of risk. Countries with an uncertain political situation, will be a major disincentive. Also, economic crisis can discourage investment.
7. **Commodities:** One reason for foreign investment is the existence of commodities.
8. **Access to free trade areas:** A significant factor for firms investing in Europe is access to EU Single Market, which is a free trade area but also has very low non-tariff barriers because of harmonization of rules, regulations and free movement of people.

9. **Exchange rate:** A weak exchange rate in the host country can attract more FDI because it will be cheaper for the multinational to purchase assets. However, exchange rate volatility could discourage investment.

THE RECENT INITIATIVES TAKEN BY THE GOVERNMENT TO INCREASE THE INFLOW OF FOREIGN INVESTMENT IN THE COUNTRY

Measures taken by the Government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country. The measures include –

- The Central Government amended FDI Policy 2017, to permit 100% FDI under automatic route in coal mining activities in 2019.
- The government clarified that investments in Indian entities engaged in contract manufacturing is also permitted under the 100% automatic route provided it is undertaken through a legitimate contract.
- Further, the government permitted 26% FDI in digital sectors. The sector has particularly high return capabilities in India as favourable demographics, substantial mobile and internet penetration, massive consumption along with technology uptake provides great market opportunity for a foreign investor.
- Foreign Investment Facilitation Portal (FIFP) is the online single point interface of the Government of India with investors to facilitate FDI. It is administered by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry.
- Contract manufacturing Production of goods by one firm, under the label or brand of another firm is another initiative taken by government for the same.

Conclusion

Foreign Direct Investment (FDI) is a major driver of economic growth and an important source of non-debt finance for the economic development of India. It has been the endeavour of the Government to put in place an enabling and investor friendly FDI policy. The intent all this while has been to make the FDI policy more investor friendly and remove the policy bottlenecks that have been hindering the investment inflows into the country. The steps taken in this direction during the last six years have borne fruit as is evident from the ever-increasing volumes of FDI inflows being received into the country. Continuing on the path of FDI liberalization and simplification, Government has carried out FDI reforms across various sectors.

Q20. In the past few months, farmers' pressure groups have become highly vocal with respect to their demands. Do you think the presence of pressure groups makes a democracy stronger? Critically comment.

Approach

Candidates are expected to define the pressure groups and then can write how farmers groups pressurise government. As question directs candidates have to critically comment on role pressure groups in strengthening democracy.

Introduction

A pressure group is a group of people who are organised actively for promoting and defending their common interest. It is called so, as it attempts to bring a change in public policy by exerting pressure on the government. It acts as a liaison between the government and its members.

Body

Farmer's Pressure groups as interest groups/vested groups towards new farm laws –

- Pressure group in the farmers' interests occupies the domain between the state and the marketplace. Prominent farmers organization are All India Kisan Sabha, Bharatiya Kisan Union, Hind Kisan Panchayat, etc.
- Pressure groups trying influence the farms laws and its implementation in the government through methods like morcha, lobbying, correspondence, publicity, propagandising, petitioning, public debating, maintaining contacts with their legislators and many rounds of talk with agriculture minister.
- Their demands relate to procurement prices of agricultural products, fertiliser subsidy, tenancy rights, electricity charges, etc.

Pressure groups are agents of political socialisation they have role in strengthening the democracy –

- Pressure Groups bring the demands and needs of the people to the notice of the decision-makers. The process by which the claims of the people get crystallized and articulated is called interest articulation.
- Pressure groups play a vital role in the legislative process, not only as important structures of interest articulation, but also as active agencies engaged in lobbying with the legislators for securing desired laws or amendments in laws and policies of the government.
- Right from the time of preparation of election manifestos of various political parties to the passing of laws by the legislators, the pressure groups remain associated with the process of rule-making.
- Pressure groups play a leading role in the formulation of public opinion. Each pressure group is continuously engaged in evaluating all such laws, rules,

decisions and policies which have a direct or indirect bearing on the interests it represents.

- For example with the gains made in mass media and education level, various experts and members of these farmers organizations who constantly raise their issues and opinions through media, social media and interviews. Through this, they have tried to influence public opinions.
- It always places the pros and cons not only before its members but also before the general public for eliciting popular support as well as for catching the attention of the government.

Many times instead of serving a useful purpose in the political administrative process, they are reduced to work for narrow selfish interests and hampers the democratic process –

- Instead of the pressure groups exerting influence on political process, they become tools and implements to subserve political interests.
- Pressure groups can allow too much influence over the government from unelected extremist minority groups, which in turn could lead to unpopular consequences.
- Unlike the pressure groups in the developed countries of the West, where these are invariably organised to safeguard economic, social, cultural interests, etc. in India these groups are organised around religious, regional and ethnic issues. Many a time factors of caste and religion eclipse the socioeconomic interests.
- Most pressure groups do not have autonomous existence; they are unstable and lack commitment, their loyalties shift with political situations which threatens general welfare. They many a times resort to unconstitutional means like violence. For example recent Republic Day-Red Fort incidents in Delhi.
- Farmers' organised groups largely influence the administrative process rather than the formulation of policy. This is dangerous as a gap is created between policy formulation and implementation.
- The organisations have limited territorial reach because of a fractured mandate, political party's support, geography and various other factors. For example farm pressure groups in current protest have there most of presence in western Uttarpradesh, Punjab and Haryana.

Conclusion

Active constructive participation of numerous groups in polity helps to reconcile general interest with individual group interests. Democratic politics has to be politics through consultation, through negotiation and some amount of bargaining is also involved. Thus, it is very essential for the government to consult these organised groups at the time of policy formulation and implementation.

Q21. What are the factors leading to high inflation prevailing currently? Discuss. What are its effects on the economy? Examine.

Approach

The students are expected to write the current inflation trends and provide the factors pushing the inflation higher. In the second part of the question, the impact of high inflation should be mentioned. The student should try bringing clarity in these questions with some real life examples to enable the examiner understand the applicability of the respective concept.

Introduction

Inflation is a measure of the rate of rising prices of goods and services in an economy. If inflation is occurring, leading to higher prices for basic necessities such as food, it can have a negative impact on society. CPI inflation excluding food and fuel remained elevated at 5.5% in December, due to inflationary impact of rising crude oil prices and high indirect tax rates on petrol and diesel, and pick-up in inflation of key goods and services, particularly in transport and health categories.

Body

Factors leading to high inflation currently –

- **Fuel Hike-** With the OPEC countries curtailing their production since pre-Covid times, the subsequent pick-up in the demand has resulted in rise in the crude-oil prices to 60 Dollars/Barrel hence hiking the petrol and diesel prices in the country. With constant growth of taxes on diesel/petrol the hike directly pushes the inflation up. Recent hike of petrol and diesel prices has directly impacted the overall inflationary trend in the country.
- While India's economic activity has remained muted, there has been a consistent acceleration in inflation, since December, 2019. A surge in food prices are the primary reason for the sharp increase in food inflation, which has demonstrated an upward trajectory of 7.87% in June, 9.27% in July, 9.05% in August and finally 10.68% in September before coming down to 6% in January.
- Health safety measures as well as lower capacity may have dampened supply chains to push up food prices. A rise in minimum support price (MSPs) besides aggressive government procurement could also put pressure on food prices. Overall, a confluence of these factors is responsible for jump in food prices even as activity contracts.
- **Supply-chain disruption-** Amidst the COVID-19 lockdown, the economy round the world took a backseat causing massive supply-chain disruptions which have continued to a certain magnitude till now, hence pushing the price of certain commodities to the higher side even when the lockdown was unlocked.

- The recent farm protests and the global chain disruption have further pushed the inflation to be on the higher side. However, RBI time and again quantitative easing resulted in pulling the food-inflation down, however bottlenecks remain and RBI maintaining the Repo-rate at same 4% in the last MPC meeting.

Effect of Inflation on Economy –

- This first effect of inflation is really just a different way of stating what it is. Inflation is a decrease in the purchasing power of currency due to a rise in prices across the economy. Thus, it erodes the purchasing power of the people.
- The consumers, largely the middle and lower class would bear the brunt of the food and fuel inflation. Higher inflation means lower savings, increasing their monthly budgets. With increase in fuel prices, the automobile sector would bear the largest brunt as the demand for automobiles would decrease.
- Companies engaged in the logistics and transportation of goods are also expected to increase their service rates soon due to the fuel price hike. Demand for increasing product delivery rates has already put consumer-oriented companies in a tough spot.
- Cost of Borrowing increases as such the lenders have a hard time to lend and investments slowdown, which puts brake on the entire growth of the economy. By raising interest rates, central banks can put a damper on these rampaging animal spirits.
- Wistful talk about inflation's benefits is likely to sound strange to those who remember the economic woes of the 1970s. In today's context of low growth, high unemployment (in Europe), and menacing deflation, there are reasons to think a healthy rise in prices—2% or even 3% per year—would do more good than harm. On the other hand, when growth is slow, unemployment is high, and inflation is in the double digits, the economy suffers from stagflation, just what some economist deemed India to be suffering from.
- High inflation is usually associated with a slumping exchange rate, though this is generally a case of the weaker currency leading to inflation, not the other way around. Economies that import significant amounts of goods and services, must pay more for these imports in local-currency terms.

Conclusion

With the restoration of supply-chains, there is optimism that the inflation will be tamed in near future. Push for investment, fiscal consolidation and rationalising the taxes is key. Proactive supply side measures, particularly in enabling a calibrated unwinding of high indirect taxes on petrol and diesel – in a co-ordinated manner by centre and states – are critical to contain further build-up of cost-pressures in the economy. Indian economy is witnessing green-shoots post lockdown, which the government should capitalize on for further strengthening of the economy for an inclusive and faster recovery across sectors.

Q22. The post of the governor is essentially an apolitical one. However in the recent times, the role Governors has come under a lot of scrutiny and criticism. Why? Discuss

Approach

We need to mention instance where governor has worked under political influence and also mention reasons for such politically influenced act of governor.

Introduction

Articles 153 of the Indian Constitution mention that there shall be Governor for each State. The Governor acts as the chief executive head of the state but during the last few years, the governors of Karnataka, Madhya Pradesh, Kerala, Maharashtra and West Bengal have played their roles in such a way as to make them highly controversial and politically motivated.

Body

The role of Governors has come under a lot of scrutiny and criticism due to following reasons –

- Selecting the chief minister: Misuse of situational discretion by governor in calling state representatives of political party ruling in Centre to form government. E.g.: Maharashtra governor appointing Chief Minister in early hours of morning.
- Determining the timing for proving legislative majority.
- Time in giving assent to bills or reserving bills for the President.
- Commenting adversely on specific policies of the state government.
- Exercising powers of the governor as the chancellor of state universities: As an outsider to the state, governor is mostly not conversant with local dynamics to handle the affairs of state universities. This has led to governor working on advice of local members of the party ruling at the centre. E.g.: Tussle between the Governor and Chief Minister of Maharashtra over cancellation of University examinations.
- Demanding information about day-to-day administration in a way to block state initiatives is claimed to be politically motivated. E.g.: Lt Governor in Delhi, Governor of West Bengal.

Supreme Court in its judgment in the BP Singhal case in 2010, issued a clarification, that “Governor is the constitutional head of the state. He is not an employee or an agent of the Union government nor a part of any political team. Despite the criticism, governors continued to behave as political appointees who must obey the master's voice.

Recommendations made by various committees and commissions to make office of governor apolitical and more efficient –

- Fixed tenure in office for governor
- Chief Ministers of concerned states should be consulted before appointing a governor.
- In 1980s the BJP along with the left front government of West Bengal, suggested that the governor appointment should be made from a panel prepared by the state legislature and actual appointing authority should be the Inter-state Council.

Conclusion

Hence, rather than using the governor's office as an instrument for controlling state politics by exploiting his tenure insecurity or party loyalty, it is better for the country in the long run to respect such institution and to let the governor act on his sagacity and sound judgment.



Q23. What are your views on the recently announced plan of privatising 100 public sector undertakings (PSUs)? What will be its economic impact? Discuss.

Approach

Since the question is asking you to discuss so you have to use your skill at reasoning, backed up by deliberately selected evidence to make a case for and against an argument, or point out the advantages and disadvantages of a given context.

Introduction

In a clear push for disinvestment and privatization of public sector undertakings (PSUs), the prime minister recently said that it is the government's duty to support enterprises and businesses. But it is not essential that it should own and run enterprises and that the government has "no business" to be in business.

Body

PLAN OF PRIVATISING 100 PUBLIC SECTOR UNDERTAKINGS (PSUS) –

The government's ambitious plan to monetise around 100 government-owned assets as part of the monetisation plan is a good move. Going ahead with the mantra of monetise and modernise, the government will be aiming to achieve Rs 2.5 trillion investment.

- Fiscal support to sick PSUs puts burden on the economy and public sector units should not be run just because of legacy as many PSUs are loss-making and supported by taxpayers' money.
- The government has no business to be in business. When government monetises, that space is filled by private sector of the country.
- The public sector enterprises are loss-making and several of them need the support of public money and that they should not be run because they were started many years ago and were someone's pet project.
- The private sector has delivered very high value in the market and hence qualifies to take over PSUS.

But a question here is whether making a company privately-run is better than keeping it where it is?

- If one looks at the private corporate sector, the performance is not always very good if one moves away from the top 100 companies.
- Most of the non-farm NPAS reside in the private sector and most failures are in the private sector.
- The private sector does not create jobs, which was a mandate of the public sector.

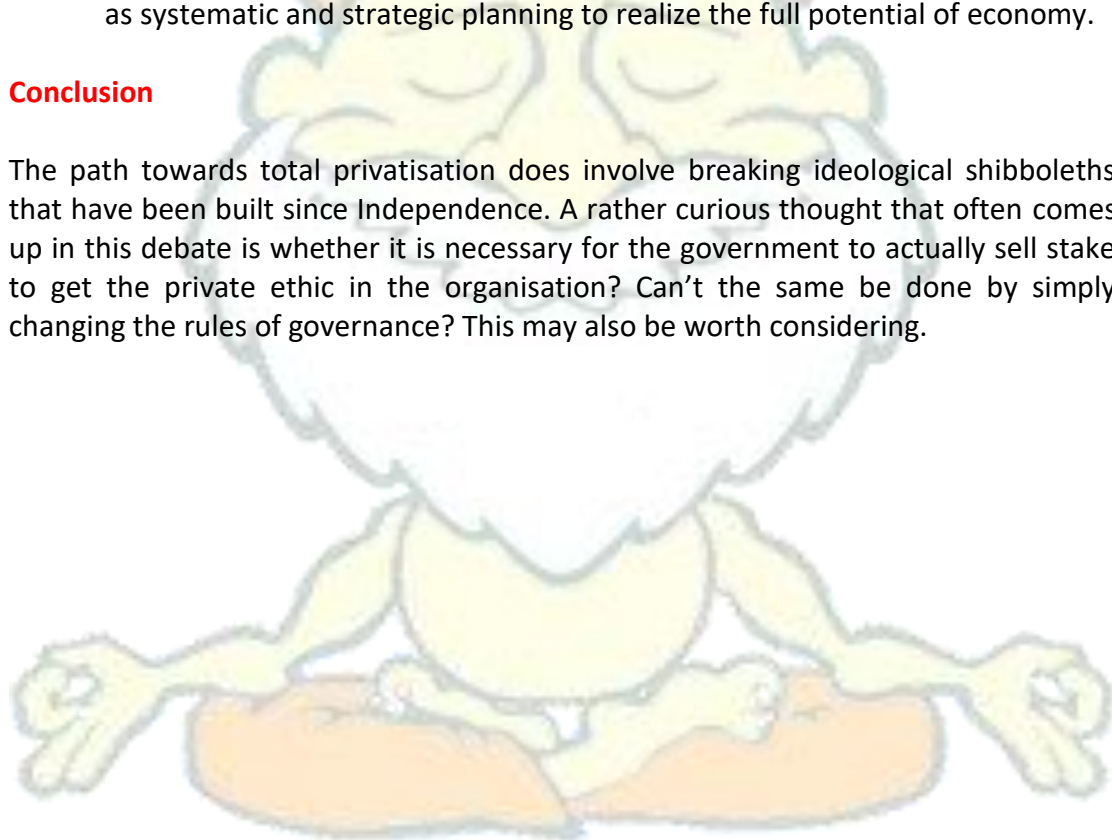
- In the last five years the share of the private corporate sector in gross fixed capital formation had fallen from 26.1% to 23.4%, if IPR is excluded.

ITS ECONOMIC IMPACT –

- By Privatising 100 Public Sector Undertakings (PSUS) The Government Will Be Aiming to Achieve Rs 2.5 Trillion Investment.
- Private sector brings investment and best global practices with them.
- It is believed that the roadmap for asset monetisation including privatisation move given in the Budget will put India back on “high growth trajectory”.
- Privatisation will help in achieve an increase in the output of the country by improving quality of the products by reducing unit costs, curbing public spending and raising cash to reduce public debt.
- It will help in keeping the consumer needs uppermost and will help the government in paying their debts, it helps in increasing long-term jobs and promotes competitive efficiency and open market economy.
- Privatization will give ample space for creative and innovative thinking as well as systematic and strategic planning to realize the full potential of economy.

Conclusion

The path towards total privatisation does involve breaking ideological shibboleths that have been built since Independence. A rather curious thought that often comes up in this debate is whether it is necessary for the government to actually sell stake to get the private ethic in the organisation? Can't the same be done by simply changing the rules of governance? This may also be worth considering.



Q24. Comment upon the problem of unemployment in India. What suggestions do you have to create employment opportunities?

Approach

Question is straight forward in its approach students are expected to provide a detailed explanation about unemployment in India and also provide suggestions about how to create employment opportunities, also it is important to mention about how unemployment has increased over a period of time in India.

Introduction

Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. The most frequent measure of unemployment is the unemployment rate, which is the number of unemployed people divided by the number of people in the labor force. The unemployment rate in India fell to 7% in September 2020 from the record high of 29% since the country went into lockdown from March 2020, says the report of CMIE – Centre For Monitoring Indian Economy. However, it later increased to 9.1% in December 2020. The lockdown to contain the coronavirus outbreak has forced many industries to shut down thus increasing unemployment across the country.

Body

Causes of Unemployment in India –

- **Jobless Economic Growth:** India's GDP grown at about 7-8% in last decade, but growth does not translated into creating more employment opportunities for the labour force of the country.
- **Joint Family System:** It encourages disguised unemployment. In big families having large business establishments, many such persons are found who do not do any work and depend on the joint income of the family. Joint family system is more prevalent in rural areas; hence a high degree of disguised unemployment there.
- **Mobility of Labour:** Labour mobility is very low in India. Because of their family loyalty, people generally avoid migrating to far-off areas of work. Factors like diversity of language, religion and customs also contribute to low mobility. Lower mobility causes greater unemployment.
- **Education:** Although literacy rates have risen in the last few decades, there still remains a fundamental flaw in the education system in India. The curriculum is mostly theory-oriented and fails to provide vocational training required to match up with current economic environment. The degree-oriented system fail when it comes to produce human resources skilled enough to specific job profiles in the economy.

- Population growth: Rapid growth of population is the major reason for increasing unemployment in the country. In the last decade (2006-2016), India's population increased by 136 million and unemployment is at a 5 year high in the financial year of 2015-2016.
- Agriculture: Agriculture remains the biggest employer in the country contributing to 51% employment. But the sector contributes a meagre 12-13% to the country's GDP. The problem of disguised unemployment is the biggest contributor behind this deficit. Also the seasonal nature of employment in the sector lead to recurring cycles of unemployment for the rural population.
- Lack of skills: There has been a push towards providing the employment opportunities to the people by government by skilling them. But skill deficit still is a big issue.
- Poor Industrialisation: The industrial sector in India still lag behind. Agriculture still remains as the biggest employer in the country.
- Recent impact of lockdown during Covid-19 pandemic has increased unemployment to the highest levels overall growth contraction led to fall in the industrial output. The lockdown to contain the coronavirus outbreak has forced many industries to shut down thus increasing unemployment across the country. Early estimates of jobs data indicate that the coronavirus effect may have left a devastating impact on the economy, sending urban unemployment rate soaring to 30.9% . Overall unemployment rose to 23.4%.

Impact of unemployment on the economy –

- The problem of unemployment gives rise to the problem of poverty.
- The government suffers extra borrowing burden because unemployment causes a decrease in the production and less consumption of goods and services by the people.
- Unemployed persons can easily be enticed by antisocial elements. This makes them lose faith in the democratic values of the country.
- People unemployed for a long time may indulge in illegal and wrong activities for earning money which increases crime in the country.
- Unemployment affects the economy of the country as the workforce that could have been gainfully employed to generate resources actually gets dependent on the remaining working population, thus escalating socio-economic costs for the state. For instance, a 1 % increase in unemployment reduces the GDP by 2 %.
- It is often seen that unemployed people end up getting addicted to drugs and alcohol or attempts suicide, leading to losses to the human resources of the country.

Suggestions for creating employment opportunities –

- One of the remedies of the unemployment situation in India is rapid industrialisation. Increased number of industries will translate into increased number of employment opportunities.
- The curriculum should be changed with increased focus on learning and skill development. Recent new education policy is a good step in this direction with provisions to encourage creativity and critical thinking among students.
- Self-employment should be encouraged more with introduction of liability free loans and government assistance for funding.
- Incubation centres need to be promoted to cultivate original business ideas that will be financially viable.
- Better irrigation facilities, better farming equipment, dissemination of knowledge regarding multiple crop rotation and crop management should be focused on.
- Government as well as leading business houses of the country should seek to invite more foreign collaboration and capital investment in every sector.
- There are number of labour intensive manufacturing sectors in India such as food processing, leather and footwear, wood manufacturers and furniture, textiles and apparel and garments. Special packages, individually designed for each industry are needed to create jobs.
- Public investment in sectors like health, education, police and judiciary can create many government jobs.

Conclusion

Rapid population growth adds more labour force to the market. More population means more consumption and less saving, less saving implies less capital formation and less production which finally leads to less employment. Thus a collaborative effort is needed by government and industry to nudge an inclusive growth by supporting new sectors. There is a need for National Employment Policy (NEP) that would encompass a set of multidimensional interventions covering a whole range of social and economic issues affecting many policy spheres and not just the areas of labour and employment. The policy would be a critical tool to contribute significantly to achieve the goals of the 2030 Agenda for Sustainable Development.