

1. Elaborate upon the concept of 'social empowerment'. Is there a correlation between social and economic empowerment? Examine.

Approach

Define social empowerment in introduction and contextualise to the economic empowerment. In next part write how the social empowerment is necessary for economic empowerment and then provide examples from India's past and present. Mention some antithesis for balancing with where this relationship is missing. In conclusion mention how this process can be made more inclusive for further empowerment and development.

Introduction

Social empowerment means all sections of the society having equal control over their lives and the opportunity to take important decisions. A nation can never have a good growth trajectory without empowering all sections of society equally. It has been seen that the citizens when are socially empowered leads to progress of nation as each individual contributes materially, mentally and culturally to the nation.

Body

The need for Social Empowerment

- Social empowerment leads one to take the right job and hence reduce the incidence of unemployment and under-employment.
- Social empowerment leads to a decrease in social violence engineered against the deprived section of the society. If one is empowered socially, they know the rights they enjoy and the duties they serve.
- Social empowerment is also advantageous in case of corruption as people tend to understand the exploitive class and restrain from giving any bribe which ultimately reduces corruption.
- Social empowerment is one approach to reduce poverty. When people are empowered, they tend to use the knowledge in the right direction and somehow reduce their poverty which is so important for national growth also.
- The main advantage of empowerment is that there will be an overall and inclusive development of the society. The money that people earn does not only help them and or their family, but it also helps develop the society.

Correlation between social and economic empowerment

- India at the time of independence was very poor in its every sphere. Further the overall development which colonial government did was uneven. Thus the social empowerment of different sections of society and India as a whole became the policy goals of Indian government for a faster economic development.

- Women which constituted half of the population were have literacy rate of only 8 percent as compared to 27 for men. After Independence women were liberated from the shackles of patriarchy, given rights over land, Child marriages were banned and conscious efforts have helped to achieve the literacy rate of 65 percent. With these policies there have been improvements in economic conditions of women as they are now free to participate in employment.
- Scheduled Castes and Tribes which were the most depressed section of society were enabled with provisions of reservations in education and jobs. Further separate sectoral plans were made for their development. This has empowered them and made them assertive of their rights. The rise of Dalits in total job sector, the rise of Bahujan Samaj party, and various leaders emerging shows how they feel empowered. This has contributed further to increase the economic development with increasing productive capacities.
- Similarly Tribals have emerged as important force in development process as the forest produce which they produce and various government schemes have increased their development conditions. Further states being created based on tribal population have brought tribals in mainstream of the economic process.
- After 1991 with the LPG reforms initiated the whole nation was liberated from the red tapism and license raj. This empowerment of people and corporations have led to higher growth rate for India and the world. This has led to 240 million people coming out of poverty by 2015 in India.

All these instances show how there is a correlation between the social empowerment and economic growth of a nation and its people.

However, there have been instances of no visible correlation between social and economic empowerment

- Female LFPR is declining despite higher growth, higher educational attainment, and higher age of marriage and declining fertility. Increased social empowerment did not lead to economic empowerment.
- Emergence of 'Dalit capitalism', higher percentage in administration, higher offices from lower class communities has not effectively increased the social status of lower caste. There is widespread discrimination as seen from temple entry restriction in various parts of the country.

Conclusion

The process of social empowerment is a continuing process. India has come a long way by empowering its citizens and various sectors. Today India is a 2.5 trillion economy due to past effort but to grow further there is need to further empower the citizens through education process, health insurance, inclusive growth and enabling vulnerable sections such as women, children, minorities and LGBT community for a holistic and faster economic development. These should be the priority with targets for SDG set in 2030

2. What is your assessment of reservations in jobs and education as a tool of social empowerment? Substantiate your views.**Approach**

Define what are reservations in Context of India. In next part write about the instances where it has helped to achieve equality and have been helpful. In next part write what are the concerns surrounding it. Write a balanced conclusion at the end.

Introduction

Reservation is the process of facilitating people in education, scholarship, jobs etc. that were faced with historical injustice. It is the form of quota-based affirmative action. It is governed by constitutional laws, statutory laws, and local rules and regulations. Its system in India constitutes a number of initiatives like reserving access to seats in the legislatures, to government jobs and to enrolment in higher educational institutions.

Body

Reason for reservations

- The reservation is undertaken to resolve the historic oppression, inequality, and discrimination suffered by those communities and to give them a place.
- It is meant to achieve the promise of equality enshrined in the constitution.
- The main objective of the reservation system in India is to improve the social and educational status of underprivileged communities and thus improve their lives.

Positive effects of reservation:

- Historical injustice: Caste based reservation is a necessity in India because of historical negligence and injustice caused to those backward communities. This has provided the reserved portions to feel an important part and they can equally participate in the nation making process.
- Level Playing field: Reservation provides a level playing field as it is difficult for the backward sections who were historically deprived of education, skills, and economic mobility to suddenly start competing with those who had access to those means for centuries. For example majority of the SC/ST are materially poor as compared to other castes as per the NSSO surveys. Thus reservations help them attain an equal opportunity.
- Equality: Meritocracy is important, however, it will have no meaning without equality. The caste-based reservation also minimised the gap between upper and lower castes to a great extent.
- Administration quality: A study revealed that reservations have not affected the efficiency of administration, but enhanced quality. The best example is the

Indian Railways in which the SC/ST employees comprise more in number, and the results have been better.

Reservations has helped to reduce the income gaps between the different castes, help them attain job security and access education. But there have been some concerns which have risen over the years with the reservations policy followed by a India.

Arguments which contest that reservations have benefitted evenly :

- Castes that should be actually benefitted are not being benefitted, instead, others are reaping the benefits of the reservation system. For example many of the reservations are actually cornered by well to do people, also fake certificates can easily be obtained.
- The reservation system has just become an instrument for politicians to gain vote banks. Over the years the politicians have just played politics with the problem which is overall a developmental issue. For example : Announcing reservations for Marathas, Jats, Patidars in recent election campaigns.
- Agitation for reservation resulted in several deaths, affected transport and the loss of many working days in schools and workplaces. Example- Jat agitation in Haryana.
- One community after another will start demanding reservations due to the success of others. Many of these communities are politically and economically sound and hence placing the whole community in the reservation system is unethical.
- It perpetuates caste differentiation and encourages competition among communities at the expense of national unity.
- Only small new elite of educated Dalits, Adivasis, and OBCs benefit from reservations.

Conclusion

The Constitution envisages not just a formal equality of opportunity but also the achievement of substantive equality. Reservation can be just one tool in this regard. However social empowerment and universal access to services like education and health is necessary to make the fruits of reservation reach the last man in society. Further the use of digital technologies and subcategorisation which the central government has started will help in targeted reservations policy.

3. Do you think the 1991 reforms missed banking and finance? What reforms would you recommend to fill the gaps? Discuss.**Approach**

Mention what are the 1991 economic reforms in introduction. In next part mention in short the objectives of these reforms. Further write how banking and finance have been neglected and what needs to be done. Write a summary based conclusion.

Introduction

The year 1991 saw India face an unprecedented financial crisis. The crisis was triggered by a major Balance of Payments situation. The crisis was converted into a golden opportunity to reform the country's economic situation and make-up and introduce fundamental changes in economic policy. The government brought in structural reforms and stabilisation policies. While the former was aimed at removing the rigidities in the various sectors of the Indian economy, the latter was aimed at correcting the weaknesses that had emerged on the fiscal and BoP fronts.

Body**Objective of Economic reforms of 1991**

- Enter into the field of 'globalization' and make the economy more market-oriented.
- Reduce the inflation rate and rectify imbalances in payment.
- Increase the growth rate of the economy and create enough foreign exchange reserves.
- Stabilize the economy and convert the economy into a market economy by the removal of unwanted restrictions.
- Allow the international flow of goods, capital, services, technology, human resources, etc. without too many restrictions.
- Enhance the participation of private players in all sectors of the economy. For this, the reserved sectors for the government were reduced to just 3.

Lack of Banking reforms and its impact

- The restriction on banking that only the government could own banks continued even after July 1991. This led to limitations on new entrepreneurs in having access to resources.
- The pool of capital that banks were able to mobilise remained limited due to the mobilisation capacity of public sector banks. This was a bit like telling the industry that only existing industries could expand more.
- This had clearly not worked as the inefficiency built into existing factors didn't go away simply because they were allowed to produce more. The lack of

innovation and low productivity had continued. With the entry of new banks restricted even after 1991, resource mobilisation remained limited.

- This hit the potential newcomers most. Existing banks had a preference for their traditional customers, further helping the incumbents to borrow more. They were also already better off because they could raise money in stock markets by selling their shares.
- When foreign investors were allowed into India later, they could buy these shares and so existing large Indian companies were able to raise both domestic and foreign equity.
- Even when foreign direct investment (FDI) was allowed, government regulation mostly allowed foreigners to invest in joint ventures (JVs) with Indian companies, and later if they wanted to set up another venture independently, or with another Indian company, they needed permission of the original Indian JV partner. All these came together to work well for existing companies.
- The restrictions on Indian finance, FDI policy and restrictions on banking continued to tilt the balance in favour of the same companies that had dominated India for a long time.
- While some old private banks existed, they were very small. Some new private banks were allowed later, but the sector was largely PSU dominated and continued working with the mindset of central planning.
- The culture of pleasing bosses coupled with little competence or incentives to push for lending to new and innovative projects didn't change.
- Banking regulator Reserve Bank of India and the government too continued with the old central planning system in banking by telling banks to lend a certain percentage to "priority sectors", as defined by the government, and another certain percentage to the government and so on

Reforms needed in Banking and finance:

Big Banks

- The Narasimham Committee Report (1991), emphasised that India should have three or four large commercial banks, with domestic and international presence, along with foreign banks.
- The second tier may comprise several mid-size lenders, including niche banks, with economy-wide presence.
- In accordance with these recommendations, the government has already merged a few PSBs, initiated steps towards setting up of DFI, Bad Bank, etc.

Need for Differentiated Banks

- Though the universal banking model has been widely preferred, there is a need for niche banking to cater to the specific and varied requirements of different customers and borrowers.
- Essentially, these specialised banks would ease the access to finance in areas such as RAM (retail, agriculture, MSMEs).

- Further, the proposed DFI/niche banks may be established as specialised banks to have access to low-cost public deposits and for better asset-liability management.
- Blockchain Banking
- Risk management can be more specific and the neo-banks can leverage the technology to further (digital) financial inclusion and finance higher growth of aspirational/new India.
- In this context, technologies like Blockchain can be implemented in Indian Banking.
- Blockchain technology will allow prudential supervision and control over the banks may be easier.

Mitigating Moral Hazard

- Till date, failure of public sector banks has been a rare phenomenon and the hidden sovereign guarantee is the main reason for superior public confidence in the banks.
- However, with the privatisation drive of PSBs, this may not be always true.
- Therefore, fifth generation banking reforms should focus on the need for higher individual deposit insurance and effective orderly resolution regimes to mitigate moral hazard and systemic risks with least cost to the public exchequer.

ESG Framework

- Differentiated Banks also may be encouraged to get listed on a recognised stock exchange and adhere to ESG (Environment, Social Responsibility, and Governance) framework to create value for their stakeholders in the long run.

Empowering Banks

- The government should tighten the loose ends by allowing them to build diversified loan portfolios, establishing sector-wise regulators, bestowing more powers to deal effectively with wilful defaulters.
- There is also a need to pave the way for the corporate bond market (shift from bank-led economy) to create a responsive banking system in a dynamic real economy.

Conclusion

Present scenario calls for a paradigm shift in the banking sector to improve its resilience and maintain financial stability. In this context, the government has recently announced new banking reforms, involving the establishment of a Development Finance Institution (DFI) for infrastructure, creation of a Bad Bank, and privatisation of public sector banks (PSBs) to ease its burden in terms of mobilising additional capital. This with governance reforms will go a long way to fill the void left by banking reforms in 1991.