Q.1) India's economy has been growing, but enough jobs aren't being created. What are the main reasons for this jobless growth, and how can it be addressed? (150 words, 10 marks)

Introduction

India's GDP grew at **7.2%** in 2022–23 and **8.2%** in 2023–24 **(MoSPI)**, yet unemployment remains high at **6.6% (PLFS, July 2024)**. With employment elasticity falling below 0.1, India faces a clear challenge of jobless growth.

Body

Key Reasons for Jobless Growth

1. **Capital-Intensive Growth Model**: Industries prefer automation over labour absorption.
2. **Low Manufacturing Share**: Employment fell from **51 mn** (2016–17) to **27.6 mn** (2020–21) (CMIE).
3. **Informal Sector Dominance**: Over **90%** of employment is informal (**Arjun Sengupta** Committee), leading to low-quality, insecure jobs.
4. **Skill Mismatch**: Fewer than **50%** of graduates are employable (**India Skills Report, 2023**).
5. **Technological Disruption**: **WEF's *Future of Jobs Report 2023*** estimates **69%** jobs in India face automation risk.
6. **Agrarian Overdependence & Low Female LFPR**: High disguised unemployment and care burdens.
7. **Lack of Credible Labour Data**: Prior to **PLFS (2017–18)**, estimates were irregular, hampering policy design.
8. **Pre-LPG Legacy & Service Sector Bias**: Earlier protectionist policies and post-1991 services-led growth failed to generate wide employment.

Solutions to the Problem of Jobless Growth

1. **Promote Labour-Intensive Sectors**: Focus on textiles, tourism, construction for mass employment.
2. **Modernise Skilling**: Align education with market needs—AI, robotics, data skills—as recommended by the **National Skill Development Corporation (NSDC)** and reflected in the **India Skills Report (2023)**.
3. **Ease of Doing Business for MSMEs**: Improve contract enforcement, credit access, tax incentives.
4. **Expand Urban Employment Schemes**: As suggested by ***Azim Premji University**'s Urban Employment Guarantee Report* (2020).
5. **Accelerate Labour Law Reforms**: Implement the four labour codes uniformly to balance flexibility with worker security.
6. **Reform SEZs for Employment Generation**: Adopt the ***Baba Kalyani Committee's** 3Es framework*—Employment, Economic activity, and Exports—for next-gen SEZs.
7. **Production Incentives with Job Linkage**: Align PLI with employment mandates and extend it to labour-intensive sectors.
8. **Implement New National Manufacturing Policy**: Target creation of **100 million jobs** and raise manufacturing share in GDP.

Steps Taken by the Government

1. **PMKVY & Skill India Mission**: Over **55 million** trained via **100,000+ centres (NSDC)**.
2. **NEP 2020**: Introduces skill-based curricula and vocational training in schools.
3. **PLI Scheme & Gati Shakti**: Incentivise manufacturing, infrastructure, and logistics sector employment.

4. **Skill India Digital Platform *(Union Budget 2024–25)***: Aims to train youth in emerging tech fields.
5. **Periodic Labour Force Survey (PLFS)**: Institutionalises regular employment data collection.
6. **Cabinet Committee on Employment & Economic Growth**: Coordinates multi-sector job creation efforts.

Conclusion

As emphasised by the **Economic Survey 2022–23,** sustainable job creation demands aligning growth with employment through sectoral diversification, manufacturing push, and skilling—ensuring India's **demographic dividend** translates into inclusive prosperity.

Q.2) NITI Aayog was established nearly a decade ago to promote cooperative federalism and long-term policy thinking. To what extent has it fulfilled its objectives? What challenges has it faced, and what reforms are needed to enhance its effectiveness? (150 words, 10 Marks)

Introduction

Established in **2015**, NITI Aayog replaced the Planning Commission as a **policy think tank** to foster **cooperative federalism** and long-term strategic planning, steering India toward evidence-based policymaking and **bottom-up development**.

Body

Core Objectives of NITI Aayog

1. **Inclusive Development**: Ensure equitable growth with a special focus on sections at risk of being left behind.
2. **Bottom-Up Planning**: Enable village-level credible plans through robust data and analysis.
3. **Cooperative Federalism**: Act as the **Team India Hub**—facilitating Centre–state collaboration and inter-sectoral coordination.
4. **Innovation & Entrepreneurship**: Promote an ecosystem that encourages innovation, enterprise, and tech upgrades.
5. **Knowledge Repository & Capacity Building**: Serve as a resource centre offering policy research and technical capacity enhancement.

Performance and Achievements

1. **Regional Equity**: **Aspirational Districts Programme** improved key indicators like health, education, and infrastructure in **112** backward districts.
2. **Federalism in Action**: Functioned as a **Team India Hub**, encouraging cooperative federalism through the Governing Council and promoting competitive federalism via state indices and rankings.
3. **Tech Foresight**: Formulated **strategies on AI, blockchain**, and **gig economy**, aligning India with global tech trends.
4. **Mission-Driven Innovation**: Led initiatives like **Atal Innovation Mission**, National Electric Mobility Mission, and One District One Product to boost entrepreneurship and local manufacturing.
5. **Crisis Coordination**: Acted as a nodal agency during **COVID-19**, ensuring Centre–state collaboration on supply chains and public health.

6. **Knowledge Reports**: Published evidence-based reports like **Strategy for New India @75**, Export Preparedness Index, and India Energy Outlook, guiding ministries and states on sectoral reforms and global competitiveness.

Key Challenges

1. **Lacks Fiscal Autonomy**: Without authority under **Article 275(1)**, it cannot allocate funds or grants to states.
2. **Limited Enforcement Power**: Lacks statutory backing; even flagship recommendations (e.g., Health Index reforms) are not binding.
3. **Centre–State Discontent**: States like **West Bengal and Punjab** have skipped meetings, citing over-centralisation and poor follow-up.
4. **Governance Gaps**: Only four Governing Council meetings were held in the first six years, reducing real-time consensus building.
5. **Exclusion from Inclusive Growth**: Despite focus on equity, lacks targeted strategies to reduce rising inequality (**Oxfam**: top **10%** own **77%** of wealth, **2023**).
6. **Uncritical of Government Policies**: Functions more as a platform for affirming government schemes rather than offering independent critique.

What Needs to Be Done

1. **Statutory & Fiscal Empowerment**: As the **15th Finance Commission** recommended, evolve into an institution with budget and grant authority.
2. **Strengthen Bottom-Up Planning**: Integrate Gram Panchayat data, enabling truly democratic development models.
3. **Boost Think Tank Capacity**: Attract domain experts, improve policy feedback loops, and align with ARC-II's call for inclusive governance.
4. **Implement NITI 2.0 Vision (Vijay Kelkar Recommendations)**:
   - **Rename NITI Aayog** as the Strategic and Knowledge Commission of India.
   - Empower it to **allocate capital and revenue grants** to states.
   - Allocate **1.5–2% of GDP** as dedicated funding.
   - Make Vice-Chair a **standing invitee to CCEA** for stronger Centre–state policy linkages.
   - Retain its **strategic role** but delink it from approving **annual state financial expenditure**.

Conclusion

NITI Aayog has laid the groundwork for a **21st-century governance** model. Empowering it with fiscal authority, deeper federal engagement, and strategic autonomy—as suggested by **Vijay Kelkar**—can make it India's true engine of transformation.

Q.3) What is capital expenditure? How is it being increasingly prioritized in recent Union Budgets? Discuss its implications for economic growth and employment in India. (150 words, 10 marks)

Introduction

Capital expenditure (Capex) refers to government spending on **long-term productive assets** like infrastructure and machinery. **Budget 2024–25** allocated **₹11.11 lakh crore** to Capex—a **16.9%** increase over FY24—underscoring its growing policy significance.

Body

Components of Capital Expenditure

1. Capital expenditure (Capex) is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc.
2. Capital expenditure includes money spent on the following:
   - Acquiring fixed and intangible assets
   - Upgrading an existing asset
   - Repairing an existing asset
   - Repayment of loan
3. Different from **revenue expenditure**, which includes recurring costs like salaries and subsidies and does not result in asset creation.

Prioritization of Capital Expenditure in Recent Budgets

1. **Rising Share in Total Expenditure:** Capex formed **19.2%** of government expenditure in FY25, up from **12.3%** in FY20. ***(Union Budget 2025)***
2. **Sustained Rapid Growth Trend:** Capex has grown at a **CAGR of 23%** from FY21 to FY25, outpacing revenue spending. ***(PRS data)***
3. **Strengthened Through Flagship Schemes:** Programs like **NIP**, **PM Gati Shakti**, and **PLI** are actively driving connectivity and industrial competitiveness.

Reasons for Emphasis on Capital Expenditure

1. **Crowds in Private Investment:** Public infrastructure lowers risks and attracts private investment into industrial and logistics zones.
   Example: Expressways, **multimodal parks** encourage private logistics and manufacturing clusters.
2. **Generates Large-Scale Employment:** Capex projects absorb both skilled and unskilled labour in multiple sectors.
   Example: Metro, **Bharatmala** and PMAY projects support lakhs of jobs.
3. **Promotes Inclusive Development:** Improves rural and backward region access to services, markets, and employment.
   Example: **PMGSY** improved rural market linkages and mobility.
4. **High Multiplier Effect:** Capital expenditure yields higher returns than revenue spending.
   Example: **NIPFP** estimates Capex multiplier at **₹2.25** in the same year and **₹4.80** over time, vs **₹0.98** for revenue spending.
5. **Acts as a Macroeconomic Stabiliser:** Capital expenditure helps drive **countercyclical fiscal stimulus**, especially during slowdowns.

Suggestions to Enhance Capex Impact

1. **Strengthen Monitoring and Coordination:** Use **PM Gati Shakti** for real-time project tracking and bottleneck resolution. ***(15th Finance Commission)***
2. **Empower States to Scale Up Capex:** Continue **50-year interest-free loans** for state capital projects. ***(Economic Survey 2023–24)***
3. **Balance Physical with Social Infrastructure:** Invest not just in roads and railways but also in health, education, and digital inclusion.
   Example: **South Korea's** balanced approach boosted long-term productivity.
4. **Encourage Private Capital Expenditure:** Improve ease of doing business, clearances, and financing options to stimulate private infra investment. **Economic Survey 2022–23** highlighted its importance for long-term growth.

Conclusion

Well-targeted capital expenditure can reshape India's growth trajectory—creating jobs, attracting investment, and improving infrastructure. As seen in **East Asia, Capex-led development** holds the potential to build a resilient, inclusive economy.

Q.4) Inclusive growth remains a key concern for India's development agenda. How can digital inclusion contribute to making growth more broad-based and equitable? Discuss the key challenges to digital inclusion and suggest measures to overcome them. (250 words, 15 marks)

Introduction

According to the **OECD**, *inclusive growth* is economic growth that creates **opportunities** for all and distributes the **dividends** fairly. In India, **digital inclusion** is key to bridging gaps and enabling broader, equitable participation in development.

Body

Inclusive Growth Remains a Key Concern in India

1. **High Income Inequality**: The top **10%** hold over **57%** of national income; the bottom **50%** get only 1**3%**. ***(World Inequality Report, 2022)***
2. **Rural–Urban Disparities**: Rural India, home to **65%** of the population, lags in infrastructure, investment, and opportunity.
3. **Low Digital Access**: Only **23.8%** of households had internet access in **2017–18**, with wide gender and regional gaps. ***(NSSO)***
4. **Jobless Growth**: Growth hasn't translated into proportional employment; youth unemployment remains high. ***(CMIE)***

Digital Inclusion's Contribution to Inclusive Growth

1. **Improved Access to Public Services**: Digitisation ensures targeted, efficient service delivery and reduces corruption.
   Example: **DBTs** through **JAM trinity** have improved welfare outcomes in rural India.
2. **Expansion of Education and Skilling**: Digital platforms democratise access to quality content, enhancing learning outcomes.
   Example: Initiatives like **DIKSHA** and **SWAYAM** enable remote learning across regions.
3. **Financial Empowerment and Inclusion**: Digital tools bring the unbanked into the formal financial system.
   Example: **UPI** and Jan Dhan-Aadhaar-Mobile platforms boost access for vendors and women.
4. **Market Linkages for Farmers and MSMEs**: Tech platforms help producers reach wider markets and get fair prices.
   Example: **eNAM** and **Agri-stack** reduce dependence on middlemen and improve income.
5. **Job Creation and Entrepreneurship Opportunities**: Digital ecosystems open up new livelihood streams and MSME growth.
   Example: Platforms like **ONDC** and **GeM** empower local entrepreneurs and gig workers.

Key Challenges to Digital Inclusion in India

1. **Rural–Urban Divide**: Rural internet penetration is just **37%** compared to **69%** in urban areas. ***(TRAI, 2022)***

2. **Affordability**: Devices and mobile data remain unaffordable for many low-income users. *(**Alliance for Affordable Internet**)*
3. **Low Digital Literacy**: Only **20%** of the population can perform basic digital tasks. ***(NSO, 2021)***
4. **Gender Gap**: Women are **23%** less likely to own a mobile phone than men. ***(GSMA, 2022)***
5. **Weak Infrastructure**: Many regions still lack reliable internet and last-mile connectivity. ***(Parliamentary Standing Committee on IT, 2022)***

Measures to Overcome Challenges

1. **Expand Rural Connectivity**: Fast-track **BharatNet** Phase II to cover all Gram Panchayats.
2. **Make Devices and Data Affordable**: Strengthen **PM-WANI** and **USOF** to lower access costs, as recommended by the Parliamentary **Standing Committee on IT**.
3. **Boost Digital Literacy**: Expand and upgrade **PMGDISHA** with localised content and better tracking, per the **NITI Aayog Digital Strategy**.
4. **Bridge Gender Divide**: Implement NITI Aayog's Women Entrepreneurship Platform suggestions for equitable access.
5. **Foster Public-Private Partnerships**: Leverage **CSR funds** and tech firms for digital skilling and service delivery, supported by the **MeitY–NASSCOM Digital Skills Taskforce**.

Conclusion

Inclusive growth is vital to meeting **SDGs** and national goals. **Digital inclusion** enables access, reduces inequality, and ensures every citizen contributes to and benefits from India's developmental journey.

Q.5) The Union Budget has highlighted asset monetization as a key strategy to raise funds for infrastructure. What are the benefits and challenges of this approach? Suggest measures to improve its effectiveness. (250 words, 15 marks)

Introduction

Asset monetization refers to **unlocking the value** of public sector assets by leasing or transferring rights to private players for a fixed period. The **Union Budget 2024–25** reiterated its importance to mobilize resources for infrastructure development.

Body

Process of Asset Monetisation

- AM involves the **license/lease of a government-owned asset** to a private sector entity for a specific period.
- The transfer of rights in exchange for payments is governed by a **concession agreement** that facilitates balanced risk-sharing between the public authority and the private party.

Benefits of Asset Monetization

1. **Revenue Generation**: Unlocks capital tied in under-utilized public assets. *Example:* **NHAI** monetized over **1,700 km** of highways via **TOT** and **InvIT**, raising **₹26,366** crore. ***(Budget 2024–25)***
2. **Efficient Asset Utilization**: Private sector improves operational and financial efficiency. *Example:* Airports leased to private entities witnessed enhanced passenger services.

3. **Funding Infrastructure Without Debt**: Generates non-debt capital receipts. *Example:* **₹1.8 lakh crore** target under National Monetisation Pipeline **(NMP)** over **FY22–25**.
4. **Job Creation & Economic Boost**: Enhances logistics and industrial activity. *Example:* Monetization of **DFC corridors** can promote warehousing and logistics hubs.
5. **Public Asset Management**: Ensures transparent valuation, use, and maintenance. *Example:* Use of **InvITs** for transparency in power transmission monetization. ***(Budget 2024–25)***

Key Challenges to Asset Monetization in India

1. **Valuation Difficulties**: Inaccurate valuation discourages private interest. ***(CAG Report, 2021)***
2. **Regulatory and Policy Uncertainty**: Inconsistent policies reduce investor confidence.
3. **Public Opposition and Perception Issues**: Seen as backdoor privatization. ***(Economic Survey 2021–22)***
4. **Execution Bottlenecks**: Delays due to land, clearance, and coordination issues. *Example:* **Railways and Telecom departments** have struggled to meet monetization targets due to operational hurdles.

Recent Government Steps to Promote Monetization

- **National Monetization Pipeline (2021)**: **₹6 lakh crore** target across sectors by **FY26**.
- **Expansion of InvITs/REITs**: Used for highways, grids, and public housing; **Budget 2024–25** proposes widening their use.
- **Monetisation Dashboard**: Established in **Budget 2021–22** to monitor and coordinate NMP implementation.

Measures to Improve Effectiveness

1. **Transparent Valuation and Bidding**: Use independent agencies and digital auctions. *Example:* **NITI Aayog** recommends **uniform valuation norms** for core assets.
2. **Improved Risk-Sharing Models**: Draft clear concession agreements to balance risks. *Example:* **Kelkar Committee on PPPs** emphasized fair contractual frameworks.
3. **Stakeholder Engagement**: Sensitize public to distinguish monetization from privatization. *Example:* Awareness drives included in **NMP** communication strategy.
4. **Capacity Building in Departments**: Train ministries for asset mapping and pipeline creation. (Suggested in **Economic Survey 2021–22**).
5. **Private Sector Participation**: Encourage PPP models with long-term incentives. *The* **15th Finance Commission** recommended **crowding-in** private capital.

Conclusion

Asset monetization helps the government **raise funds** without increasing borrowing. It frees up resources for new projects and supports India's goal of becoming a **$5 trillion economy** while also contributing to **SDG 9** and **SDG 11**.