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### **Rank - 5**

### **GS Paper III Marks - 115**

### **GS Mains Q&A** **Sectors of Indian Economy**



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## GS MAINS Q&A 2018

### SECTORS OF INDIAN ECONOMY

Time Allowed: 3 Hr.

Max. Marks: 250

#### Instructions to Candidate

- ▶ There are 20 Questions.
- ▶ All questions are compulsory.
- ▶ The number of marks carried by a question is indicated against it.
- ▶ Answer the questions in **NOT MORE THAN 200** words each. Contents of the answer is more important than its length.
- ▶ Answers must be written within the space provided.
- ▶ Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.

Q	Answer	Q	Answer
1		11	
2		12	
3		13	
4		14	
5		15	
6		16	
7		17	
8		18	
9		19	
10		20	

Date:

Candidate's Signature



Examiner's Signature

REMARKS

Remarks

Q1. China is accused of indulging in beggar-thy-neighbour policy. Explain the term and examine its consequences on rest of world? (12.5 Marks)

Beggar thy neighbour policy is a kind of policy stance in which a country tries to improve its economic position in a such a manner which tends to negatively impacts ones neighbour or trading partner.

China is accused of such a policy in order to maintain its monopoly of trade in world.

\* China holds around 13-15% share of merchandise exports and any reduction in exports can significantly hamper its economy,

Remarks

\* Hence, China indulges in

→ Devaluation of ones currency - to encourage exports by weakening Renminbi

→ Dumping excess capacity of steel, plastic products, Aluminium (Eg in case of USA, India, South East Asian countries etc)

Consequences of such a behaviour can be very harmful as it affects domestic manufacturers of that countries, exporters in that country as it leads to undue market capture and gives competitive edge to the country. Those economies which do not have economies of scale suffer a lot and they might also be pressurised to change monetary policy. World Economic - interconnected trade is also affected negatively and as Raghuram Rajan argues IMF must take adequate measures against this policy

Remarks

Q2. India's IT sector is not capital-intensive, yet it is considered to be contributing to the jobless growth phenomenon? Explain this anomaly and discuss what measures must be taken further improve its performance? (12.5 Marks)

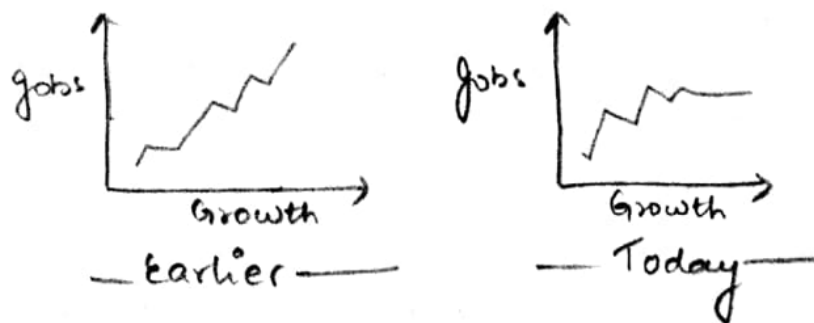
Jobless growth has been a cause of worry for Indian economists and policymakers, to which even Indian IT sector is contributing despite not being a capital intensive sector.

Plausible reasons can be:

- >> IT sector utilises digital infrastructure and softwares and indulges in utilising the existing workforce to fulfill its project demands.
- >> The technological advancements in IT sector use automatic algorithms and software codes to undertake maximum work which minimises the use of humans.
- >> Artificial Intelligence and Cloud Computing etc have been the novel fields which can —

Remarks

compensate for the human intervention in tasks which is why productivity and production more or less increases but the companies do not hire more workers



Measures to improve performance -

- 1) Venture into new field of possibilities for IT workers besides backroom coding into AI based codes and cloud computing
- 2) Encourage innovation and entrepreneurship to revolutionise the way Goods & Services are delivered. Eg start up culture in Silicon Valley.
- 3) Train upcoming professionals in new fields  
Eg. Python, Robotics, Biotechnology etc. (skill deopt)  
— Nanotech —

IT Sector contributes ~~20~~ 53% to India's GDP and must be focussed to improve performance.

Remarks

Q3. Elaborate on various types of non-tariff trade barriers; with help of examples? Why their use is on rise in last decade? (12.5 Marks)

Non-tariff barriers are kind of trade restrictions which a country imposes ~~to~~ on imports which are not in the form of tariffs but can still impose significant losses. Eg. Phytosanitary measures, quarantine requirements, clauses like child labour use prohibition, Preventing any chemical substance, 'Organic' clause in agricultural products etc.

These non tariff barriers are nowadays used in order to ensure that best quality products alone are allowed entry, but they may be conspicuously also used to restrict the trade with specific countries with lax implementation of certain laws.

Remarks



Examples

- 1) Child labour prohibition clause in handloom, carpets, apparel etc
- 2) Organic products of edible items
- 3) Phytosanitary requirements in case of vegetables, fruits etc.

WHY COMMON NOW?

- \* Globalisation and liberalisation has enhanced country's dependence on each other, so outright tariff barriers might appear unfair at first instance in curtailing market access to underdeveloped or developing country products.
- \* Non trade barrier symbolise sophisticated laws and advanced protection/prevention measures
- \* International law framework of WTO, IMF has lax restrictions on such trade barriers which can be called an "advanced country bias" also.
- \* Greater awareness about poor manufacturing conditions, risk of infections, diseases, human dup't genuine concerns.

Remarks

Q4. What are the problems, ailing the real estate sector of India? Discuss various measures taken by government to address the problems of the real estate sector.

(12.5 Marks)

Real Estate sector in India is a booming sector owing to increasing disposable incomes, GDP, rising middle class as also Govt's goal of affordable housing for All 2022. Despite this, its ailing with several issues -

- 1) Corruption and lax implementation of laws  
Since property prices touch <sup>the</sup> sky, real estate builders indulge in corrupt practices, with bureaucratic hand and trouble the masses.
- 2) Since Real Estate does not have "industry" status, acquiring loans as capital for investment becomes difficult.
- 3) Land is a state subject due to which Inter-State disparity in clauses/rules is rampant.
- 4) Lack of clear land titles due to oral agreement or non registration hampers growth.

Remarks

- 5) lengthy approval process hampering foreign direct investment ~~secto~~ in this sector & multiple taxes (no GST)
- 6) Involvement of black money
- 7) Harassment of buyers, untimely delivery of houses etc.

### Measures taken

- 1) Real Estate Regulatory Act 2016 which regulates transaction between buyers and promoters
- 2) Real Estate Regulatory Authority - at State level - to look into issues and enforce it.
- 3) Norms for registration of all projects  $\geq 500m$
- 4) Single Window Clearance for approval enhances ease of doing business
- 5) Definite amt. to be deposited in bank by the constructor to ensure security of funds of buyers.
- 6) Separate tribunal - as also Alternate dispute resolution mechanism.

Effective implementation of law can ensure that real estate sector growth rebounds which contributes 11.1% GDP and enhances Infrastructure in India.

**Remarks**

Q5. What is the role and importance of food processing industry in India? Why has India failed to reap the potential of food processing industry? What are the problems inhibiting the progress of food parks in India? (12.5 Marks)

India is a 1.3 billion strong nation among largest producer and consumer of food, ~~and~~ rising middle classes and workforce participation enhances prospect for food processing industry

- > It can reduce wastage, enhance value addition
- > It can promote employment generation and farm viability; doubling farmer income.
- > It can supplement farm income
- > Improve exports and nutrition in diet (Proteins etc)

India has failed to reap benefits due to :

- 1) Infrastructural deficits - The cold ~~parks~~<sup>storage</sup>, logistics, technology for food processing, transportation etc is not robust enough.  
Eg. MP, RJ, UP have < 2 Lakh MT cold storage capacity
- 2) Lack of trained manpower - Employers complain that workforce is not skilled enough to work with

Remarks

modern tools and innovate.

3) Inconsistency in policy/rules across states - causing inter state disparity Eg. 4 states - Andhra Pradesh, MH, Tamil Nadu, Punjab corner  $\geq 60\%$  Food Processing Industry.

4) Marginal farmers - 85% of Indian farmers are small and marginal with avg size  $< 2$  hectares which provides only for subsistence while no potential to commercially sell.

Problems Inhibiting food park progress:

1) Land Acquisition Issues - acquiring land is difficult specially for big area food parks and land leasing is not implemented in all states.

2) Bureaucratic lethargy - despite potential, very less progress being made

3) Lack of Investment Capital - NPA crisis, poor tech.

Nevertheless, with 100% FDI, SAMPADA Scheme, Mega Food Parks etc, dairy, fisheries, poultry, meat, vegetable food processing sector is set to rebound

Remarks

Q6. The green revolution though was successful, had a limited impact in terms of crop and regional diversity. Critically analyze. (12.5 Marks)

Green Revolution implemented in 1960s was a successful govt policy that ensured use of HYV seeds, chemical pesticides & fertilizers, irrigation techniques for enhanced crop productivity assuring food security.

- > It improved the purchasing capacity of rural families and brought prosperity.
- > It doubled production levels and output of farms and allowed optimum resource utilisation
- > It could help mobilise govt policy of National food security Act and PDS Schemes.

But Green Revolution is said to have a skewed impact in terms of crop and regional diversity due to the way of implementation, direction provided to farmers etc.

Remarks

- » Green Revolution could prosper chiefly in states of Punjab, Haryana, Western UP etc
- This introduced regional disparity as North East states were left out.
- » Main crops grown were rice, wheat, which was against crop diversification as govt provided MSP to support farmers and procured grains thereby nudging them.
- » Oilseeds, pulses and other cereals got neglected and caused harm to Environment due to extensive Groundwater usage and excessive use of chemical fertilizers affecting soil quality and causing soil erosion, salinity due to water logging etc.

Hence green revolution, despite being successful in bringing food self sufficiency to India, had limited impact in terms of crop-regional diversity.

Remarks

Q7. Labour reforms have not been carried out in India, despite the successful reforms in other sectors. It has also affected the industrial growth in India as well. Identify the major reasons behind such a hold-up and examine its social dimensions? (12.5 Marks)

Labour reforms in India continue to be Achilles Heels in context of ease of doing business and industrial policies. Despite successful reforms like GST, federal relations, Manufacturing sector, skill dept etc, labour reforms continue to be held up.

- > It affects FDI as labour compliance cost increases.
- > It has prevented formalisation of economy.
- > It deters investment and affects growth.

Reasons behind hold up:

- 1) Political Implications - any change in labour laws is set to have a deep impact on working class, trade unions etc risking political stakes of govt.

Remarks



- 2) Incapacity of the state - social security provisions for massive no. of workers can cause fiscal imbalance and strain for which the economy is not ready. (Min. wage, insurance etc)
- 3) Vulnerability of the poor - if "hire & fire" capability is introduced the poor workers are bound to suffer who form lowest rungs of society.

Social dimensions are:

Though giving social security benefits to greater population can enhance living standards and bargaining capacity, loosening labour compliance costs can also promote capitalistic exploitation due to freedom given to the employer. Inaction on part of govt has created a divisive situation where a minority has very strict protection, good wages etc while a majority is reeling under stress of unemployment & poverty. Rationalization is essential today.

Remarks

Q8. ~~Preventing women's entry to the religious places with an irrational and obsolete~~  
 Elaborate on the subsidy reforms that have been going on India for past 3-4 years  
 and identify the challenges in reforming the next target for reforms, i.e., Fertilizer  
subsidy? Discuss what Shanta Prasad panel has recommended about it? (12.5 Marks)

Subsidies are the quintessential attributes of a welfare state that ensure handholding or state support for vulnerable. But, they were being mistargeted or pilferaged due to which many reforms are underway to improve their efficiency.

- 1) Better targeting of beneficiary - Aadhar enrollment for reaching the right person
- 2) Use of Socio Economic Caste Census instead of BPL lists to identify and community notifications & Social Audit
- 3) Direct Benefit Transfer - Eg. Ujjwala scheme for LPG subsidy,
- 4) Financial inclusion - TAM Trinity - Jan dhan Aadhar mobile
- 5) DDUGJY - Ensuring feeder separation to reduce electricity wastage.

Remarks

6) Nutrition based subsidy on fertilizers -  
(decontrolled P, K) - Neem coated Urea etc.

7) Enhancing MSP on pulses, horticultural crops also  
for crop diversification

Challenges in Fertilizer Sector :

- 1) Ideal NPK Ratio is 4:2:1 but today is 8:3:1 due to Urea being out of nutrition based regime and hence controlled explicitly.
- 2) Incentives for pvt manufacturers who are not passing on benefits to consumers
- 3) Fertilizer consumption grabbed by certain states and rich farmers only
- 4) Domestic manufacturing is poor which needs to be supplemented by costly imports.
- 5) Diversion of urea due to cheap price.

Shanta Prasad panel has recommended decontrolling Urea as well while providing nutrition based subsidy, sourcing natural gas for Urea domestic production, direct benefit subsidy also.

**Remarks**

Q9. Elaborate on the necessary scientific and infrastructure advancement needed in country to reach a stage where, Monsoon can be good or bad, but agricultural output needn't be? What role biotechnology can play into it? (12.5 Marks)

Indian farmers majorly depend on Monsoons for good productivity as only around  $\leq 40\%$  farms are irrigated by other sources. We need chief scientific and infrastructure techniques to improve farm viability, resilience and indifference in face of climate change.

- 1) Robust Irrigation techniques - Sprinkler, Drip irrigation from Israel to utilize water, using traditional techniques, Bamboo irrigation, tanks, storage wells by MGNREGA etc.
- 2) Adequate Credit facilities - Institutional credit facilities for investment
- 3) Crop Insurance - PM Fasal Bima Yojana for relief measures to farmers.
- 4) Monsoon forecast & meteorological Reporting - using satellites and advanced technique for knowing drought, flood situation, rain days etc.

Remarks

5) Agricultural Extension Services - counselling and right advice to farmers to ensure best farming practices used, Soil health card scheme, Seed support, Agri consultation etc.

6) Allied Activity promotion - Eg. Animal husbandary, Beekeeping, poultry, Agro forestry to supplement income.

Biotechnology can also play a crucial role in enhancing farmers' resilience and the overall productivity.

- > Drought Resistant Varieties of crops.
- > Short term crops for quick harvest and less time required.
- > Disease resistant varieties to prevent losses.

**Remarks**

Q10. What are the difficulties of measurement of unemployment in India? Discuss suggestions of experts in this regard? Examine the recent trends of unemployment in India and give reasons. (12.5 Marks)

Unemployment in India continues to be an issue which is very difficult to accurately measure due to the dynamic situation of the economy.

- 1)  $\geq 83\%$  of people are self employed, casual workers in informal sector who are difficult to measure (EUS 2015)
- 2) Seasonal migration and disguised <sup>un</sup>employment in Agricultural Sector (49%) which makes estimation difficult.
- 3) Lack of official records, bureaucratic lethargy and low compliance to govt guidelines and requirements.

Remarks

Recent trends in unemployment suggest a surge in unemployment figures in various sectors.

- lack of farm viability, poor productivity of farms, poor technology used and lacking in skills.
- In service sector, downsizing, automation, fourth Industrial Revolution
- Similarly in manufacture of capital Intensive sectors, high technology use minimising the requirement of human labour.
- female labour force participation is poor and even deteriorating due to lack of security at workplace, patriarchal mindset etc.

**Remarks**

Q11. Suggest measures to increase labour absorption in India in the manufacturing in particular and industrial sector in general in India. Enlist recent measures initiated by government of India in this regard. (12.5 Marks)

Labour absorption is crucial today in the secondary sector of industry, manufacturing etc to mark smooth transition of economy, provide jobs to those leaving agriculture and boost production - export twins.

Measures to improve this are:

1) Promoting labour intensive sectors -

Eg. Apparel, Electronics, Gems & Jewellery, food processing, leather etc so that production requires a large labour force Eg. In South East Asian Vietnam, Bangladesh etc.

2) Promoting Skill devt -

to reduce the skill gap and make workforce employable, able to handle machines, work creatively and productively in manufacturing

3) Promoting Start ups, Entrepreneurship & Innovation -  
to boost global value chains and make Indians -

Remarks



Job Creators' rather than Job Seekers', propelling better technological prospects and employing larger workforce.

4) Labour law Reform - when these are conducive reformed, formalisation can increase and if compliance cost is reduced, greater workforce can be employed giving economies of scale to the MSME sector etc.

Recent slew of measures by Govt are

- 1) National Skill devt Mission- PM Kaushal Vikas Yojana
- 2) Nai Manzil for Minorities, UDAN
- 3) Consolidating labour laws in 4 codes.
- 4) Start Up India Stand Up India
- 5) ITIs, Vocational Education,
- 6) Assuring capital & incentives to apparel, leather sectors.

**Remarks**

Q12. The social sector in India is suffering from low public expenditure and poor quality of services and outcome. Elucidate. Also, critically examine the importance and constraints of introducing user charges in education and health to improve both services and outcomes of social sector. (12.5 Marks)

The social sector in India chiefly comprising of Health, Education, ~~Community~~ Core Services are suffering from expenditure deficit and poor service quality.

> India has a dismal around  $<0.5\%$  GDP spending on health sector, India accounts for max deaths from malaria, TB, Cardiovascular diseases etc in our PPP category.

> Though enrollment has improved in primary education, learning outcomes and mean yrs of schooling are poor and Gender biased.

> Govt hospitals suffer from chronic deficiencies of staff, quality service doctors, oxygen supply etc  
Eg. Gorakhpur, UP, Encephalitis patient children died.

> ASER PRATHAM Report suggest poor learning outcomes and abilities in basic reading & math.

In India, Services like Education are registered as 'Society' as free from tax compliance

Remarks

Also, whole health & Edu Sector is kept out of GST regime to ensure adequate delivery and least stress on social sector, but User charges can be helpful in some -

- 1) Enhance quality of service provided
- 2) Accountability would improve and enhance compliance to guidelines
- 3) New technology and better management can be utilised which is constrained due to resource lacking.

But such a policy can aggravate problems also

- 1) Encourage pvt sector to extract more money from customers
- 2) Burden the already strained vulnerable sector like poor masses, women, SCs, STs and increase out of pocket expenditure.
- 3) Increase chances of corruption and foulplay

Govt must contribute its ~~part~~<sup>while</sup> to the social sector which forms backbone of welfare state to ensure productivity of masses and dept of country; with adequate support from pvt sector

Remarks

Q13. Enumerate the problems of agricultural marketing in India and recent government initiatives in this regard? Suggest measures for improvement in agricultural marketing in India. (12.5 Marks)

Agricultural Marketing is an integral process of the production in primary sector to ensure farm viability and profitability for the farmer.

Problems in this sector are:

- 1) Fragmented regional market in terms of notified area committees and Intermediation.
- 2) Monopoly of local officers, powerful section of society, rich farmers, arhat traders etc.
- 3) Multiple fees & levies by Govt.
- 4) Compulsion on farmers to sell at specified rate, location, customer reducing competitiveness.
- 5) long time cycles of disbursements reducing Investment capital with farmers.
- 6) Corruption and lax rule implementation
- 7) Transportation & logistic cost to farmers causing farm gate sale sometimes

Remarks

### Recent Govt Initiatives

- 1) NAM - National Agricultural Market and
- 2) E-Mandis - digitised version
- 3) E-RAKAM
- 4) New Agriculture Produce & Livelihood Marketing model Act 2017.
- 5) New Land Leasing & Contract law. in pipeline.

### Measures to improve marketing:

- 1) Allowing farmer to choose the buyer at choice of rate, location etc. or direct sale
- 2) Allowing put players to open markets, farmer to consumer open market
- 3) Digitised/Centralised access to one market
- 4) Promote Contract farming ~~and~~ to ensure income security for food processing Industry
- 5) Reducing multiple levy / fees etc.
- 6) Allowing Inter state trade movement
- 7) Providing Cold Storage facility, Warehouses etc for perishable items & in rainy season storage.

**Remarks**

Q14. Why the method of measurement of poverty in India has evoked lots of criticism in the recent past? Explain the similarities and differences between Tendulkar and Rangarajan Committees in this regard? In your view what should be the right approach to measure poverty in India--- uni-dimensional or multi-dimensional approach. Give reasons. (12.5 Marks)

The Method of Measurement of poverty in India has been the source of huge debate and discussion in India. While poor population estimation has political repercussions, it is crucial to judge the level of dept in country and deficiencies for worldly comparison.

Method earlier used the 'calorie' intake per person or the cost of food of a person - "Thali", only at such bare minimum levels that is <sup>inadequate</sup> ~~unable~~ even for subsistence taking in inflation factors.

While The Tendulkar Committee moved away from calorie intake type estimate & aligned rural-urban poverty line along common basket, Rangarajan Committee endorsed a calorie based approach & delinked rural-urban poverty line leading to a 19% & 41% rise in poverty estimates.

Remarks

In my view, poverty is a socially perceived deprivation in terms of basic human needs which has both material and non-material dimensions. Eg Material includes the income & items like food, clothing etc while nonmaterial include such phenomenon as the discrimination, poor social capital, etc.

Thus the right approach would be a multidimensional one that not only takes into account physical satisfaction of needs but also mental, societal dimensions for the better life standards of the people. There also exists a 'Need/Want' debate and evolving standards. Eg due to technology penetration, <sup>not</sup> owning a mobile handset might not indicate poverty <sup>new</sup> but till 2030, it definitely will.

**Remarks**

Q15. India doesn't need second green revolution, but an evergreen revolution. Analyze this statement of Dr. Swaminathan; also, examine the market distortion in above context? (12.5 Marks)

Dr Swaminathan, the architect of Green Revolution in India advocates an Evergreen Revolution with regard to agriculture with a multipronged approach to this sector focussing on sustainable devt as well.

- First Green Revolution, despite being successful in bringing food sufficiency could not fare well on regional & crop diversity.
- It has also harmed environment a lot eg- due to Groundwater shortage & contamination, soil salinity, erosion etc.
- The implementation has exposed faultlines in the political machinery & administrative setup as well as fiscal ~~fault~~ inadequacies of govt to ensure & enhance agricultural productivity.

Hence India needs a constant focus on Agricultural remuneration, productivity, land policy and relief measures simultaneously.

Remarks



A sustainable approach to include "Organic" farming is also crucial that can secure max nutritional benefits and environmental health. Ecology and technology must then be integrated closely to bring an Evergreen Revolution in Agriculture in India.

Remarks

Q16. Tourism is one of the most important sector that can address the issue of jobless growth in India, while maintaining high rate of growth? Elaborate. (12.5 Marks)

Tourism is a sunshine industry that can bring crucial benefits to the economy as well as socio-cultural integration within and across country.

> Hotels, Restaurants have huge profit margin once investment is done and can thus contribute to growth.

> It is a labour force absorbing Service Sector ~~sector~~ that can employ skilled workforce in substantial nos. to bring jobless growth to a stop.

> Medical Tourism can be a diplomatic and soft power tool also and enhance the performance standards of medical players.

> Tourism sector benefits the local producers, residents, manufacturers, artisans ~~and~~ etc and helps bring prosperity to poor families

Remarks

residing in attractive rural/urban locations.

- > It thus has a snowballing effect on the nearby areas also, creating jobs for tourist guides, roadside vendors etc.
- > It also utilises and helps the transportation sector including Roads, Railways, Airways etc thus significantly contributing to Economic growth.

Hence tourism sector must be promoted in India by leveraging rich cultural traditions and diversities as also ancient heritage and tribal coexistence and technological advancement to bring economic gains to Country.

Remarks

Q17. Identify the issues faced by the MSME in India? Discuss the recommendations of K.V. Kamath Panel to address the issue of flow of funds in the sector? (12.5 Marks)

MSME Sector in India contributes to 40% of exports and substantially to the Employment Generation and production also. but faces many issues today which curtail its full realization of potential.

- 1) Economies of scale not achieved due to poor availability of funds - lack of dedicated credit mechanism or subvention/ support
- 2) Competition from Mega Industries and FDI, MNCs etc - which threaten their existence
- 3) Huge Compliance cost in terms of labour laws and GST Regime etc due to lack of trained personnel/workers.
- 4) Poor technology <sup>level</sup> in use - causes inefficiencies and blocks complete resource utilisation.

Remarks

- 5) Poor Marketing Ability/Strategy & Advertising:  
Due to which they suffer on account of stiff  
competition from Advt World of MNCs.
- 6) Poor linkages across regions and Niche  
local reach only - prevents engagement on a  
larger/wider scale.

Remarks

Q18. Examine the need for special set of regulatory laws regarding start-ups, particularly the access to funds, as the traditional working system doesn't reward them?

(12.5 Marks)

Start Ups relates to that demarcated category of businesses which are new to the business sector and initially constrained on resources, possessing intellectual capital and risk ability of an Entrepreneur.

- > Traditional credit system is far too restrictive for Start Ups.
- > Regulatory compliance can also increase their cost and even curtail their chance to succeed.
- > Once inside, getting out of the system can be equally straining - Chakravartya Challenge.
- > In technologically advanced Information Age, what works and what does not varies considerably faster.

Remarks

Hence, special regulatory framework that is more facilitative than restrictive can encourage start up firms and help utilise demographic dividend for "Job Creator's".

> Recent initiatives like Standup India Scheme receiving Priority Sector Lending can help.

> Allowing Crowd funding, Equity Investments can be crucial in initial phases.

> 'Sandbox' approach to 'test the waters' can bring important benefits for the start up.

> Angel Investor facilitation and tax breaks initially can lower compliance cost.

Nevertheless enough care must be taken to see that no corrupt practice be allowed or black money etc, rather genuine challenges to start ups must be addressed to improve growth.

**Remarks**

Q19. Identify major regions that lack regular access to air travel? Examine the reason behind the lack of Greenfield air development in India, despite a lot of demand and need.

(12.5 Marks)

Air travel has been moving from being an elitist luxury to becoming accessible to middle class in India after favourable boost by Govt and rising aspiration of youth class. But some regions lack regular access:

- 1) North East India states due to difficult terrain & climatic condition
- 2) Central Indian belt. MP, CG, JH, OD, etc
- 3) Hilly States Eg J&K, Himachal, UK
- 4) Interior regions of MH, RJ, Andhra Pradesh etc.

Greenfield air depts in India has been poor due to -

- 1) Huge Investment Requirements - including facilities and aircrafts.
- 2) 5/20 Rule of Govt policy of completing 5 yrs and owning 20 crafts for certain exemptions.

Remarks



3) huge risk in green duppt region - whether the routes yield only seasonal return or not.

4) Attractiveness of the existing busy airports and routes Eg. Metro - Pune, Bangalore etc

~~Besides this~~

Nevertheless, Govt. Ude, Desh Ka Aam Nagrik (UDAN) scheme for Regional Connectivity by providing viability gap funding and exemption from fees/compliance etc has improved chances of ~~and~~ these areas to benefit from air travel. Govt's proactive approach has encouraged priv sector and citizens alike.

Remarks

Q20. The major advantages of swiss-challenge model of PPP are available to large corporations only. Critically analyze. (12.5 Marks)

Swiss Challenge model of Public Private Partnership involves that a single bidder designs his proposal and finalises it after which its opened for competition. Any firm that can provide better services/ good/products at competitive rates can challenge the existing bidder. If influential, it can receive the tender for the project.

But the major advantages of this bidding process Eg transparency and quick and easily accountable method of PPP bidding, can be taken advantage of by the big corporations only.

The small localised corporations cannot easily benefit from this approach due to a highly competitive procedure.

Remarks

- Better technology is also not available with small corporations which can eat up their chances of being selected.
- This method of PPP is open to all/any kinds of better restructured challenge to existing proposal - due to which establishing parity between them is difficult.

Hence all these challenges are huge for small co. but the benefits can be accrued by large Co.s.

Remarks