

**1. Do you think making the poll promise of free electricity to the electorate is an economically viable idea? Critically comment**

**Approach**

The question is based on recent announcements of free electricity by political parties. The candidate needs to keep electricity as a centripetal force around which the answer needs to be written. In introduction write need of electricity. Then proceed to write positive and negative effects of free electricity. In last take a balanced view.

**Introduction**

Electricity is an essential commodity especially in 21<sup>st</sup> century when each and every work which individual or processes in various industries depend upon availability of reliable source of electricity. The per capita consumption of electricity has become a mark of gauging development of a country. In this context the promise of free electricity by political parties has started a discussion on the viability of the idea and essentiality in the face of growing reliance of electricity.

**Body**

The government of Delhi has implemented its scheme of free electricity upto 200 units and 50% subsidy on units 200-400. The scheme has been successfully implemented and now the ruling party is promising such policy in other states. India already has provisions of free electricity for farm sector in various states such as Karnataka, Punjab, Andhra Pradesh, Tamilnadu etc. Thus the increasing trend of giving free electricity has raised the quest economic viability of such promises.

Arguments in support of Free electricity and its viability:

- In the modern world, access to electricity is the gateway to prosperity. It is not the end result but rather the means to achieve anything. From the basic comfort of an electric fan needed for a good sleep to using a computer which provides basic employability skills, access to electricity is all the more important.
- The free lifeline electricity scheme essentially addresses power requirements of the least privileged section of the society. Under Article 21 of the Constitution, Right to Life means the right to lead a meaningful, complete and dignified life. In today's era one can not even think of a dignified life without access to electricity and therefore providing free electricity for most essential services like a tube light and electric fan becomes a duty of any welfare state.
- Access to electricity is a defining element in determining one's prospects, therefore, this scheme would go miles in filling the gap between the haves and have not.
- The farmers who are marginal in nature and are not covered by canal irrigation needs to be compensated by giving free electricity as otherwise they will not be able to cultivate and give rise to poverty.

- India is one of the lowest consumer of electricity which is a parameter for development. This incentive can provide a much needed push for economic growth and development.
- Free electricity will create new opportunities for working class and reduce wastage due to ceiling in subsidy.
- Power Discoms have not been able to meter all the power consumers. The free electricity can lead to universal metering and that can stop leakages in future

Free electricity scheme is unviable economically because:

- Depleted aquifers due to overexploitation of groundwater. Thus as the ground water recedes further it increases the cost of pumping and need farmers need to dig more deeper wells. This increases the cost of farming and also works against marginal farmers who don't possess resources. This leads to further marginalisation.
- Massive waste of power due to large unmetered connections. Free electricity leads to irresponsible behaviour. The consumers may get the electricity free but still there is cost of production and distribution which the government needs to pay for. In a fiscally stressed country like India this takes away essential resources away from government. The present subsidy bill for free electricity is 33,000 crore.
- Huge financial burden on state governments. The state finances which were already in precarious situation before pandemic have been stressed further. Therefore instead of capital infrastructure the extra burden from free electricity will be irrational.
- Deteriorating financial health of the electricity distribution companies (DISCOMs). It is the discoms who have to bear the burden of free electricity as state delay their payments. This has led to distribution sector being debt ridden which has stopped innovation and growth
- Increased cross-subsidy burden on industrial and commercial consumers. The free electricity will increase burden on other sectors of economy such as commercial sector. In the pandemic battered economy it would not be a prudent strategy.
- Promotes unsustainable agriculture: free availability of electricity to farmers promotes growth of crops not suitable to agro-climatic zones like rice in Maharashtra etc. This actually hurts economic viability by avoiding diversification and making India dependent on commodities like pulses and oil seeds while there are extra buffer stocks of wheat and rice.

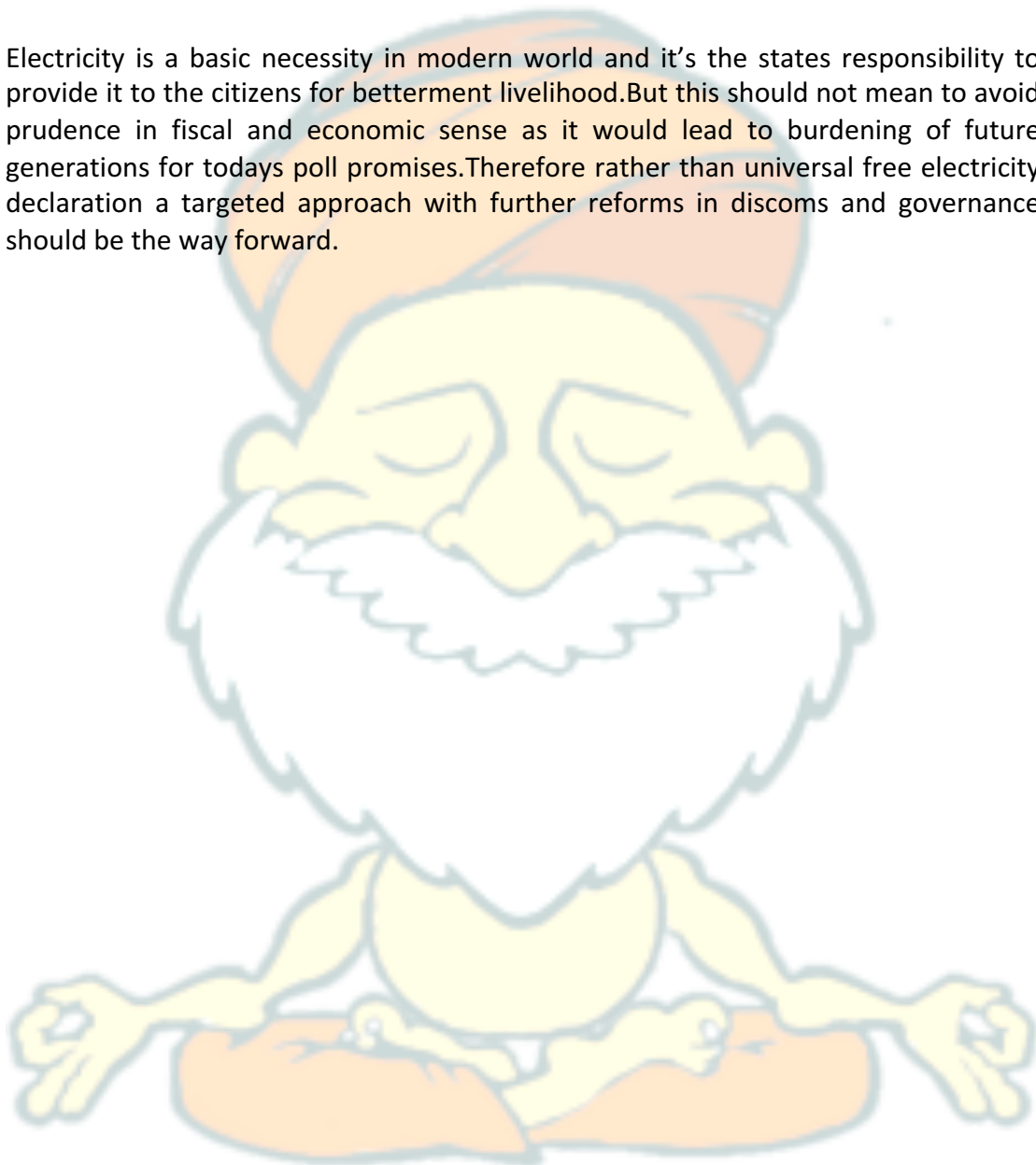
Solutions to address the issue of viability as well as essentially of electricity:

- There needs to be targeted subsidy rather than universal subsidy. This can be done through socioeconomic caste census data of 2011. This will ensure equity and limit the state expenditure.
- The subsidy further provided need to be through direct benefits transfer as said by union government. This will avoid inefficiencies and avoid over inclusion.

- A policy paper need to be introduced in state legislature on impact of free electricity and its outcome.This will make state governments accountable and avoid poll promises which go against the interest of state exchequer.
- There should be 100% metering and further focus on reducing wastage trough transmission by a unified grid.This will reduce the cost of electricity.

### **Conclusion**

Electricity is a basic necessity in modern world and it's the states responsibility to provide it to the citizens for betterment livelihood.But this should not mean to avoid prudence in fiscal and economic sense as it would lead to burdening of future generations for todays poll promises.Therefore rather than universal free electricity declaration a targeted approach with further reforms in discoms and governance should be the way forward.



**2. How has the successful launch of Agni P strengthened India's deterrence capabilities? Comment. What cue can other indigenous programs take from the success of Agni P? Discuss.**

### **Approach**

Introduce with recent development on Agni prime missile. In next part mention points on how it adds to deterrence capabilities of forces and in last part write what lessons can be learned from here on.

### **Introduction**

Agni-P or Agni-Prime is a medium-range ballistic missile being developed by Defence Research and Development Organisation (DRDO) as a successor for Agni-I and Agni-II missiles in the operational service of Strategic Forces Command. It was launched recently from the Odisha coast and is a latest addition to India's defence capabilities. It shows India's growing research and indigenisation of the sophisticated technology.

### **Body**

Agni P strengthened India's deterrence capabilities:

- The missile comes with its own unique technology giving it more accuracy while making it difficult to intercept. With a range of 1,000-2,000 kilometres, the deadly missile is capable of covering vital targets all across Pakistan.
- Agni P is part of the Agni series of missiles with new modern features which makes it very manoeuvrable and increases the accuracy.
- The Agni P, initially named Agni-1P, is said to weigh 50 per cent less than Agni 3 and is the lightest and smallest of the Agni series because of technological advancements. This makes it easy to transport and carry from one location to other.
- The missile comes with new composites, propulsion systems, innovative guidance and control mechanisms, besides the latest navigation systems.
- Adding to the usefulness of the missile is that it is a canisterised system. This means that the movement and launch options increase for the Strategic Forces Command, which oversees India's nuclear arsenal. The missile can be launched from rail or road and can be transported to various parts of the country.
- The two-stage and solid-fuelled weapon system comes with new propulsion systems, composite motor casings, and inertial navigation systems based on advanced ring-laser gyroscopes. Gyroscopes show the location of the missile and the trajectory it is taking. The ring-laser gyroscopes are more accurate.
- The missile can even be manoeuvred at one point if need be. This feature, which is usually not available in a ballistic missile, makes it more difficult to intercept.
- A notable feature of the Agni-P (Prime) is four delta fins for terminal maneuver indicating maneuvering warheads that can defeat not only ballistic missile

defense system but also be used as an Anti-Ship Ballistic Missile (ASBM) when a new variant is developed based on the Agni-P (Prime).

- According to experts it will be developed as an Anti-Ship Ballistic Missile (ASBM) system that adds another dimension to the threat to Chinese carrier battle group.

Lessons indigenous programs can take from the success of Agni P

- Indigenisation of the defence capabilities is essential for self reliance in changing power dynamics and also to avoid controversies in defence procurement. Thus the high level technology achieved in Agni P should be inspiration to achieve similar success in fighter jets.
- The pace at which Agni P was achieved should be a lesson for development of aircraft carriers and indigenous Arjun tanks which has taken more than 25 years to develop.
- Upgradation is essential element in defence and therefore the past glories is not answer to future threats. Therefore there is need to upgrade technologies in submarines and anti aircraft technology for better counter attacks.
- The focus on the new war scenario should be to achieve flexibility and mobility this component needs to be catered in other defence technologies.
- The primary adversary is now no longer Pakistan and therefore the focus showed in making technology advancements to counter China should be a lesson for other arms of defence forces.

### **Conclusion**

Therefore Agni Prime is a welcome addition to the overall defence capabilities of India. It will diversify the options and increase the precision with which nuclear and traditional attacks can be carried out. Further it also shows India's intention to invest in research and to focus on China as an eminent threat in the neighbourhood.

**3. What according to you is the best economic tool to revive demand? Substantiate your views.****Approach**

In introduction write the current condition of the Indian economy and contextualise to need for demand. In next part write reasons for demand collapse and finally provide solutions to revive this demand.

**Introduction**

India is going through a phase of unprecedented economic crisis due severe disruptions caused by the coronavirus pandemic. For the first time in decades India is experiencing negative growth rate, unemployment is at record high, poverty is increasing. This has had a disastrous effect on the overall demand which can further lead to more unemployment and a vicious cycle. Therefore it becomes imperative to revive the demand in economy for reviving manufacturing and services sector and overall economy.

**Body**

Collapse of demand in Indian economy and its problems

- First, there has been a secular decline in growth since the first quarter of 2018-'19. Gross domestic product growth declined from 7.1% during the first quarter of 2018-'19 (even prior to Covid-19) to 1.6 % during the fourth quarter of 2020-'21 leaving aside the negative growth of the first (-24.4%) and the second (-7.4%) quarters of 2020-'21. With declining growth, the per capita income slumped to the level of Rs 99,694 in 2020-'21 from Rs 1,00,268 in 2017-'18. In fact, India's per capita GDP is now what it used to be in 2016-'17 – the year when the slide started.
- Second, Covid-19 has severely impacted not only GDP growth but also several other macro aggregates that have caused a huge demand deficiency. Lockdown to contain Covid-19 has led to massive job losses due to the closure of various commercial and industrial as also all contact service establishments including Micro, Small and Medium Enterprises.
- The Centre for Monitoring Indian Economy estimated job loss at around 50 lakh by March 2020. A recent estimate on June 17 has put job loss at 2.53 crore since January 2021. The 30-day moving average unemployment rate as of June 6 stood at 13% as compared to 5.5% in June 2018. The labour participation rate has fallen to 39.7 % in June 2021 from 42.9% in June 2018.
- Third, a study, State of Working India 2021: One year of Covid-19 by Azim Premji University has brought out that 23 crore individuals have fallen below the national minimum wage of Rs 375 as recommended by the Anoop Satpathy Committee. This means an increase of the income poverty rate by 15% in rural areas and nearly 20% in urban areas.

- What is more, while coping with the distress that Covid-19 unleashed a large number of families has fallen into indebtedness and made distress sale of assets; many families were forced even to reduce food intake leading to nutritional distress as evidenced by the survey conducted by Rapid Rural Community Response to Covid-19, a coalition of civil society organisations that have come together to respond to the pandemic.
- Fourth, as is widely recognised, the Indian economy is highly unequal. As per the World Inequality Database, the share of the top 10% in India's national income was 56%, much higher than that in comparable countries like Indonesia (41%), Vietnam (42%) and even China (41%). A study by Azim Premji University has found that in April and May 2020 the poorest 20% of the households lost their entire incomes while the richer households lost less than a quarter of their pre-pandemic incomes.
- With falling income across the board, household consumption has necessarily plunged. Obviously, the recovery among poorer households would be slower because they were forced to sell productive assets and/or to borrow to survive the crisis.
- Further, Pew Research Centre has reported that the first wave of Covid-19 has witnessed a shrinkage of India's middle class which has the capacity to consume and save to 6.6 crore from 9.9 crore. The impacts of second wave will add further to this crises.
- For all the above, the private consumption as a proportion of GDP at constant prices has plummeted to 55.4 in the fourth quarter of 2020-'21 from 56.2 during the first quarter of 2018-'19. Private consumption has been the major driver of India's GDP.
- All this clearly suggests that the Indian economy is suffering from a huge demand deficiency. Its immediate turning around, therefore, critically depends on demand push. However, policy instruments to provide immediate demand push could also be combined with policy measures that would contribute to raising the productivity of the economy that is required for sustainable growth.

Scheme of the following type, in addition to what the Centre has already introduced, would give demand push for growth recovery:

- Release of the three instalments of dearness allowance to the central government employees amounting to around Rs 37,500 crore in the form of expenditure voucher could be considered.
- A total of 1,737 Central sector projects (including delayed projects) costing Rs 150 crore and above with about Rs-26.71 lakh crore anticipated completion cost (425th Flash Report by Ministry of Statistics and Programme Implementation) and those proposed in Budget 2020-'21 should be executed on a fast-track basis.
- Households stepped into indebtedness due to Covid-19 hospitalisation should be given full relief of the burden.
- Households that have lost earning member should be provided with a basic income of Rs 5,000 per month.

- Migrant labours who have lost jobs should be given a basic income of Rs 5,000 per month for six months.
- Urban micro-entrepreneurs and daily wage earners who have lost their livelihood should be given a basic income of Rs 5,000 per month for four to six months. Similar schemes inducing private consumption could also be thought of.
- One can clearly signal to the bureaucracy the green signal to take bold actions, even if some outcomes can potentially be challenged in a court. These can include the idea that officers will not be held responsible for bonafide acts.

### **Conclusion**

Indian economy is going through one of the worst crises seen in a century and therefore the measures also need to be out of the box to overcome this crisis. The government needs to focus on fiscal measures by transferring funds directly in the hands of households to boost the disposable income. This will help India to bring back demand and revive the economy .

