# NEXT IAS

(To be filled by candidate)

Name of Candidate : Mohd Ashfaq

Roll No. : ECFC2321220

Registration Number : MAS230001381C Date of Examination : 4th/Sept/2023.

Exam Centre : Old Rajinder Nagar ☐ Bhopal ☐ Online ☑

# CSE (MAINS) TEST SERIES - 2023

| Test-08 | ECONOMICS OPTIONAL |
|---|---|
| Dated : 27-08-2023 | *Full Syllabus (Paper-II)* |

Time Allowed : Three Hours | Maximum Marks: 250

## QUESTION PAPER SPECIFIC INSTRUCTIONS

*(Please read each of the following instructions carefully before attempting questions)*

*There are EIGHT questions divided in Two sections and printed in ENGLISH.*

*Candidate has to attempt FIVE questions in all.*

***Question No. 1 and 5** are compulsory and out of the remaining, any THREE are to be attempted choosing at least ONE question from each section.*

*The number of marks carried by a question/part is indicated against it.*

*Answers must be written in the medium authorized in the Admission. Certificate which must be stated clearly on the cover of this Question-cum- Answer (QCA). Booklet in the space provided.*

*No marks will be given for answers written in a medium other than the authorized one.*

*Word limit in questions, wherever specified, should be adhered to.*

*Attempts of question shall be counted in sequential order. Unless struck off. Attempt of a question shall be counted even if attempted partly. Any page or portion of the page left blank in the Question cum Answer (QCA). Booklet must be clearly struck off.*

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*(For filling by Examiners only)*

| Q. No. | Page No. | Max. Marks | Marks | Total | Signature |
|---|---|---|---|---|---|
| 1. (a) | 4 | 10 | | | |
| 1. (b) | 6 | 10 | | | |
| 1. (c) | 8 | 10 | | | |
| 1. (d) | 10 | 10 | | | |
| 1. (e) | 12 | 10 | | | |
| 2. (a) | 14 | 15 | | | |
| 2. (b) | 17 | 15 | | | |
| 2. (c) | 20 | 20 | | | |
| 3. (a) | 24 | 20 | | | |
| 3. (b) | 28 | 15 | | | |
| 3. (c) | 31 | 15 | | | |
| 4. (a) | 34 | 15 | | | |
| 4. (b) | 37 | 15 | | | |
| 4. (c) | 40 | 20 | | | |
| 5. (a) | 44 | 10 | | | |
| 5. (b) | 46 | 10 | | | |
| 5. (c) | 48 | 10 | | | |
| 5. (d) | 50 | 10 | | | |
| 5. (e) | 52 | 10 | | | |
| 6. (a) | 54 | 15 | | | |
| 6. (b) | 57 | 15 | | | |
| 6. (c) | 60 | 20 | | | |
| 7. (a) | 64 | 20 | | | |
| 7. (b) | 68 | 15 | | | |
| 7. (c) | 71 | 15 | | | |
| 8. (a) | 74 | 15 | | | |
| 8. (b) | 77 | 20 | | | |
| 8. (c) | 81 | 15 | | | |
| Grand Total | | | | | |

**Remarks**

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Observations:

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## SECTION-A

**Write notes on the following in about 150 words each:** **(10 × 5 = 50)**

Q.1 (a) Explain the trend of Industrial growth in India between 1947 to 1991.

Ans.

India post independence (1947) adopted "Rapid Industrialization" program to strengthen its domestic industries and reduce dependency on foreign markets.

Rapid Industrialization

- FYP - Mahalanobis model.
- 1956 Industrial policy resolution.

Trends of industrial growth.

First FYP: 1951-56.

- Many parts of the plan was met industries. However industries grew at 5-6% p.a mainly driven by capital goods.

Candidates must not write on this margin

II FYP – 1956–1961 : Mahalnobis.

- huge push for capital goods industries
- Growth rate was 9% p.a.

III FYP – 1961–1966.

- highest ever industrial growth rate. crossed double digits for the first time. 12% p.a

1966–1980 – decline in Industrial

- Growth due to underperformance of public sector. Industrial growth rate was 4–5% p.a.

1980–1991 – IV and V FYP.

- consumer goods industry, especially Fast moving consumer goods were growing at a higher rate. This period marked a rebound.

Therefore, the industrial growth path during 1947–1991 was marked by many ups and downs.

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Q.1 (b) What is the role of public sector in India after 1991? How has it changed?

Ans

## Role of public sector post 1991

Economic liberalization has changed considerably.

### Present Role.

- As an enabler and facilitator of growth rather than one impeded by inefficient business → marked by increased privitization and withdrawal of public sector for business.
- restricted to strategic and key industries / services.
  - ex: Atomic, space, nuclear, telecom, banking - etc.
- Increased focus on provision of social services and public goods.
  - ex: Health - through Government hospitals.

Candidates must not write on this margin

Education – through public universities.

- Public sector is playing key role in fulfilment of objectives of welfare state, specially through banking.

  ex: NABARD, SBI
  ↳ financial inclusion

**Changed role.**

- Commanding heights to participatory approach through PPP models.
- "Minimum involvement in direct production of goods (consumer)".
- Crowding in private investment instead of crowding out.

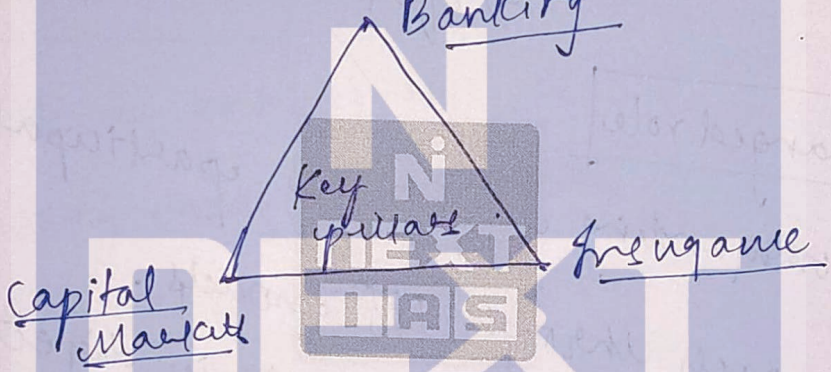
Though the role of public sector has declined, it occupies central position in strategic and critical industries.

Q.1 (c) Explain how financial inclusion leads to development? Discuss how government has tried achieving it?

Candidates must not write on this margin

Ans

Financial inclusion is the involvement of poor vulnerable and weaker sections of population in the financial sector.




**Role of financial inclusion.**

- Will help in better target of policies through direct benefit transfer ⇒ PM Garib Kalyan Yojana.
- Improves access to credit (informal sources)
  ⇒ PM Mudra Yojana.

Candidates must not write on this margin

- financial inclusion is key to entrepreneurship ⇒ boosts rural
  ex through migration potential.
  Schemes like Stand up India
- Improves access to insurance that will reduce burden on out of pocket expenditure ex Ayushmar Bharat Yojana.

Measures taken.

- Jandhan - Aadhar - Mobile trinity.
- Unified payment interface (UPI) by NPCI for cheap digital transactions.
- Rupay debit cards to increase banking drabits → ↑es multiplier.
- Priority sector lending
- Lead bank scheme.

However, Despite significant achievement the financial inclusion in remote tribal areas is still a challenge and must be the prime policy focus.

Q.1 (d) Critically examine industrialization during British period.

Ans

Industrialization in British period can be studied in two phases.. I: 1759-1900. → phase of de-industrialization & equalization

II: post 1990s. → Moderate industrialization.

**Key industries.**

- Cotton mill were established using Indian capital in Bombay (first mill around 1850s).
- Jute industry concentrated in Bengal but was financed through Scottish capital.
- Only one capital goods industry. (i.e.) Iron & Steel: led by parsi industrialist.

**Nature of Industry**

- post 1900, there was growth of

Candidates must not write on this margin

Small scale industries, specially in the textile sector.

- led to creation of employment opportunities.
- SSI were dispersed around key market areas like United provinces, Bengal etc.
- very few large scale industries, and created less employment → concentrated in areas of coal, iron ore availability.

**Shortcomings**

- One way tariff prevented growth of domestic industries.
- Didn't develop industries that had comparative advantage (ex) automobile
- Capital intensive nature restricted rapid expansion.

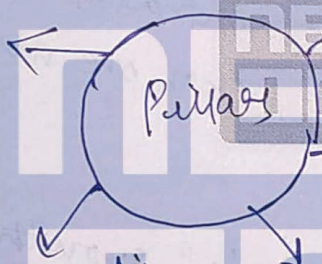
Q.1 (e) How Gatishakti can contribute to development?

Candidates must not write on this margin

Ans

Gatishakti is the flagship program of the government to reduce logistical costs & delays and improve better coordination of ministries to implement key infrastructure projects.

Coordination.




Contribution to development.

Improves efficiency in

planning implementation of projects through "real time" information sharing.

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Prioritization of projects as all the information is available at a single portal.

Dynamic charges may be made to the project based on real time GIS/GPS information.

Decreased turnaround time of Indian ports through better traffic management.

Provides guidance to potential investors by providing access to data of real time development work in the country.

Ultimately increased Ease of doing Business and will bring in drastic changes in implementing "multimodal" infrastructure projects.

Q.3 (a) "Farmers in India need institutional and technical support to uplift their position." Explain the statement in context of achieving evergreen revolution. 20

Candidates must not write on this margin

Ans.

Agriculture sector in India contributes almost 1/5th of GDP. Its share has declined significantly post 1991.

This has caused deterioration in the position of farmers by reducing their income and has caused increased instances of suicides.

∴ An Evergreen revolution is the need of the hour that can help in increasing agricultural investment, increase farmers income and increase its contribution to the National Income.

Evergreen revolution
- Institutional reforms
- Technical reforms

Candidates must not write on this margin

## Institutional:

- **Access to credit**
  through formal institutional sources like micro-financial institutions only, to promote private investment by farmers.
- **Land records**
  - ↳ better computerisation of land records will reduce disputes and increase net cropped area.
- **Land consolidation**
  - ↳ average land holding size is 1.5 acres.
  - ↳ consolidation through cooperatives, collective farming, farmer producer organisations will help in economies of scale.
- **Marketing & storage facilities**
  - ↳ Increasing the number of APMCs, mandis etc.

Candidates must not write on this margin

↳ Building storage facilities, including warehousing & cold storage.

- providing extension services
  - ↳ crop insurance.
  - ↳ transport facilities

- Contract farming
  - ↳ by prioritizing the interests of farming.

**Technical**

- Better Quality seeds
  - ↳ increasing seed replacement rate and promoting use of HYVs to increase productivity

- Irrigation
  - ↳ modern methods of irrigation that are efficient and environment friendly
    - ex → drip irrigation, sprinkler irrigation.

Candidates must not write on this margin

- Cropping Methodology
  - promoting crop rotation and multiple cropping
  - incentivising cultivation of diverse food crops.
- Capacity building
  - through education about best farming practices, harvesting methods..etc
- Farm mechanisation
  - for reducing dependency on traditional methods that are labor and time intensive.

Therefore, an evergreen revolution in agriculture can be brought in with both institutional and technical support to farmers.

Q.3 (b) Explain the National logistics policy and its impact on growth. 15

Candidates must not write on this margin

Ans

## National logistics policy

aims to reduce delays, improve efficiency, regulate traffic at critical zone of congestion and ultimately boost economy.

### Key provisions.

- construction of multimodal transport infrastructure by utilizing inland waterways, roadways and airways efficiently.
- linking National highways with "ports" to improve port connectivity
- reducing the time around stone in ports (coastal and air) to improve freight movement.

Candidates must not write on this margin

- Improving marketing infrastructure
  - ex: facilities like Grading, primary processing and packaging.
- communication infrastructure
  - ↳ telecom, broadband and other mode to increase coordination
- provision of storage facilities
  - ↳ Normal warehousing and cold storage.

**Impact on Growth:**

- Improves private investment
  - ↳ as it makes market efficient and transparent
  - ↳ crowds in private investment by building confidence
    - ease of doing business
    - better infrastructure
    - reducing logistic costs.

Candidates must not write on this margin

- Employment Generation
  - ↳ especially in construction activities.
- Manufacturing growth
  - ↳ helps in mobalization of resources and labor
    - ↳ from agriculture.
    - ↳ from services.
- Export promation & trade.
- Attract foreign investment: FDI
- Improves rankings in logistics indices of World bank there by increasing investor confidence.

National logistics policy will help in building linkages and will increase spread effects of industrial growth.

Q.3 (c) Examine the recent developments in taxation policy reforms in India. 15

Candidates must not write on this margin

Ans. Taxation policy in India has undergone major changes in recent years.

**Changes introduced:**

- ☐ reduction of corporate tax rates to 15% in 2021
- ☐ abolition of dividend distribution tax.
- ☐ New income tax regime
  - ↳ reduced the exceptions and standardized deductions.
  - ↳ rationalization of tax slabs.
- ☐ faceless assessment system.
- ☐ Vivad se Vishwas scheme for faster dispute resolution
- ☐ Introduction of GST, one nation, one market, one tax.

Candidates must not write on this margin

## positive impact

- GST has integrated whole nation under one tax regime.
  - → Increased revenue
  - → led to simplification
  - → reduced the cascading effects of taxes.
  - → provision of input tax credit
  - → One tax for all goods and services.
- reduction in corporate tax
  - → increased private profits that are increasing reinvested in the economy
  - → Increased the confidence of private sector and boosted animal spirits.
- New Income tax regime.
  - → Increase tax compliance

Candidates must not write on this margin

due to simplification

→ Increase revenue due to reduced evasion/avoidance/exceptions/deductions

→ e-filing has led to simplification of getting IT returns.

**Shortcomings.**

- **GST:**
  - lack of appellate tribunals
  - exception of commodities like petroleum, alcohol.
  - Inverted duty structure.
  - fake e-way bills & invoices.
- **Corporate tax**
  - Not applicable to existing companies.
  - relatively high based on international comparision
- **Income tax**
  - Narrow tax base
  - exempts agricultural income.

The recent taxation policy changes are a welcome steps to fulfil the Adam smith's 4 canons of taxation.

## SECTION-B

**Write notes on the following in about 150 words each:** (10 × 5 = 50)

Q.5 (a) Do you think Universal Basic Income is required in India?

Ans

Universal Basic Income (UBI) is the idea that calls for provision of a "basic" in-cash income to all citizens (universal) without any "quid-pro-quo"

**Need in India**

- ☐ high poverty - (20% (2011 data).
- ☐ Inequalities.
- ☐ Hunger & malnutrition.
- ☐ low access to health and education

all these parameters are strong arguments for implementing UBI in India

However, providing UBI instead of enabling access to education, health and focusing on improving the development indicators

Candidates must not write on this margin

will not fulfil the aims of a welfare state.

**Challenges.**

- Increase demand (AD) in the economy and without enough supply (inelastic nature) will lead to inflationary pressures.
- Presence of imperfect markets.
  - ↳ will lead to reduction of consumer surplus due to inadequate pricing.
- UBI may cause negative effects by
  - → increasing demand for leisure (income effect dominates)
  - → increasing consumption of demerit goods, → Alcohol.
- Hindrance in realization of the demographic dividend advantages due to potential fall in labour supply.

Therefore, UBI in Indian context is neither needed nor desirable.

Candidates must not write on this margin

Q.5 (b) How is helicopter dropping of money different from quantitative easing? Which has been a policy taken by RBI?

Ans

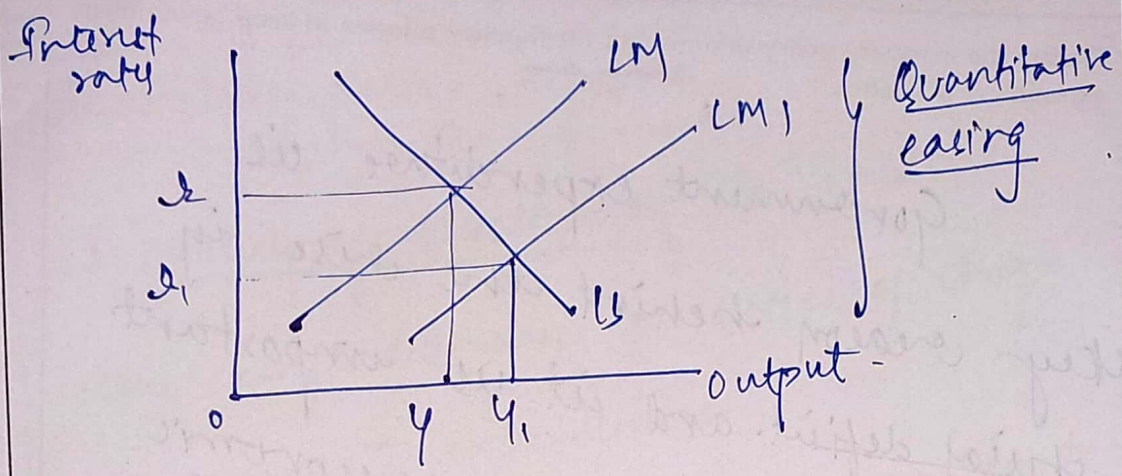
Quantitative easing is the expansionary monetary policy undertaken by the central bank to improve liquidity in the economy.

Helicopter dropping of money is an orthodox way of increasing liquidity demand to rapid inflation

ex It was done in greece when inflation rate was above 100% per day.

RBI has been following the policy of Quantitative easing since the covid-19 pandemic in order to boost demand in the economy.

Candidates must not write on this margin




**why quantitative easing**

↳ to increase investment demand and stimulate AD (AD = C+I+G)

↳ Increasing demand for money may raise interest rate of money supply is not available → Hence consistent quantitative easing is beneficial for growth.

Recently, RBI has been undertaking the policy of Quantitative restriction due to rising inflation. This has put an downward pressure of growth India, but controlled inflation.

Candidates must not write on this margin

Q.5 (c) Explain the monetary policy reforms and fiscal policy reforms to keep government expenditure in control.

Ans

Government expenditure is key reason behind the rise in fiscal deficit. and it is important to control it for macro economic stability

**Fiscal policy reforms:**

- Increasing the tax base and rationalising tax rates to improve government revenue.
- Increasing the share of capital expenditure over revenue expenditure
- Most of fiscal expenditure is towards payment of interest & debt charges, hence, it is crucial to reduce government borrowing
  - ↳ How? finding other sources of revenue.
    - ex> Agricultural income.
    - Increasing tax compliance.

Candidates must not write on this margin

## Monetary policy reforms

- policy of sterilization to reduce the inflationary pressures of high government expenditure.
- controlling inflation through contractionary policy as to reduce incremately between supply & demand that necessitates government expenditure.
- reducing the instance of deficit financing through printing money. — already prohibited under FRBM Act.
- using monetary policy to promote growth → Gradual Quantitative easing [Monetarism]
  - ↳ reduces need of government expenditure.

Candidates must not write on this margin

Q.5 (d) What are the steps that can be taken to promote industrial growth?

Ans

India missed the crucial phase of mass industrialization that is necessary for its transformation to an advanced economy.

Industries contribute less than 1/4th to GDP and provide only close to 1/5th of total employment.

**Steps needed to promote industrial growth**

- Labor law reforms
  - ↳ Increasing flexibility in retenchment.
  - ↳ reducing restrictions of wages.
  - ↳ will boost industrial expansion.
- promoting MSMEs
  - ↳ provide 1/4 employment
  - ↳ has huge export potential.

Candidates must not write on this margin

- Export oriented growth.
  - ↳ manufacturing goods required by global markets to increase economies of scale.
- Investment in FMCGs and FPIs to encourage shifting of labor from agriculture and to industries.
- both private & public.
- providing incentives → tax rebate, subsidies, reduction of import duties
  - ex: PLI scheme, reducing corporate tax.
- Improving Ease of doing business.
  - Ease of exiting business [insolvency]
  - Ease of diversification.
- Improving access to credit through schemes in line with ECLGS for MSMEs.

The above steps may be taken to boost industrial growth in the economy.

Candidates must not write on this margin

Q.5 (e) Analyse the role of public investment in agriculture.

Ans

Public investment in agriculture has declined significantly post 1991 in India, this has led to decreased growth rate in the sector.

## Role of Public investment in Agriculture

- **Crowds in private investment**
  - Agriculture is risky activity where private sector is generally not inclined to invest. But public investment may improve confidence
- **Provision of extension services**
  - weather forecasting
  - choice of crops, methodology of cropping
  - information about soil quality.

Candidates must not write on this margin

- Building forward linkages
  - marketing, grading, packaging
  - transportation.
  - reducing post harvest loss.
- Building backward linkages
  - good quality seeds.
  - provision of crop insurance
  - provision of irrigation facilities, fertilizers and machinery
  - to improve mechanization.
- Better price discovery → through direct procurement of crops.
- Access to formal sources of credit

However, public sector alone cannot bring desired changes in the agriculture sector it is crucial to involve the private sector.

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Q.6 (a) Explain the steps taken in recent past for encouraging LiFE? What should be done further? 15

Ans

Lifestyle for environment, an campaign launched by India at UNFCCC to promote demand side changes to solve the problem of environmental degradation.

In line with UN Sustainable development Goals.

LiFE → eco-friendly production
LiFE → eco-friendly consumption.
LiFE → eco-friendly living.

LiFE aims at encouraging transition towards green economy and promoting a lifestyle that is in line with the protection

Candidates must not write on this margin

and conservation of environment.

## Steps taken to promote LiFE.

- Green hydrogen mission
  - 5 MMT by 2030.
- National Solar mission
  - rooftop solar panels
  - Grid integration.
  - hybrid solar-wind panels.
- promotion of E-Mobility through boosting manufacturing of e-vehicles e.g. FAME I and FAME II
- promotion of millets
  - UN declared 2023 as the international year of millets.
  - millets → high dietary properties
  - environment friendly production: drought resistant, less need of fertilizers and pest resistant.

Candidates must not write on this margin

- Barring of single use plastic bags.
- Extended producer responsibility for e-waste
- promotion of Bio-economy.
  - Bio fuels
    - ethanol
    - methanol
  - Biogas
    - CBD
  - Biomass cofiring.

**further steps required.**

- reduce dependence on coal / thermal energy still higher than 50%.
- Robust awareness campaign in line with Swacch Bharat and Beti bachao program.
- carbon taxes, carbon trading etc to incentivise green production.
- research and development in India specific technologies to faster adoptation of LiFE.

Q.6 (b) Critically analyse the economic impact of central bank digital currency. 15

Candidates must not write on this margin

the

"Digital currency" idea has been floated by India and RBI has also expressed its interest to launch a "central bank digital currency"

**Positive impact of digital currency on Economy.**

- Reduction in the administrative costs of carrying out large scale bank settlement process.
- Increases banking habits of the people due to boost in digital economy, hence, can improve multiplier.
- Secure transactions as digital currencies are usually backed by

Candidates must not write on this margin

blockchain technology

- Will boost digital economy, especially the fintech industry
  - ↳ may have spill over effects → increased access to credit
    - ↳ financial inclusion.
- Increased monitoring of RBI through real time information availability of transactions, liquidity conditions and supply of money
- Improve transparency in money market → easy facilitation of loans.

## Negative impact of digital currency on Economy

- Bank runs → Sudden introduction may lead to bank runs.

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- failure of banks
  - ↳ deposits in banks may reduce thereby reducing their ability to create assets (loans).
- May reduce multiplier by reducing currency to deposit ratio.
- digital currency may be prone to cyber attacks ~~of~~ & low level of financial and technical literacy in India may discourage adaptability.
- May increase central bank supervision of spending habits of consumers, thereby threatening privacy.

Any move towards digital currency implementation must be based on robust trails and studies.

Q.6 (c) Examine the challenge, reasons and solutions regarding crop diversification in India. 20

Candidates must not write on this margin

Ans

Crop diversification involves cultivation of diverse crops like millets, horticulture, oil seeds etc apart from the conventional crops like wheat and Paddy.

**Why do we need crop diversification?**

- Paddy contributes to almost 30% of net sown area in India
  - ↳ requires excess water consumption.
  - ↳ releases methane
  - ↳ reducing soil fertility
  - ↳ not suitable in semi-arid and arid regions.
- wheat contributes to almost 20-25% of Netsown area.
  - ↳ delay in monsoons increases

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the risk of crop failures.

- changing consumption pattern.
  - ↳ shifting from rice based diet to a more diversified diet that include balanced consumption of proteins, vitamins, minerals etc.
- Reduce the risk of crop loss.
- Increased export potential if horticulture crops are cultivated.
- Burden of government for comp-ulsary procurement of rice and wheat causing huge public expenditure.
- Need to adopt a strategy that reflects "farm-to-farm" instead of "farm-to-farm".

Candidates must not write on this margin

## Challenges -

- **Support prices**
  - MSP acts as a strong incentive for cultivation of Paddy and wheat due to guaranteed returns.
- **Uncertainty & risk**
  - diversification, especially towards horticulture crops involves high risk
  - lack of comprehensive crop insurance
- **Lack of extension services**
  - weather forecasting
  - soil quality check.
  - education regarding timing of harvesting, sowing and application of fertilizers.

Candidates must not write on this margin

- resistance from farmers due to sentimental attachment and adaptive expectations of past experiences.

**Solutions**

- Diversification of MSP → including horticulture crops.
- promotion of strategic crops like millets, maize ... etc.
- reduction of power subsidy and other subsidy on fertilizers that promote cultivation of paddy.
- provision of extension services.
- Access to credit to farmers
- Incentivising corporate investment and contractual farming.

Q.7 (a) "Recent steps taken by the government have not only been about growth but also poverty alleviation." Describe how government has tried reducing poverty. 20

Ans

Government has emphasised equally on growth and poverty reduction. It can be seen in the recent steps adopted. They are.

- Pradan Mantri Garib Kalyan Yojana
  - → provision of extra food grains to the most vulnerable, especially during COVID-19 pandemic
  - → transfer of cash through DBT to the female household to increase purchasing power
- PM-Kisan Samman Nidhi
  - → provision of 6000/- rupees per

Candidates must not write on this margin

annum to farmers that own land

→ helps in financing the requirements of seeds, fertilizers etc.

→ reduces dependency on money lenders and other informal sources

→ Improves reinvestment in agriculture.

- PM Awas Yojana

⇒ provision of a pucca house (2 BHK home) to homeless population.

⇒ providing in cash support for construction of pucca house to those who own the land.

- RURBAN Mission

→ provision of urban amenities in rural areas. Include access to internet, sanitation, infrastructure → Health & Education.

☐ ~~NAD~~ MGNREGA.

→ provision of guaranteed 100 days of work (unskilled) for ~~each~~ one adult member of each household

→ recent steps included Geo information based attendance to reduce fake job cards and faster payment

☐ Jal Jeevan Mission

→ To provide access drinking water connection to each & every household.

"Har ghar jal"

☐ PM Gram Sadak Yojana.

→ construction of all weather roads in rural areas

→ connecting Gram panchayats with district headquarters, and connecting farms with APMCs.

Candidates must not write on this margin

□ PM Mudra Yojana

→ provision of collateral based loan to individuals to start business.

→ Easy access to credit and promotes financial inclusion.

□ National Social assistance program

→ pensions to Senior citizens, Pwd, Transgender etc.

□ Udaan yojana

→ provide affordable civil aviation services to the poor on certain routes with "Udeshka har nagrik" motto.

Government considers "Poverty as worst form of violence" and through its recent consistent steps they successfully uplifting considerable people from poverty.

Q.7 (b) Do you agree that exports can be engine of growth for India? Highlight the steps taken for it and way forward. 15

Ans

Export oriented growth strategy was successful in East Asian countries like using apple, Korea and Vietnam. whereas, India post independence followed "Import substituting Industrialization".

However, export led growth can be the engine of growth for India by increasing economies of scale, market extent, forex earnings and improving current account Balance.

Recent steps to promote exports

- RODTEP and ROSCTL
  - ↳ Scheme that provides

Candidates must not write on this margin

rebates of goods / imports used in the production of exports after showing the valid e-invoice.

□ Production linked incentive

→ performance based ex-post incentives to producers if they meet the pre-agreed targets.

□ National Investment manufacturing Zones (NIMZ)

→ To promote manufacturing in India as to increase exports

→ provides tax concession, single window clearances and other relaxed provisions.

□ Start-up India

→ To promote innovation in India ⇒ and increase exports in

Services.

**Way forward:**

- promotion of agricultural exports especially horticulture crops.
- promotion of food processing industry as it has high export potential
- Diversification of export markets away from US and EU to africa and east asia
- promotion of non farm exports especially poultry and milk products.
- providing incentives to MSMEs to manufacture "low end" domestic manufacturing goods — textiles, non leather foot wear. toys.

Export oriented growth must be complimented with production for domestic markets.

Q.7 (c) What is the importance of Saptarishi in budget? 15

Candidates must not write on this margin

Ans "Saptarishi" — Seven targets/ themes introduced in the Budget 2023-24 to leverage the potential of Amrit Kaal.

**Saptarishi Includes**

- Inclusive development
- Green growth
- Youth empowerment
- reaching last mile
- unleashing the potential.
- infrastructure and investment
- financial sector.

**Importance of Saptarishi**

- Inclusive development focussed on

linking the small vendors, artisans and other petty manufacturers with MSMEs.

- It also focuses on utilising the entrepreneurship potential of SHGs.
- Green growth lays importance of long term sustainability and transition towards LiFE.
  - through renewable energy based on Biomass, municipal solid waste (waste to wealth) hydrogen energy and e-mobility
- Youth empowerment is crucial to take advantage of the demographic dividend of the country.
  - Youth also has huge innovation potential.
  - Schemes like PM YUVA 2.0

Candidates must not write on this margin

in the budget are in this direction

- infrastructure is key. it acts as a bridge between growth and poverty → construction of rural infrastructure will boost rural employment and help in reducing poverty.
- last mile delivery includes targeting schemes towards particular vulnerable tribal groups (PVTGs) who are in very low development
- Unleashing the potential in Industry that India has comparative advantage will boost trade

The 7 themes of Saptarishi are crucial for achieving the target of 5 trillion dollars as early as possible.