1. Do you think the policy of self-reliance in the form of 'Atmanirbhar Bharat' reconciles with the reality of globalisation? Critically analyse.

Approach-

Candidates need to write about the idea of self reliance with respect to policy of aatmanirbhar bharat and critically analyse how it's reconciling with globalized order and globalisation.

Introduction

It is important, at the very onset, to clarify that this idea of self-reliance is not about a return to Nehruvian import substitution or autarkic isolationism. The prime minister modi emphasised that his vision includes active participation in post-COVID global supply chains as well as the need to attract foreign direct investment.

Body

Atmanirbhar bharat policy raising question over globalisation:

- India has been one of the major beneficiaries of economic globalisation — a fact attested by IMF.
- Similarly, in times of globalisation and being governed by the rules of the WTO, any efforts at creating systemic impediments to the smooth flow of trade across nations on trivial nationalism parameters are surely going to backfire, one way or the other.
- Such a stance may have a recoil effect on India's foreign trade too. The EIU said that a more protectionist trade stance and any increase in tariff rates for imports may lead to punitive tariffs or the revocation of trade benefits from its partners.
- India is dependent on China for imports related to electronics, solar equipment, pharmaceutical (Active pharmaceutical ingredients) and Capital goods.
- Without developing domestic capacity for manufacturing in these areas, breaking away from dependence on China would not be easy.

Self-reliance implies that product and factor markets are made flexible in order to allow the Indian economy to adapt to the problems and opportunities of an emerging post-COVID world:

- A significant part of the economic dimension of "Atmanirbhar Bharat" is on increasing the competitiveness of Indian production and building connections to global value chains (GVCs).
- This implies a need to turn away from protectionist policies, while using the lessons from new industrial and trade policy.
- To achieve real self-reliance, we are incentivising innovation, research and development to keep India at the cutting edge of the industry which come in line international trade.
- It is not protectionism. It is not inward looking. It is not just import substitution and it is not economic nationalism. Main philosophy is to make India self-reliant by creating an eco-system that will allow Indian companies to be highly competitive on the global stage.

Conclusion

The Self-Reliance neither signifies any exclusionary or isolationist strategies but involves creation of a helping hand to the whole world it's about being vocal for "local" which is a key complement of Atma-Nirbhar Bharat Abhiyan.In this context, people must internalise the concept of valuing local products and artefacts and promoting them. Only after this the dream of transforming "Local" India into a "Glocal" India will be possible.

2. What are the pressing challenges faced by the MSME sector in India? What recent measures have been taken by the government to strengthen the MSMEs? Discuss.

Approach

Students are expected to write about the MSME and challenges faced by the sector as question demands also write about recent measures taken by government to solve problems.

Introduction

Micro small and medium enterprises (MSMEs) have always been vital in the socio-Economic development of India. Spread across both urban and rural areas, MSMEs Produce a diverse range of products and services and provide large-scale employment at low capital cost.

Body

- MSME sector is facing challenges and does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporates which is proving to be a hurdle in the growth path of the MSMEs.
- Limited capital and knowledge and non-availability of suitable technology are few critical issues in this sector.
- Ineffective marketing strategy, Constraints on modernization & expansions and non-availability of skilled labour at affordable cost are few other concerns surrounding the sector.
- India's formal MSME involves a regulatory burden of 60,000+ compliance items, 3,300+ annual filings, and 6,000 changes every year.

Measures:

- Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE): The scheme aims at motivating first generation entrepreneurs towards self-employment by providing credit guarantee funding for third-party guarantee-free / collateral free loans.
- Atma-nirbhar Bharat Abhiyaan: Rs 3 lakh crore collateral-free automatic loans for MSMEs. Rs 50,000 crore equity infusion through MSME Fund of Funds.

- Udyami Mitra Portal: launched by SIDBI to improve accessibility of credit and handholding services to MSMEs.
- MSME Sambandh: To monitor the implementation of the public procurement from MSMEs by Central Public Sector Enterprises.
- MSME Samadhaan: MSME Delayed Payment Portal –– will empower Micro and Small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments.

Conclusion

This scheme will bring a positive impact on the economy and will mitigate the distress caused by the Corona pandemic. Further to make it more impactful the government and RBI should work together to address the issues highlighted by the msme sector for better uptake of the scheme across the sector.

3. How does international crises affect the equity market? Examine in the light of the ongoing Ukraine crisis.

Approach-

Candidates need to write about the journalistic ethics and how objectivity will be important pillar of it is to be addressed with substantiating views.

Introduction

Brent crude prices hit $96.7 per barrel on Tuesday, the highest mark since September 2014, following Russian President Vladimir Putin's deployment of troops to separatist areas Donetsk and Luhansk in Ukraine. While the West has termed it a blatant violation of international law, the rising global tensions and threat of invasion in Ukraine have caused oil prices to surge and the stock markets to crash. The spike has been driven primarily by fears of supply side disruptions as the threat of Russian invasion in Ukraine looms large following Putin's deployment of troops to separatist areas Donetsk and Luhansk.

International Crises Effect on The Equity Market

- Ukrainian bonds just got very cheap relative to history. Ukraine bonds collapsed following Russia's invasion.
- A Russian invasion of Ukraine could not only disrupt crude supplies globally, but also lead to sanctions by the US and Europe.
- Oil prices have been rising over the last couple of months on concerns over supply, following tensions between Russia, the world's second-largest oil producer, and Ukraine.
- Ukraine bonds reflect the fact of the invasion, but not the likelihood of new international support. The impact of sanctions imposed on top personnel, directly involved companies and financial institutions on emerging markets equity will be similar to what was outlined above for emerging markets debt.
- While banks have indicated that they have a back-up plan in place from being excluded from SWIFT, the uncertainty may mean a greater initial impact.
- While secondary market sanctions are more likely to impact debt securities than equities, we certainly can't rule out equity holdings, which may lead to potential forced selling.
- Ukraine is expected to enter the J.P. Morgan GBI-EM Global Core Index at the end of March, and given the fluidity of the situation, any impact to liquidity bears watching.

- We expect that the index provider, J.P. Morgan, will continue to assess Ukraine's eligibility up until the expected inclusion date.
- Any additional rounds of sanctions will likely be stronger, but we believe they will focus on the same targets: sovereign, state owned entities (especially banks), strategic industries and individuals.
- Any sanctions that result in the inability to transact in Russia related bonds (including those already issued and outstanding) will lead to the removal of those bonds, or the country, from emerging market debt indices.
- Our emerging markets debt ETFs are passively managed, so allocation shifts will be in response to any changes made by the indexers.
- The impact of sanctions imposed on top personnel, directly involved companies and financial institutions on emerging markets equity will be similar to what was outlined above for emerging markets debt.
- While banks have indicated that they have a back-up plan in place from being excluded from SWIFT, the uncertainty may mean a greater initial impact.
- While secondary market sanctions are more likely to impact debt securities than equities, we certainly can't rule out equity holdings, which may lead to potential forced selling.
- Our Emerging Markets Equity Strategy has some Russian exposure, but this is concentrated in companies which are domestic oriented and can fund and their growth plans entirely out of internally generated cashflow.
- We are in a very fluid situation and we are constantly re-assessing risk. While certainly not immune, Russian companies, we believe, are generally better insulated against potential external events than in 2014.
- The Russian equity market is currently trading at a steep discount even to its own history, despite the benefit of elevated commodity prices.
- Now that the Russia-Ukraine war is looking like the worst possible case, markets are reflecting the rising commodity supply risks. Ukraine and Russia together are critical supply sources for several very important commodities.
- Together, Russia and Ukraine are the major suppliers of wheat, sunflower oil and fertilizers to Europe and the Middle East.
- Additionally, the record prices in Europe for natural gas and electricity are shutting down fertilizer and aluminium production. Russia is also a very important producer of aluminium, nickel and palladium.
- All of these commodities were in short supply before the war, and in the near term, we believe there is no easy fix to the supply shortages.
- As safe haven assets, we believe gold and gold stocks stand to gain the most from the Russian invasion of Ukraine.
- This conflict has raised risks globally as hostilities in other parts of the world may also escalate. U.S. sanctions on Russia have driven energy prices higher, further increasing inflationary pressures.

Conclusion

We have already positioned our Gold Strategy for stronger gold prices that we expect to be driven by inflation and the risks to the economy and markets posed by the coming U.S. Federal Reserve rate hiking cycle. The Strategy is fully invested in gold mining stocks, thereby potentially achieving leverage to gold price gains.