



An Institute for Civil Services

INTERVIEW GUIDANCE SERIES

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2023

CURRENT AFFAIRS & MAJOR DEBATES

of

ECONOMY



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ECONOMY

1. INDIA'S EMPLOYMENT SCENARIO

Preface: Data from the **Centre for Monitoring Indian Economy** shows that the share of youth (aged 15-29) in the workforce dropped sharply from 25% in 2016-'17 to 17% in 2022-'23. In contrast, for those aged above 45, the share has gone up from 37% to 49%.

◆ **Factors responsible for high unemployment rate:** High labour supply, Rising job aspirations, Reduced workforce in agriculture, declined manufacturing sector, poor skilling of youth, Pandemic, poor condition of unorganised sector, Inadequate growth of infrastructure, Lack of women empowerment

◆ **Factors Obstructing the Growth:** Increasing Inflation, Fluctuation in Interest rates, Low Infrastructural growth, lack of adequate Monetary policy

◆ **Impacts of unemployment in India:** Poverty, Extra burden on government, less focus on capital, Rise in antisocial elements, Increase in crime, Rise in socio-economic cost

◆ **Required measure:** Increase in infrastructure spending, Non-farm employment opportunities, Increase investment, Impetus to manufacturing sector, bridging the digital divide, strengthening rural jobs scheme Skill development.

◆ **Impact of global layoffs on India**

- ◆ **On start-ups:** In the tech sector alone, 104 companies sacked over 26,000 employees just in January, and on average, over 1000 workers are let go every day. Indians make up 30–40% of all laid-off workers in the IT industry.
- ◆ **Declining online content consumption:** A lesser share of internet users visiting educational websites since the decline of the pandemic is cited as one reason.
- ◆ **For cost cutting:** Managements look at headcount numbers critically when they want to cut costs and protect profit margins as they are accountable to investors.
- ◆ **On Big tech firms:** This will eventually affect economic growth and jobs in Indian firms too.

◆ **Steps taken by the government:** Startup India Initiative, Aatmanirbhar Bharat RojgarYojana, Pradhan Mantri Mudra Yojana, Prime Minister's Employment Generation Programme (PMEGP), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Smart City Mission, Atal Mission for Rejuvenation and Urban Transformation, Housing for All, Infrastructure Development and Industrial Corridors are also oriented towards generating employment opportunities.

◆ **Way forward:** The country cannot afford to lose more years in its race to reap the benefits of its demographic dividend. Real jobs in manufacturing, industries, and MSMEs, amendment to social security are the key to reaping the demographic dividend.

Year	Unemployment Rate (percent)
2023	10.05 (in October)*
2022	7.33
2021	5.98
2020	8.00
2019	5.27
2018	5.33
2017	5.36
2016	5.42
2015	5.44
2014	5.44
2013	5.42
2012	5.41
2011	5.43
2010	5.55
2009	5.54
2008	5.41

Unemployment into the 'discussion'

In a recent incident, two men jumped into the Lok Sabha chamber. They shouted slogans against "dictatorship" and waved canisters emitting a harmless, yellow smoke. It turned out that this dramatic action, organised by six young people from across India, was meant to be a protest against unemployment.

2. GIG WORKERS

The gig economy is continuously evolving and has seen 93% growth since Jan 2023 in the white-collar space. NITI Aayog estimates India has 7.7 million gig workers, which it expects will swell to 23.5 million by 2029-30.

- ◆ **Potential of India's Gig Economy:** Currently, about 31% of gig work is in low skilled jobs such as cab driving and food delivery, 47% in medium-skilled jobs such as plumbing and beauty services, and 22% in high skilled jobs such as graphic design and tutoring.
- ◆ **Rise of Gig Economy:** Increased reliance on short-term, freelance, and flexible jobs.
- ◆ **Factors Driving Gig Work:** Desire for flexibility, technological advancements, and evolving work preferences.
- ◆ **Challenges Faced by Gig Workers**
 - ◆ **Job Insecurity:** Lack of job stability and employment benefits.
 - ◆ **Income Variability:** Fluctuating earnings and irregular income patterns.
 - ◆ **Limited Social Security:** Inadequate access to traditional employment benefits like healthcare and retirement plans.
 - ◆ **Lack of Legal Protections:** Limited legal safeguards and recourse mechanisms for gig workers.
 - ◆ **Impact on Traditional Employment Models:** Disruption of Traditional Employment (traditional 9-to-5 jobs.) and companies adapting to gig-based structures for increased flexibility and cost-effectiveness.
 - ◆ **Government Initiatives and Regulations:** Code on Social Security (2020), Dedicated Social Security Fund and Rajasthan Platform Based Gig Workers (Registration and. Welfare) Act, 2023, etc.
 - ◆ **Role of Technology:** Facilitating gig work through online platforms, addressing issues related to job matching, payment delays, and algorithmic biases.
 - ◆ **Social and Economic Implications:** Diverse workforce, Income Inequality, Economic disparity, Flexibility and Autonomy, Skill Development and Entrepreneurship, Market Efficiency and Innovation and Labor Market Fluidity.

Code on Social Security 2020

- ◆ Key Highlights –
 - Integrated Labour Laws (9 Labour Laws have been integrated)
 - Revised Definitions – Employee, Platform Worker, Gig Worker, Migrant Worker, etc.
 - Digitisation
 - Maternity Benefits

Status of Gig Economy in India

- ◆ The gig economy in India has been growing rapidly in recent years, with the increasing availability of digital platforms that allow individuals to offer their services on a freelance or part-time basis.
- ◆ According to a report by Boston Consulting Group, India's gig workforce comprises 15 million workers employed across industries such as software, shared services and professional services.
- ◆ According to a report by the International Labour Organization, India's gig economy is expected to grow by 23% by 2025.

3. DBT AND FINANCIAL INCLUSION

- ◆ **Meaning:** The DBT scheme simplifies the transfer of benefits, such as subsidies, to the beneficiaries, making the process smooth, secure, and hassle-free.
 - ◆ Financial inclusion refers to the delivery of financial services at affordable costs to disadvantaged and low-income segments of society.
- ◆ **Objectives of DBT:** Curbing pilferage and duplication, Accurate targeting of the beneficiary, reduced delay in payments, electronic transfer of benefits, minimizing levels involved in benefit flow. There are 310 Schemes from 53 Ministries under DBT.
 - ◆ **Schemes utilizing DBT in Rural areas:** PM Kisan Samman Nidhi, PM Fasal Bima Yojana, and PM Krishi Sinchayi Yojana
 - ◆ **Schemes utilizing DBT in Urban areas:** PM Awas Yojana, National Social Assistance Programme, Self-Employment Scheme for Rehabilitation of Manual Scavengers and LPG Palah scheme
- ◆ **Advantages of DBT:** Help expedite the flow of funds while reducing the possibility of fraud. It eliminates the need for intermediaries and bring about transparency, accountability and ensure accurate targeting of beneficiaries, pillar of good governance.
- ◆ **Challenges:** The complex and multi-layered governance machinery — its diversity, access barriers, and digital divide, problem of sub-optimal service delivery under government machinery.
- ◆ **DBT and financial inclusion:** Solutions such as DBT can play a significant role in advancing financial inclusion by addressing traditional barriers to inclusion through reduction of transaction costs and information asymmetry.
- ◆ **Digitisation and Financial Inclusion:** Accessibility, Mobile Banking, Reduced Transaction Cost, Digital Payments, E-government Services, Microfinance through Technology, Credit Access, Financial Literacy Programs, etc.

4. RBI'S DIGITAL CURRENCY: POTENTIAL AND CHALLENGES

- ◆ **Meaning:** The **Reserve Bank of India (RBI)** launched the Central Bank Digital Currency (CBDC) — **digital rupee or e-rupee (eRS)** for **public use**. CBDC is a legal tender issued by the RBI in digital form. It is the same as the fiat currency and is exchangeable one-to-one with the fiat currency.
- ◆ **Objective behind e-rupee introduction:** It would make the rupee more attractive as a currency to users when compared to cryptocurrencies.

- ◆ Cryptocurrencies have been viewed by many investors as alternatives to fiat currencies which progressively lose value over time due to debasement by central banks.
- ◆ Since such a trend could threaten their sovereignty, central banks have been trying to come up with their own digital currencies.
- ◆ **Benefits:** Reduction in operational costs involved in physical cash management, Fostering financial inclusion, Bringing resilience, Efficiency and innovation in the payments system, Add efficiency to the settlement system, Boost innovation in the cross-border payments space.
- ◆ **Concern:** Threats of cyberattack, privacy concerns, data threats, implementation risk in rural areas, chances of generating digital divide.
- ◆ **Role of Digital currency in financial inclusion:** It can help reshaping a financial system into one that is more accessible to the unbanked and under banked. It would **transform the payments ecosystem**; management of physical currency is expensive and should hold a wider network/chain of branches of banks to deal with.

5. THE 'SERIOUS' SITUATION OF HUNGER IN INDIA

Preface: In the recently released Global Hunger Index for year 2023, India ranked **111** out of **121 countries**. India (111) ranked below Sri Lanka (60), Nepal (69), Bangladesh (81), and Pakistan (102).

- ◆ **Reasons for India's low score performance:** Disruptions in Global supply chains and Inflation, Lack of Job Opportunities, Poverty, Population Explosion, Lack of estimated targets for schemes including Children and Women.
 - ◆ The problem is also due to **conflict, climate extremes, economic shocks and growing inequality, reduced soil fertility, fragmented lands** or fluctuating market price of farm produce etc.
- ◆ **Why India denied GHI?** GHI sees hunger as a food production challenge when, according to the FAO, India is the **world's largest producer** and **consumer of grain** and the largest producer of milk. It is, therefore, contentious and unacceptable to club India with countries facing serious food shortages.
 - ◆ **Why so?** India the largest producer of some critical staples in the world, yet its population is nutrition- and food-deprived due to high level of food wastages and losses.
- ◆ **Issues on Government's side:** Less budget allocated to Schemes like PM POSHAN; POSHAN 2.0, and Saksham Anganwadi to improve nutrition in the country. Furthermore, issues like manpower constraints; accountability issues are persistent.

Why India has rejected the report?

- ◆ The Ministry of Women and Child Development has contested the reliability of the Hunger Index, criticizing it for methodological flaws.
- ◆ It argues that the index's focus on child health indicators doesn't accurately represent the entire population. The ministry asserts that the crucial indicator, 'Proportion of Undernourished Population,' relies on a small sample size opinion poll of 3000 individuals.
- ◆ Instead, it highlights data from the Poshan Tracker, indicating a consistent increase in children under 5 years since April 2023.
- ◆ The ministry questions the link between hunger and indicators like stunting and wasting, emphasizing the multifaceted nature of these outcomes.
- ◆ Additionally, it notes support from international organizations for the Poshan Tracker's impact on nutrition.

- ◆ **Required measure:** To increase the supply of safe and nutrient-rich foods as well as a shift in consumer preferences. The government must invest heavily in agri-food systems to support recovery with enhanced food security and nutrition.
 - ◆ Need to focus on future smart crops such as amaranth, buckwheat, minor millet, finger millet, proso millet, foxtail millet and pulses.

6. INNOVATION AND INDIA (GLOBAL INNOVATION INDEX 2023)

- ◆ **Preface:** In WIPO's **Global Innovation Index (GII) 2023**, Switzerland emerged as the world's most innovative economy for the **13th** consecutive year. India secured the 40th position again in the Index. Last year, India was at the 40th.
- ◆ **Realistic potential of India's Innovation ecosystem:** India is the third largest ecosystem for start-ups in the world with 111 unicorns with a total valuation of \$349.67 Bn. Alongside its entrepreneurial ambitions India is also committed to using technology to advance key global priorities.
- ◆ **Factors fueling innovation:** Government's investment in research, knowledge-creation, and technological progress does have a role in fuelling innovations, productivity, capital creation, and therefore growth.
- ◆ **Government initiative to boost innovation:** GPAI Summit 2023, National AI Strategy, Vaishvik Bharatiya Vaigyanik (VAIBHAV) summit, Responsible AI for Social Empowerment (RAISE) 2020 summit, Smart India Hackathons (SIH), Atal Innovation Mission (AIM), Biotechnology Ignition Grant (BIG) scheme
 - ◆ **Digital innovation:** Government proposed two significant bills -- the revised **Digital Personal Data Protection Bill and the Competition Amendment Bill (CAB)** to protect consumers, preserve competition and promote tech innovation.
 - ◆ **Climate-focused:** India's strides in innovation are also advancing climate action and net-zero transition. India has been leading the **International Solar Alliance** and the government recently launched the **National Hydrogen Mission** to leverage the potential of green hydrogen technology.
- ◆ **Important tech innovations:** Heading the Global Partnership on AI for 2022–23, AI & Robotics Technology Park (ARTPARK), AI on-edge Drone, First Private Space Mission, Open Network for Digital Commerce (ONDC), Digital Currency and 5G.
- ◆ **How innovation adds to the economy?** Simply put, innovation can lead to higher productivity, meaning that the same input generates a greater output.

Expected Contribution of AI to Indian Economy:

AI is expected to add USD 967 Billion to Indian economy by 2035 and USD 450–500 billion to India's GDP by 2025, accounting for 10% of the country's USD 5 trillion GDP target.

- ◆ **Way forward:** Government should frame a policy with the aim of increasing total GERD (Gross domestic expenditure on R&D). Global innovation partnerships need to be strengthened.

7. INDIA'S ENERGY SECURITY

- ◆ **Preface:** Energy Security is an attempt to overcome the vulnerability of vital energy systems. It is about reducing the exposure risks to an external factor, thereby ensuring our energy needs.

- ◆ India's PM also called for "Energy Atmanirbharta" by 2040, which is about "energy security", touching upon our "strategic autonomy".
- ◆ **Current energy scenario:** Till October 2023, the total share of fossil fuels in energy generation is 57.9 percent. Renewables, in contrast, contribute 29 percent. The share of renewables has increased sharply in the past decade, the increment being dominated by solar power. Yet the dependence on coal still has a share of 50 percent.
- ◆ **Challenges/Threats to Energy Security:** Political Instability of Several Energy-Producing Countries, Manipulation of Energy Supplies, Competition over Energy Sources, Attacks/Accidents on supply infrastructure, Natural Disasters, Climate Change, Terrorism, Reliance on Foreign Countries for Oil
- ◆ **Measures to accomplish the goal of 'strategic autonomy' in energy** - Prioritize access to fossil fuels, continue to emphasize affordable and secure access to oil and gas, intensifying domestic exploration, focus on nuclear power, ethanol blending and removing the obstacles to domestic mining.
- ◆ **Steps taken by the government:** Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), Green Energy Corridor (GEC), National Solar Mission (NSM), National Biofuels Policy and SATAT, Small Hydro Power (SHP), International Solar Alliance (ISA) etc.

8. RUPEES DEPRECIATION

- ◆ **Preface:** After the pandemic situation is slowed down, the country is facing the rupee depreciation.
- ◆ **Depreciation Vs Devaluation:** Currency depreciation is a fall in the value of a currency in a floating exchange rate system. If the value of the Indian Rupee is weakened through administrative action, it is devaluation.
- ◆ **Reasons for current depreciation:** A sell-off in the global equity markets, triggered by the hike in interest rates by the U.S. Federal Reserve (central bank), the war in Europe, Crude Oil Prices and growth concerns in China. It is also due to the outflow of dollars and tightening of monetary policy.
- ◆ **Impacts of depreciation on Economy:** Rise in Inflation, Lack of foreign exchange reserves, Trade deficit leading to a further pressure on the country's financial health. A weaker currency will further escalate imported edible oil prices and lead to a higher food inflation.
- ◆ **The positive side:** Weaker rupee theoretically give a boost to India's exports. It would also make Indian market flooded with A grade goods.
- ◆ **Required measure:** The country needs to look up to the domestic banking sector to step up lending to such sectors. This will require the RBI to further ease liquidity requirements and/or implore both public and private sector banks to lend funds to these capital-intensive industries.
 - ◆ For investors, it is advisable to invest in companies that have a lower debt to equity ratio
 - ◆ Increased margins for Indian companies that export goods and services

9. IMPACT OF THE ISRAEL- PALESTINE CONFLICT ON THE INDIAN ECONOMY

- ◆ **Preface:** After 2022 Russia-Ukraine War, Israel and Palestine entered into a conflict in November 2023, which has affected the Indian Economy, resulting in consequences & impacts on different areas & aspects.
- ◆ **Impact:** The conflict worsened the growth-inflation mix for India.

- ◆ It pushed up import bill for both energy and fertilisers
- ◆ It raised the fertiliser bill substantially and threatened to derail the budgetary math.
- ◆ Higher inflation and lower growth for India.
- ◆ It worsened the liquidity crisis within the Indian economy.
- ◆ Reduced consumer spending

◆ **The larger picture:**

- ◆ **Crude Oil Price:** Iran produced 3.7 million barrels a day in 2022, while Saudi Arabia—the third largest supplier of crude oil to India, after Russia and Iraq—produced 12.4 million. Moreover, the **Strait of Hormuz**, between the **Persian Gulf and the Gulf of Oman**, is one of the world's most strategically significant "choke points", through which a fourth of the oil for global consumption and a third of the world's liquefied natural gas is transported.
- ◆ **Uncertainty over economic corridor:** During the G20 summit in New Delhi, India along with the **US, the United Arab Emirates, the European Union, France, Italy and Germany** signed a memorandum of understanding to establish the IMEEC—connecting India and Europe through the **UAE, Saudi Arabia, Jordan, Israel and Greece**—on similar lines to **China's Belt and Road Initiative**.

◆ **India's Interests:** India's ties to West Asia and North Africa are underpinned by a broad range of political, economic, and strategic interests. At present, India's interests are concentrated in two regions: Arabian Gulf (and Iraq) and Israel.

- ◆ **The Arabian Gulf and Iraq:** India's key interests in this region are energy and its 9 million-strong diaspora. Other interests include investments, trade, transshipment, maritime security in the Western Indian Ocean Region (WIOR) and anti-terrorism efforts.

◆ **Israel:** Israel is also a global leader in several high-tech sectors, including semiconductors, and cyber capabilities.

Impact on India-Middle East-Europe Economic Corridor:

- ◆ The conflict has the potential to affect the stability of the Middle East, a region of strategic importance to India.
- ◆ An escalation of hostilities could have implications for India's interests and engagements in the region.
- ◆ India recently signed the India-Middle East-Europe Economic Corridor (IMEC) as an ambitious infrastructure project aimed at connecting India, the Middle East, and Europe through various transportation modes, including shipping and rail networks.
- ◆ Instability in the region can create security challenges, and affect the smooth operation of the IMEC.

10. FREEBIES & THEIR ECONOMIC VIABILITY

- ◆ **Preface:** Various incidents have been highlighted where political parties promoted the culture of freebies for their promotion and gain votes.
- ◆ **Freebies V/s Welfare expenses** - Expenditure which brings economic benefits, such as the public distribution system, employment guarantee schemes, and states' support for education and health are considered welfare expenses. On the other hand, the provision of free electricity, free water, free public transportation, waiver of pending utility bills and farm loan waivers are often regarded as freebies.

- ◆ **Direct implication of State's fiscal health (Impact):** Any state expenditure has implications for its fiscal health. So the concern regarding freebies is valid because these are expenditures that do not positively affect production in the long run.
 - ◆ Waste of taxpayers' money
 - ◆ Increasing burden on economy of the state
 - ◆ Freebies can be used for converting government's black money.
 - ◆ **Not 'actually' free:** Freebies are not free i.e. be it today or tomorrow ultimately tax payers have to bear the brunt.
- ◆ **Way forward:** It is not about how cheap the freebies are but how expensive they are for the economy, life quality, and social cohesion in the long run. Instead states should use their authority to harness innovative ideas and solutions to common problems which other states can emulate.

11. INDIA & ITS RACE TO BE IN THE LIST OF LARGEST ECONOMIES

- ◆ **Preface:** India leaped past the UK in the final three months of 2021 to become the fifth-biggest economy. India now trails behind the United States, China, Japan and Germany in terms of economy. A decade ago, India's rank was 11th among the world's largest economies, while UK used to stand firm at Number 5.
- ◆ **Contribution of Important Sectors:**
 - ◆ Trade, hotels, transportation, and communication; finance, insurance, real estate, etc. account for more than 60% of GDP.
 - ◆ Agriculture, forestry, and fisheries account for around 12% of total output.
 - ◆ Manufacturing contributes to about 15% of GDP
 - ◆ Construction around 8%
 - ◆ Mining, quarrying, power, gas, and water delivery for the remaining 5%.
- ◆ **Reasons behind India's growth:** an enormous population, favourable demographics, favourable growth in credit, formalization of economy, high catch-up potential, due to low initial GDP per head, shift in economic power and focus to the growing economies of the BRIC countries: Brazil, Russia, India, and China, boom in the Investment Business.
- ◆ **Concerning areas:** Population Growth, India's growth since liberalisation has been highly inequitable, Higher Inflation, Green Growth, inequal income distribution

12. ASSESSING INDIAN ECONOMIC PROGRESS SINCE INDEPENDENCE

Preface: As India commemorated the 75th year of independence this year, it's relevant to look into the path the Indian economy has taken and how this journey has helped India to reach its present state.

- ◆ **State of the Economy at the Time of Independence:** British rule completely devastated India's economy. India's population was subject to frequent famines, had one of the world's lowest life expectancies, suffered from pervasive malnutrition and was largely illiterate.
 - ◆ India's share of the world income went from 27% in 1700 AD (compared to Europe's share of 23%) to 3% in 1950.
- ◆ **Evolution of Indian economy-after Independence:** Five-Year Plans and setting up of Planning Commission, Beginning of Licence Raj, Liberalization Policy, Green Revolution, a Shift towards Economic Revolution, Co-operative movement: Operation Flood, Incorporation of Amul, Achieving "**self-sufficiency**" in **food production, Foreign Direct Investment**, Annual Plans in place of the five-year plan, Nationalisation of Banks, Disinvestment, Emergence of India as an IT

Hub, **Goods and Services Tax (GST), Make in India Initiative, Digital India, Demonetisation (Overnight note-ban)**

- ◆ **Challenges:** India's 1991 economic crisis, performance of agricultural sector, fiscal deficit-Indian economy, 2008 global financial crisis
- ◆ **Current status:** The country has gone from having a GDP of just Rs 2.7 lakh crore at the time of Independence to now sitting close to Rs 150 lakh crore. Once branded a "third world country", India is now among the biggest economies of the world.
- ◆ **Indian Economy: Future Prospectus**
 - ◆ India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.
 - ◆ India is 2nd fastest-growing major economy after China. It is projected that by 2050, India's economy will be the world's second-largest, behind only to China.

13. REQUIRED REFORM IN INDIRECT TAXATION (GST 2.0)

- ◆ **Preface:** The year 2022 marked the fifth anniversary of the Goods and Services Tax (GST). While the idea of "one nation, one tax" has seen the light of day with the implementation of GST, the law is still evolving and can be a better version of itself, let's say with GST 2.0.
- ◆ **Impact of the implementation of GST:** Stability in tax rate with single taxation, Common technological platform, Ease of payment, Gain in revenue collection, Rise in overall tax to GDP ratio
- ◆ **Major factors contributing to such success:** Rationalization of Input tax credit, E-invoicing, E-way bills, Coordination between the Central Board of Excise and Customs (CBIC) and Central Board of Direct Taxes (CBDT), Seamless implementation
- ◆ **Persistent issues with GST:** Its political architecture is asymmetrically weighted in favor of the Centre. Furthermore, limited rationalization, complex compliance procedures, frequent changes in rates, technological glitches, cesses and issues related to the GSTN portal are persistent. Moreover, petroleum and its products are outside its purview.
- ◆ **Way forward:** While GST has helped achieve significant changes and objectives of a unified indirect tax regime, the journey towards a "good and simple tax" will only continue. GST 2.0 reforms must include bringing auto fuels, land and real estate under the tax's purview, besides correcting other structural issues hampering seamless flow of input tax credits.

14. INDIA'S POSITION IN SUSTAINABLE DEVELOPMENT

- ◆ **Preface:** India's rank (112 Out of 162) in the global **Sustainable Development Report, 2023** has slipped for the third consecutive year. The country continues to face major challenges in achieving 11 of the 17 SDGs, which has pushed down its global ranking on SDG preparedness. According to Lancet study, India is like to miss deadline for 50% of SDG indicators.
- ◆ **Challenges for India:** Emerging climate issues, climate action failure, lack of convergence of government interventions, lack of indicators to effectively assess the progress of SDGs, increasing poverty.
- ◆ **Measures taken by India to achieve SDG:** NITI Aayog is entrusted with the task of coordinating SDGs in India. Ministry of Statistics & Programme Implementation is engaged in the process of building key indicators to monitor the implementation of SDGs. Since 2015 several flagship programs have been launched- **Swachh Bharat Mission, Skill India, Make in India, Digital India, LiFE (Life for Environment)** etc.

15. SIGNIFICANCE OF SEMICONDUCTING DEVICES IN INDIAN ECONOMY

- ◆ **Preface:** As a component of **India's Semiconductor Mission**, the Ministry of Electronics and Information Technology unveiled the **1st Semicon India 2022 Conference**. It aims to transform India in a leader of electronics production, semiconductor layout, production & innovation.
- ◆ **Application:** Semiconductors are used to make a variety of electrical appliances such as diodes, transistors, and integrated circuits. Due to their compact size, dependability, power efficiency, and low charge, such appliances have found wide applicability. They are used in smartphones, radios, televisions, laptops, computer systems, or even advanced medical devices without semiconductor chips.
- ◆ **India's Semiconductor Mission:** It is the latest division of the Digital India Corporation. The goal is to create a prospering semiconductor and exhibit ecosystem that would allow India to become a global centre for electronics manufacturing and innovation.
- ◆ **Need of Promoting Indigenous Semiconductor Industry:** Semiconductors are at the core of contemporary economics. In today's technological world, where nearly everything revolves all over electronic devices, the relevance of these microchips cannot be overstated. These chips, also known as **Integrated Circuits (ICs)**, are made mainly of **silicon and germanium**.
 - ◆ **Other benefits:** Employment generation, reduced imports dependency, Disruption in global supply chains, Promoting Make in India, Atmanirbhar Bharat. Most importantly, it would enhance India's national security.
- ◆ **Challenges:** Semiconductor manufacturing is a highly capital-intensive industry which needs developed ecosystem to thrive. Also, there is shortage of process engineers. Taiwan and South Korea dominates the semiconductor manufacturing space.
- ◆ **Required measures:** Supporting start-ups, providing budgetary support, Focus on back-end of manufacturing, Stable cooperation of states, promoting transport logistics

16. INDIA'S FERTILISER SECTOR

- ◆ **Preface:** The fertilizer sector has been on investors' radar in recent times because of varied geopolitical developments and import dependence.
- ◆ **Import dependency:** India is among the world's largest buyers of fertiliser, besides China, Brazil, and the US. India imports four types of fertilisers: **Urea, diammonium phosphate (DAP), muriate of potash (MOP) and nitrogen-phosphorous-potassium (NPK)**.
- ◆ **Worsening nutrient imbalance:** Easing of global prices has boosted fertiliser availability and cut the subsidy bill. However, asymmetry in the pricing structure has led to a worsening nutrient imbalance due to over-application of urea and DAP.
- ◆ **Central government subsidy on fertilizers:** Fertiliser sector is highly subsidised area wherein MRP is fixed for urea and subsidy is fixed for non-nitrogenous fertiliser phosphate and potassium (P and K).
 - ◆ Nearly 80 per cent of the cost of production of urea and P&K is being paid to fertilisers manufacturers in the form of central government subsidy.
 - ◆ As for freight subsidy, about Rs 3,038 crore per annum for urea and Rs 3,300 crore per annum for P&K would be paid out this fiscal year.
- ◆ **One Nation One Fertiliser" scheme:** The scheme would be done by introducing a "Single Brand for Fertilisers and Logo" under the fertiliser subsidy scheme named "**Pradhanmantri Bhartiya Janurvarak Pariyojna**" (PMBJP).

Impact of Russia Ukraine war on India's fertilizer import

- ◆ India's demand for 30 lakh tonnes of potash per year is met with imports from Belarus and Russia.
- ◆ The war has forced countries like India, which use fertilisers containing potash, phosphate and nitrogen, to now look for other suppliers.
- ◆ India is boosting fertiliser imports from nations including Canada, US and Israel to ensure sufficient supplies.
- ◆ Saudi Arabia, Morocco and China had been major suppliers of phosphate in the past but China has already restricted DAP (diammonium phosphate) exports.
- ◆ So, India has reached out to Morocco along with Saudi Arabia and Jordan.

17. INDIA AS A GLOBAL ORGANIC FERTILIZER HUB

Preface: India has become one of the fastest growing economies of the World, it has invested in almost all sectors including the Organic fertilizers. India has a huge potential of Organic fertilisers and can edge in the field than other developing Countries.

- ◆ **Meaning:** Organic fertilizers are fertilizers that are naturally produced. Fertilizers are materials that can be added to soil or plants, in order to provide nutrients and sustain growth.
- ◆ **Need:** Increasing concerns regarding harmful effects of chemically infused fertilizers over the crops, soil, consumers, as well as the environment as a whole. Health benefits of utilizing organic fertilizers for the plant growth is also a major reason why farmers in India are shifting toward utilization of organic fertilizers.
- ◆ **Contribution to sustainability**
 - ◆ **Smart growth**– for an economy based on research, knowledge and innovation.
 - ◆ **Sustainable growth**– for a resource-efficient, greener and more competitive economy.
 - ◆ **Inclusive growth**– for a high-employment economy with social and territorial cohesion.
- ◆ **Challenges associated:** Expensive, higher production costs, inefficient marketing and distribution, lack of knowledge and skills. Crops are easily susceptible to illness. Organic farms have to go through tough certification processes.
- ◆ **Government Initiatives promoting Organic Fertilizer:** Paramparagat Krishi Vikas Yojana (PKVY), Participatory Guarantee System (PGS) certification, PM PRANAM — to reduce the use of chemical fertilizers by incentivising states.

◆ Government Policies and Subsidies in the Fertilizer Sector:

- What role do government policies and subsidies play in shaping the dynamics of the fertilizer sector in India?
- How can these policies be optimized to ensure sustainable growth in the industry?
- ◆ How competitive is India's fertilizer industry on the global stage, and what factors contribute to its competitiveness or challenges?

18. REFORMS IN INDIA'S AGRICULTURE

- ◆ **Preface:** At present, agriculture has become unviable and even its share of the country's GDP is declining by 1 per cent per year. This is despite the fact that a large percentage of the population is still dependent on this sector for their livelihood.

- ◆ **Major constraints in Indian agriculture: Small and marginal holdings, Subsistence Agriculture, Low Credit supply,** Low penetration of Technology, Declining Profitability, Increasing reliance on imports for agricultural goods, Less Value-addition at primary level, **Poor Irrigation Infrastructure,** Ecological Issues — particularly water table depletion, erosion in the quality of soil, mono-cropping.
- ◆ **Pending reforms:** Farm reforms in India are pending even today since 1991, while neighbouring China implemented them way back in 1978. The reforms undertaken in India in 1991 were pertaining to external factors and industrial liberalisation, and were not related to agriculture
- ◆ **Key-trends expected in future: Use of Biotechnology, Drone in Agriculture, Use of Nano-Technology,** Digital Agriculture, **Automation in Agriculture,** Gene Editing Boom for Climate Change in Agriculture
- ◆ **Way forward:** There is a need to revolutionize the agricultural sector at all levels from production to distribution.

19. TOURISM

- ◆ **India's ambitious goals for tourism sector:** Recovery to the pre-pandemic level by 2024, \$250 billion contribution to the GDP by 2030, becoming a world leader by 2047, a long-term revenue goal of \$1 trillion by 2047
- ◆ **Significance of tourism for economy:** Generating Income and Employment, Source of Foreign Exchange Earnings, Preservation of National Heritage and Environment, development of multiple-use infrastructure, promotion of peace and stability by providing jobs, generating income, diversifying the economy, protecting the environment, and promoting cross-cultural awareness
- ◆ **Challenges:** Lack of proper infrastructure, access and connectivity, poor condition of amenities, trained human resource, old traditional marketing approach, lack of security (Terrorist attacks or political unrest)
- ◆ **Disastrous effects of unregulated tourism:** The impact can be seen in Himalayan region.
- ◆ **Important Schemes:** Bharat Gaurav Scheme, SWADESH Darshan Scheme, PRASHAD Scheme, Buddhist Enclave, Dekho Apna Desh initiative.
- ◆ **National Tourism Council:** The **Parliamentary Standing Committee on Transport, Tourism and Culture** has suggested fast-tracking the creation of a **National Tourism Council** to directly make recommendations to the Central and State governments on various issues of the tourism sector and its stakeholders.

20. WOMEN AND THEIR ROLE IN ECONOMY

- ◆ **Empowering Women in the Indian Economy:** Achieving gender equality by 2025, Increasing women's workforce participation, Narrowing the gender pay gap
- ◆ **Significance of Women's Economic Participation:** Indian women contribute to only 18 percent of the GDP while constituting 48% of the population. Thus, simply bridging the gender gap in employment could raise India's GDP by 30 percent. It could enhance contribution to income generation and employment, source of foreign exchange earnings, preservation of cultural heritage and environmental sustainability.
- ◆ **Challenges Faced by Women in the Workforce:** Access to education and employment opportunities, equal pay and gender-based biases, **Safety Concerns,** Infrastructure and connectivity issues.

- ◆ **Negative Impacts of Gender Inequality on the Economy:** Hindered economic potential due to traditional gender bias, Societal expectations limiting women's contributions
- ◆ **Government Initiatives for Women's Economic Empowerment:** Financial inclusion programs (PM Jandhan Yojana), skill development initiatives, entrepreneurship support (Stand Up India Scheme), Beti Bachao Beti Padhao and Pradhan Mantri Matru Vandana Yojana.

21. MAKE IN INDIA

Make in India is a Government of India scheme launched by Prime Minister Narendra Modi in 2014 intended to boost the domestic manufacturing sector and also augment investment into the country.

- ◆ The government wants to revive the lagging manufacturing sector and spur the growth of the economy. The GOI also intends to encourage businesses from abroad into investing in the country and also manufacture here, by improving the country's 'Ease of Doing Business' index.
- ◆ The long-term vision is to gradually develop India into a global manufacturing hub, and also boost employment opportunities in the country.
- ◆ Make in India Scheme has focus on 25 sectors including manufacturing and Services.
- ◆ **Make in India – Initiatives**
 - ◆ For the first time, the sectors of railways, insurance, defense, and medical devices have been opened up for more **Foreign Direct Investment (FDI)**.
 - ◆ The maximum limit in FDI in the defense sector under the automatic route has been raised from 49% to 74%. This increase in FDI was announced by Finance Minister Nirmala Sitaraman on May 16, 2020.
 - ◆ In construction and specified rail infrastructure projects, 100% FDI under the automatic route has been permitted.
 - ◆ There is an **Investor Facilitation Cell** that assists investors from the time of their arrival in India to their departure from the country. This was created in 2014 for giving services to investors in all phases such as the pre-investment phase, execution, and also after delivery services.
 - ◆ The government has taken steps to improve India's '**Ease of Doing Business**' rank. India climbed 23 points in the Ease of Doing Business index to 77th place in 2019, becoming the highest-ranked in South Asia in this index.
 - ◆ The **Shram Suvidha Portal, eBiz portal, etc.** have been launched. The eBiz portal offers single-window access to eleven government services connected with starting a business in India.
 - ◆ Other permits and licenses required to start a business have also been relaxed. Reforms are being undertaken in areas like property registration, payment of taxes, getting power connection, enforcing contracts, and resolving insolvency.
 - ◆ Other reforms include licensing process, time-bound clearances for applications of foreign investors, automation of processes for registration with the Employees State Insurance Corporation and the Employees Provident Fund Organization, adoption of best practices by states in granting clearances, decreasing the number of documents for exports, and ensuring compliance through peer evaluation, self-certification, etc.
 - ◆ The government hopes to improve physical infrastructure chiefly through the PPP mode of investment. Ports and airports have seen increased investment. Dedicated freight corridors are also being developed.
 - ◆ The government has launched plans to create 5 industrial corridors. They are underway. These corridors are spread across the length and breadth of India, with a strategic focus on inclusive development which will augment industrialization and urbanization in a planned manner. The corridors are:
 - **Delhi-Mumbai Industrial Corridor (DMIC)**

- **Amritsar-Kolkata Industrial Corridor (AKIC)**
- **Bengaluru-Mumbai Economic Corridor (BMEC)**
- **Chennai-Bengaluru Industrial Corridor (CBIC)**
- **Vizag-Chennai Industrial Corridor (VCIC)**

22. INCREASING ROLE OF MSMEs IN INDIAN ECONOMY

The Indian MSME sector contributes to about 29% towards the GDP through its national and international trade. As per the **MSME Ministry data**, as of May 16, 2021, India has approximately 6.3 crore MSMEs (including both service and manufacturing firms). It is to be noted that this sector still has a lot of unexplored territories for growth. It won't be wrong to say that with so much of growth potential, emphasising on the development of MSME manufacturing firms can work as a long-term development tool for India.

- ◆ **Benefits of MSME:** Rural growth, inclusion of remote areas, all-inclusive growth, industrialization, balanced regional development, absorb a large workforce.
- ◆ **Employment generation:** According to the estimates of the Ministry of MSME, Government of India, the sector generates around 100 million jobs through over 46 million units situated throughout the geographical expanse of the country.
- ◆ **Multiple benefits:** They are also important for the promotion of industrial development in rural areas, use of traditional or inherited skill, use of local resources, mobilization of resources and exportability of products.

Problems faced by MSME sector	Measures need to be taken
<ul style="list-style-type: none"> ◆ Lack of Finance ◆ Lack of Basic Infrastructure ◆ Access to Market ◆ Access to Modern Technology ◆ Labour Laws ◆ Access to Raw material and Other Inputs ◆ Lack of Skill development and training ◆ Poor tax structure 	<ul style="list-style-type: none"> ◆ Tax reforms ◆ Industrial Training Institutes and management schools ◆ Promote R&D ◆ E-Commerce and Marketing ◆ Time bound procedure for bankruptcy and insolvency

Recent government initiatives

- ◆ Public Procurement Policy 2012
- ◆ **FDI:** In many FDI proposals such as FDI in Retail, there is clause that 20-30% inputs shall be procured only from MSME
- ◆ Mudra Scheme
- ◆ Udyog Aadhaar Memorandum (UAM)
- ◆ A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)
- ◆ Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
- ◆ Stand Up India
- ◆ Credit Linked Capital Subsidy Scheme
