

**GSSCORE**

**An Institute for Civil Services**

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**IAS TOPPER'S**

**TEST COPY**

**VIDUSHI SINGH**

**AIR - 13**

**(CSE 2022)**

**GENERAL STUDIES**

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 **8448496262**  **iascore.in**

**ECONOMY - 3**

Time Allowed: 90 min.

Max. Marks: 150

Q.	Marks	Instructions to Candidate
1.		<ul style="list-style-type: none"><li>• There are <b>10 questions</b>.</li><li>• All questions are compulsory.</li><li>• The number of marks carried by a question is indicated against it.</li><li>• Answer the questions in 250 words each. All questions carry equal marks. <span style="float: right;">15 x 10 = 150 Marks</span></li><li>• Keep the word limit indicated in the questions in mind.</li><li>• Answers must be written within the space provided.</li><li>• Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.</li></ul>
2.		
3.		
4.		
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9.		
10.		
Total <span style="font-size: 2em; color: red; border: 1px solid red; border-radius: 50%; padding: 5px;">63</span>		

Name Hidushi SinghRoll No. 40666

Mobile No. \_\_\_\_\_

Date \_\_\_\_\_

Signature Hidushi

1. Invigilator Signature \_\_\_\_\_

2. Invigilator Signature \_\_\_\_\_

# REMARKS

**GS SCORE**  
GS MAINS TEST SERIES 2022

ECONOMY - 8

QUESTION NO. 1

ANSWER

The question asks about the impact of the COVID-19 pandemic on the Indian economy. The pandemic has led to a sharp decline in GDP, with a contraction of 7.3% in 2020. This has led to a rise in unemployment and a fall in household incomes. The government has implemented various measures to support the economy, including a 10% increase in the repo rate to curb inflation and a 1% increase in the cash reserve ratio to maintain liquidity. The government has also implemented a series of fiscal measures, including a 10% increase in the dividend on public sector undertakings and a 1% increase in the dividend on the Reserve Bank of India. The government has also implemented a series of social welfare measures, including a 10% increase in the minimum wage and a 1% increase in the minimum pension. The government has also implemented a series of measures to support the private sector, including a 10% increase in the dividend on public sector undertakings and a 1% increase in the dividend on the Reserve Bank of India. The government has also implemented a series of measures to support the private sector, including a 10% increase in the dividend on public sector undertakings and a 1% increase in the dividend on the Reserve Bank of India.

Q1. Analyse the linkage between policy paralysis and the rise in unemployment. Also discuss how policy paralysis can lead to economic distress. Suggest measures for improvement.  
(15 Marks) (250 Words)

POLICY PARALYSIS refers to the situation where government does not make timely decisions due to several administrative and political bottlenecks. Urgency of any matter in this case is not dealt with accuracy and there are several policy-making delays.

This is good that you describe policy paralysis to begin your answer.

Policy paralysis and Rise in Unemployment

Due to inability or incapacity of government to take time-bound action, several issues emerge. Policy Paralysis often leads to unemployment as:

1. Incorrect Identification: often the nature of unemployment is not identified which leads to unnecessary delays and incorrect policy stance. For example, India has the case of Jobless Growth, but still capital

Good use of example

Remarks

Goods Industry is often given priority in India.

2. Lack of Political Will: Policy Paralysis refers to incapacity of govt. to bring requisite reforms. This is often showed by political & administrative apathy.

Talk about less focus on study as well.

3. Lack of Infrastructural linkages: for creating holistic employment opportunities in Base and Advanced sectors. Policy Paralysis often leads to ~~lack~~ lack of Infrastructural Development which implies opportunities for employment generation. Example: MNR EGS is a Rural Employment Scheme, but often not enough works are available.

Political Policy Paralysis and Economic Distress:

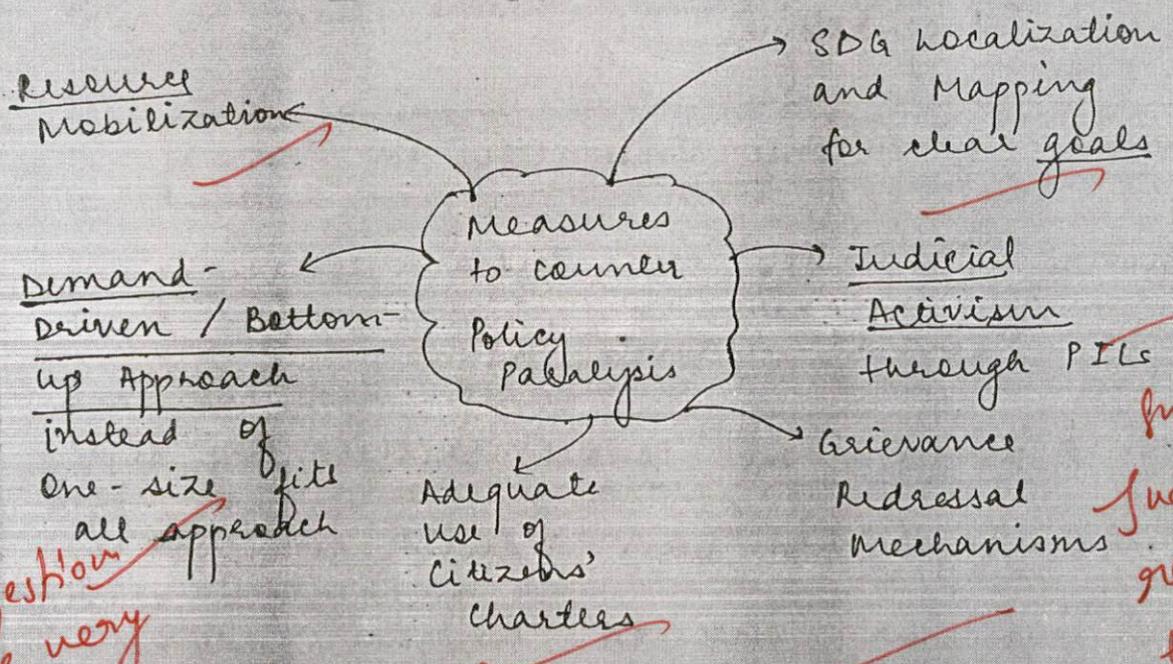
The Economic Policy of a country is decided by ideological and socio-economic stance of government. However, Policy Paralysis often translates into Economic Distress as:

Remarks

1. Negative Sentiments in the Economy due to Policy Paralysis and Bearish Markets affect economic growth & development.
2. Consumer Demand is inflicted due to inefficient Governance leading to Economic Recession.
3. Input Prices are affected which leads to Inflation as in the case of 2G, Coal scam.

Use few more relevant example  
Telcom crisis etc

Measures to counter Policy Paralysis:



Suggestion are very good

Suggest for Judicial grievance than activism

Thus, it is imperative for an emerging economy like India to clear-up the bottlenecks of Policy Paralysis & redefine path of growth.

Remarks

7

Q2. Rising income inequality makes it difficult for the poor to climb up the economic ladder and increases their risk of being victims to poverty trap. In this context, discuss the nature of income inequality in India. Also explain how income inequality is different from wealth inequality. (15 Marks) (250 Words)

INCOME INEQUALITY refers to unequal distribution of Income across different segments of Population. Income Inequality in India is quite high. According to IHDS, Gini Coefficient for India is 0.55, which translates into dangerously high levels of Income Inequality.

*then in good that you Gini Coefficient.*

Nature of Income Inequality in India:

Income Inequality in India emanates from several reasons as:

1. Historical: the Feudal British Raj legacy, although has been reduced significantly, but has endowed unequal incomes since independence to Indians.

*Instead of describing reasons, you had to discuss nature of income inequality*

2. Economic: Unorganized and Informal sector is unequal in India. With around

Remarks

*Try to describe different aspects of G. inequality in India.*

90% of population in unorganized sector, penetration of social security & income to last quintile population is very low.

3. Social: Casteism in India is largely responsible for income inequality, with <sup>largely</sup> lower incomes to lower castes & higher incomes to higher castes.

4. Political and Administrative: Due to several administrative and political bottlenecks, welfare schemes ~~are~~ not benefitting the lower income groups due to high prevalence of rent-seeking and ~~other~~ forms of corruption.

*you are not addressing specific concern of the*  
Income Inequality in India leads to:  
development chokes as removing Inequality and Poverty are part of SDG-1. ~~With~~  
Tendulkar Committee estimated that around

22% of population is below Poverty line, this inhibits Inclusive Development in India and perpetuates poverty.

2. WEALTH INEQUALITY: Income forms a part of wealth. With large Income Inequality, wealth Inequality also increases.

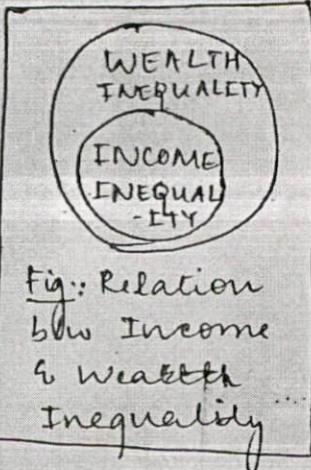


Fig.: Relation b/w Income & Wealth Inequality

→ According to a survey conducted by NSS, 6 Richest 10% of Indians hold over 50% of country's physical and financial assets, while bottom 50% of Indians own less than 10%.

→ Difference between Income & Wealth Inequality:

INCOME INEQUALITY  
1. uses Income as the only parameter to measure Inequality.

WEALTH INEQUALITY  
1. uses all forms of wealth (Income, Physical & Financial Assets) to measure Inequality.

2. Narrower in scope  
3. Rise in Income Ineq. leads to rise in Wealth Inequality.

2. Broader in scope.  
3. Rise in Wealth Inequality does not necessarily lead to Income Inequality.

Remarks

But, In 1st part, you just had to highlight nature of Income inequality.

*Differences have been highlighted well*

5

Q3. Female workforce participation rate (FWPR) remains low in India despite economic development and rising education levels of women and girls. Discuss the reasons behind low Female workforce participation rate in India. Suggest measures for improvement. (15 Marks) (250 Words)

According to Economic Survey 2020-2021,  
Labour Force Participation Rate (LFPR) for females  
 in productive age (15-59 years) was 26.5%  
 compared to 80.3% for males. However,  
Gross Enrollment Ratio (GER) for Females in  
Higher Education Institutions (HEIs) was 27.3%  
 compared to 26.9% for males in 2019-20.

Such paradoxical figures are present because:  
(Reasons behind low FWPR)

- ) As per NSO's Time Use Survey, time spent by female members in employment related activities is 127 minutes lesser than male members.
- ) Females spend disproportionately higher time on childcare.
- ) Levels of Education have no influence over

Need to quote inter number, please check these information for once.

Remarks

the quantum of unpaid domestic and caregiving services by women.

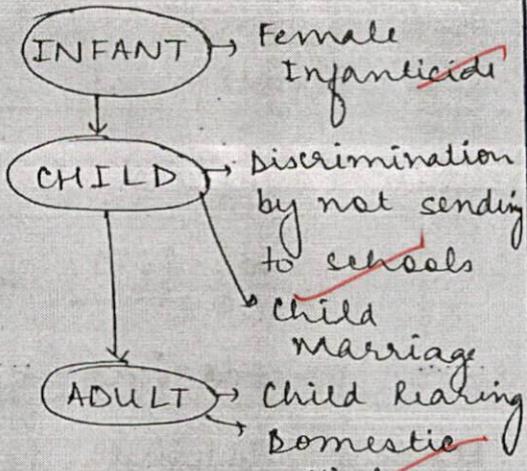
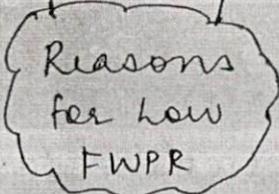
**Reasons for low FWPR:**

**ECONOMIC**

- unpaid domestic & childcare work
- low-paying jobs and the fact that men are paid higher by more than 30% than females.

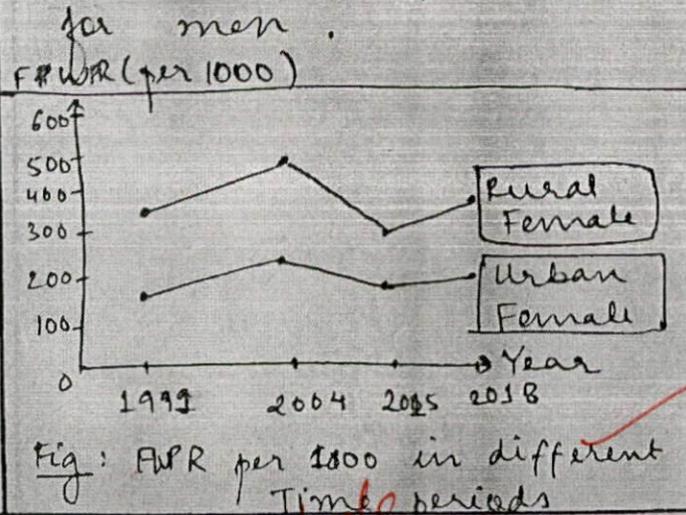
**SOCIAL**

- Life cycle Discrimination:



**Need for Measures**

On an average, 66% of women's work in India is unpaid, compared to only 12% for men.



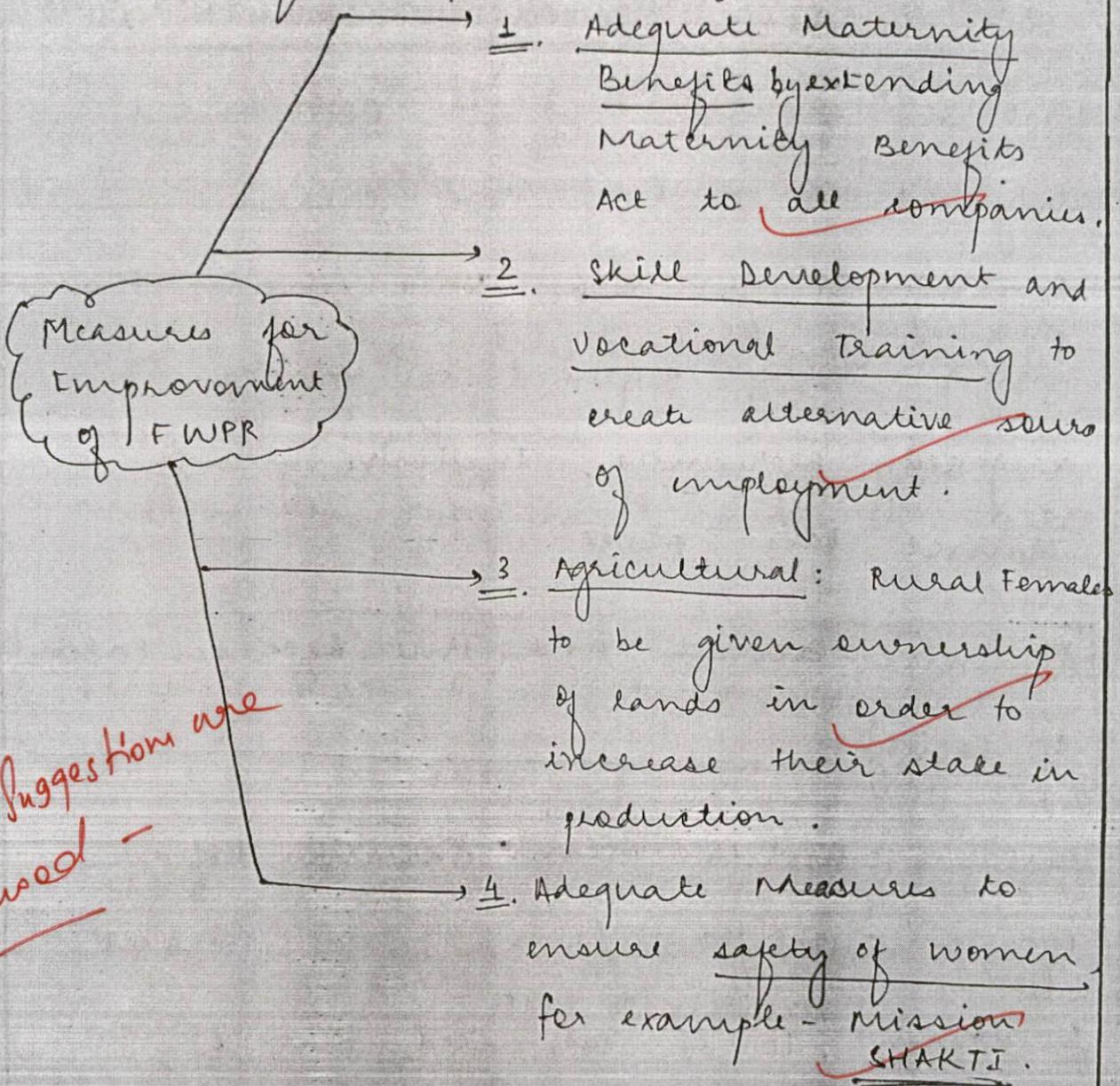
It is estimated that if women did as much formal work as men, India would experience

**Remarks**

must include + increased household income + increased higher education enrolment - also led to reduced FWPR.

an additional 1.4% GDP growth rate.

Measures for Improvement of FWPR:



Suggestions are used -

Females in India have huge potential to drive up the process of growth and development. Therefore, FWPR must be increased by adequate policy measures.

Remarks

62 → you just need to include few more important facts in 2nd part.

Q4. Inclusive growth will remain a distant dream, unless the society gets a true representation. Do you agree with the statement? Give reasons in support of your answers. (15 Marks) (250 Words)

As per OECD, 'INCLUSIVE GROWTH' is economic growth that is distributed fairly across society. and creates opportunities for all. This implies that unless every segment of society is adequately represented, Inclusive growth cannot take place.

*Good!*

Inclusive Growth and True Representation of Society :

Inclusive Growth means creation of opportunities for all.

1. Women: According to IMF, It is estimated that if women were at par with men, GDP in India can be increased by 27%. However, women in India suffer from

*Good that you quoted it!*

Remarks

challenges of unpaid <sup>labour</sup> work in agriculture, and lesser wages than men. Therefore, in order to achieve ~~inclusive~~ growth, it is important to empower women.

2. Children: World Bank estimates that reducing stunting in India can raise India's GDP by 4-11%. However, according to NFHS-4, more than  $\frac{1}{3}$ rd of under-5 children are stunted & every 5th child is wasted.

3. Elderly: Share of elderly in population is 8.6% in 2011. It is expected to increase to 20% by 2050. Therefore, Inclusive growth also includes welfare of elderly.

4. Informal labour: often do not receive social security. Moreover, currently proportion of skilled labour force in

Remarks

Amked  
try to  
lower regional  
aspect  
other social  
aspect  
caste etc

India is only 5.4% compared to 96% in S. Korea.

5. Health: India accounts for 18% of population of the world and also 34% of Global Tuberculosis Burden. NCDs and CDS are also high in India.

Therefore, there is a need to address all these issues in order to achieve INCLUSIVE GROWTH. This can be done by:

1. Infrastructure creation through PPP mode in healthcare and Education to increase productivity of population.

Argue for  
stalling  
Progressive  
taxation etc.

2. Poshan Abhiyan & PM-JAY are promising schemes for nutrition and insurance. Their effective implementation is the need of the hour.

3. More initiatives like Beti Bachao, Beti Padhao in terms of promoting Female workforce participation rate.

7

Remarks

Q5. Economic policy framework can be rebooted by the government by taking the context of the recent Covid crisis. Critically analyse the response of the Indian Government to the impact of COVID 19 on the Indian economy. (15 Marks) (250 Words)

The year 2020 saw 'one-in-a-lifetime' crisis emanating from COVID-19 pandemic, which started in March 2020 and engulfed the entire globe. As a result of COVID-19 induced disruptions in every economic sector, Indian economy contracted by 7.3% in Fiscal Year 2020-2021.

Good that you highlighted adverse impact of Covid on Economy.

Response of Indian Government to the impact of COVID-19 on Indian Economy:

Government of India took a calibrated approach to tackle the crisis through Counter-Cyclical Policy Measures and solving the Lives vs. Livelihood Dilemma.

1. Fiscal Policy Response: Government introduced Atmanirbhar Bharat Packages (ANBP) for different sectors and to cushion the

Goodly

Remarks

most crucial and strategic sectors.

2. Structural Reforms:

(a) Agriculture: By introducing 3 Farm laws which allow contract farming and selling outside APMC markets. Agriculture Infrastructure Fund and other measures were taken.

(b) Industry: By passing the <sup>Labour</sup> 4 Codes ~~on~~ and providing security to MSME sectors by redefining MSMEs and providing tax & credit reliefs. Govt. also introduced PLI Scheme (Production linked Incentive scheme).

(c) Space Sector: Govt. opened up space sector completely to promote private players in the sector.

*you cover  
Govt measures  
in detail*

3. PM G K A Y: provided additional 5 kg / person than NFSA requirements to over 80.96 crore beneficiaries to check on food & nutrition security, particularly of migrant workers.

Remarks

Challenges faced by Govt.:

1. Migrant workers' crisis: with abrupt lockdown of very short notice; millions of migrant workers were left without jobs and had to rush back home, which also led to <sup>larger</sup> spread of the virus.

2. Farm laws & labour codes: were passed without adequate discussions with beneficiaries which led to criticisms of the Indian Govt.

3. Vaccine Maitri: As early as January 2021, before widespread inoculation of its own population, India exported & gifted vaccines to different countries which led to short-term deficiency of vaccine shots in 2nd wave.

However, largely, Indian Govt. has taken well-thought, calibrated approach which will sustain & result in V-shaped recovery of the economy.

had to analyse the above steps you may talk about UN emphasis on demand creation etc and accordingly suggest few measures which India should take.

62

Remarks

Q6. Population explosion is often debated as the biggest cause for resource constraint in the Indian economy. In light of this statement, discuss the causes and impact of overpopulation on the Indian economy. (15 Marks) (250 Words)

POPULATION EXPLOSION occurs when Birth Rates are increasing and Death Rates are Decreasing in 2nd stage of Demographic Transition. Malthusian Theory propounded that with every increasing population, there will be scarcity of resources which will inhibit Economic Development.

OVERPOPULATION is the state whereby the human population rises to an extent exceeding the carrying capacity of ecological setting leading to resource constraint problem.

*Try to quote Malthus's needs in population growth.*

Causes of overpopulation:

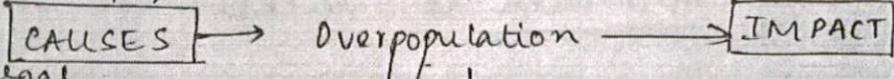
overpopulation often occurs in an economy when infrastructural and health facilities are improved leading to decreased death rates and increased birth rates.

*Good point.*

Remarks

OVERPOPULATION IN INDIAN ECONOMY

India's population is 1.25 Billion (2011) & expected to reach 1.8 Billion by 2050



- ) Illegal Migration of workers, increasing overall population levels
- ) Better Health Facilities resulting in ↑ BR & ↓ DR.
- ) Societal Mindset of people as Parents think more children will earn more in the future and thus increase the income of the family.

- ) Drain of Resources: with variable density of population, resources are not adequately mobilised & leads to drain.
- ) Unemployment: with larger population and labour force, not all are able to join the workforce thus leading to unemployment.
- ) Poverty and Inequality: lesser facilities are available which leads to widening inequality and increased poverty.
- ) low standard of living
- ) Capability Deprivation leading to lesser degree of Human Development
- ) Environmental degradation

Must include  
↓  
Son-merit preference, inadequate spread of awareness

Remarks  
Early marriage of girl child.

Impact has been explained well.

What needs to be done?

1. Bottom-up Approach to tackle issues of poverty and inequality.
2. National Urban Livelihood Mission on lines of MNREGS to utilise the demographic dividend.
3. Redefining organized & unorganized workers to increase formal sector employment.
4. Urban Planning: through PMAY-U, AMRUT & smart cities mission for uniform population density.
5. Increasing awareness and encouraging use of contraceptives as propounded in Population Policy of U.P.

India is currently benefitting from its demographic dividend. However, this will

last only for 20-25 years more. Therefore, there is need to optimally utilize India's

biggest asset: HUMAN CAPITAL.

over all you attempted answer very well

Remarks

7

Q7. The developmental model in India should include rural development schemes that are "demand driven" rather than "programme driven". Examine with respect to the design of various social sector schemes. (15 Marks) (250 Words)

DEVELOPMENTAL MODEL in India has undergone several changes since independence. In the regime of centralized planning during 1950-1990, programmes promoted were primarily "PROGRAMME DRIVEN" for example, Integrated Rural Area Development, White Revolution, Green Revolution, etc. These programmes were definitely crucial to increase the levels of social indicators in the economy, however, they were not optimal as:

- 1) one-size-fits-all approach: could not render the rural development schemes as targeted and in a generic manner could only benefit some instead of all.

used way to introduce it

Remarks

\*) Trickle Down Approach: It was felt in the era before 1970s, that growth in Indian economy would automatically lift all sections of the society up. But, this did not happen as even after 20 years of independence, poverty incidence had risen.

Used that to highlight limitations of indigen programming approach.

→ Since the establishment of NITI Aayog in place of erstwhile Planning Commission, in 2015, era of INDICATIVE PLANNING which focusses more on 'Demand Driven' Rural Development Schemes started.

→ Even before this, successful implementation of MNREGA: a pioneer demand-driven (approach) scheme, provided testimony to the fact of importance of Demand-driven approach in Rural Development Schemes.

→ Why demand driven approach should be followed for Social Sector Schemes?

Remarks

1. Targeted Approach: This approach targets the problem faced in the sector more appropriately, eg: NRLM and SAGY, etc.

2. Bottom-up Approach: Instead of trickle down focusses on betterment of every rung of society and then leads to overall development, eg: Ujjwala Yojana, PM-KISAN, etc.

However, Demand Driven Approach faces several challenges as:

- ) Highly Targeted and therefore lose the Integral part of welfare for all.
- ) Alone Bottom-up approach will not lead to macroeconomic development. It is imperative to guide Demand-Driven approach through a larger Programme-Driven approach for overall development in the economy.

7

Need to incorporate few suggestions to improve demand driven schemes — Can arise social auditing, including various sections in formulating schemes etc

Remarks

Q8. The poverty in India is a contested concept which the Indian government is not able to clearly demarcate even after more than 70 years of independence. Explain this statement in the context of both Tendulkar and Rangarajan Committees recommendation.

(15 Marks) (250 Words)

POVERTY is defined as process of deprivation of basic human needs and opportunities to social infrastructure.

- Poverty Alleviation and SDG-1 have been the most sought after goals in developmental model of India.
- However, even after 70 years of independence there are challenges pertaining to Poverty alleviation as:

1) Poverty Measurement: with ever-changing definition of Poverty, some degree of abstract variable which cannot be

measured ~~at~~ is added. For example,

Amartya Sen's definition poverty is capability deprivation of any form, which

cannot be measured.

Remarks

Wood, Int keep short can't focus on existing poverty and their limitations.

•) Policy Targets: With unclear Poverty definition and measurements, policy-targeted for poverty alleviation lose the edge.

These problems have been demonstrated by several poverty line measures which have been devised in India: eg

Tendulkar Committee (2010):

•) Poverty line: For Rural Areas ₹ 27/day  
and Urban Areas ₹ 33/day.

•) Poverty line Basket: Did not adopt calorie-intake definition as was done previously & chose Income as measure of poverty.

446/months  
↓  
Rural  
576/months  
↓  
Urban

However, since Tendulkar Committee's Poverty line Estimates were found unsatisfactory, the committee under C. Rangrajan was formed & it submitted its report in 2014:

Rangrajan Committee (2014):

•) Criteria: It defined poverty based on criteria

Quote  
MRP and  
Price  
adjustment  
procedure  
with

of nourishment, clothing, house rent, education, etc. It also redefined calorie intake by including calories from protein & fats. wee

→ Poverty line: ₹ 27 for rural India and ₹ 33 for urban India.

Through this, Rangrajan committee added 94 Million more to the list.

What needs to be done?

Poverty, as reiterated by several economists, is a MULTI-DIMENSIONAL CONCEPT.

Therefore, there is a need to define Poverty lines for segments of population

instead of 1 Poverty line for all. this

Diversification can help in formulating

targeted Policies and thus lead to better

economic development. Moreover, other

measures apart from Poverty line can be

used as Headline Measures for Poverty

Alleviation, eg Headcount Ratio or Gini Coefficient.

Remarks

*Suggestion  
we good,  
just  
explain  
both the  
methods  
more  
detail*

5 1/2

Q9. Explain the shortcomings of Industrial policy in employment scenarios in India. Suggest necessary Interventions for improvement. (15 Marks) (250 Words)

INDIA's Industrial Policy has undergone several changes since independence. Focussing on heavy goods industry ∴ 1950s, Industrial Policy in India has kept <sup>accelerating</sup> the Industrial Development Progress.

Main Purpose of Industrial Sector has been to create additional employment opportunities to shift the burden of Excess Employment in Primary Sector.

→ However, unemployment in India has persisted in several forms because:

→ Informal structure of Economy: does not provide adequate social security & measures to workers which often leads to rise in unemployment.

Remarks

1) overpopulation: Indian Economy is currently witnessing a demographic dividend, however, industrial infrastructure has not been able to absorb this dividend due to overpopulation of UNSKILLED labourforce.

2) Infrastructural deficiencies: have ~~not~~ <sup>barred</sup> led to economic linkages to create opportunities for all sections of the society.

3) capital Intensive Employment and with the coming of Industry 4.0, unemployment is expected to aggravate. According to McKinsey, 1/5<sup>th</sup> of global workforce will be impacted by AI & automation.

4) unskilled labourforce: According to India Skill Report, 2018, 47% of skilled workers are unemployable. ∴ large prevalence of unskilled labour and quality deficient skilled labour force compounds problem of

instead of highlighting factors which affected industrial development, recognize limitations of industrial policies and

Remarks

more focus on formal Economy, less focus on technology, skill etc

unemployment together.

Necessary Interventions for Improvements

1. Labour-Augmenting Technology is needed as Industry 4.0 is unavoidable, therefore labour-augmenting tech ~~is~~ solution.

2. Skill Development and Vocational Training to improve quality of workforce in the economy, through - National Skill Dev. Mission

3. Infrastructure Pipeline and Asset Monetisation Pipeline should be implemented to reduce the burden of non-performing PSUs.

4. Formalization of workforce through Workers' ID Cards

5. Social Infrastructure Improvement to enhance human capital.

Suggestions are good,

But India <sup>is</sup> on the prime of its demographic dividend. Hence, it is imperative to monetise this dividend through concentrated

& calibrated efforts.

5

Annex as per the demand.

Remarks

**Q10. Recent pandemic has highlighted the importance of social sector expenditure for the growth of the Indian economy. Discuss the status of social sector expenditure, its limitations and possible way forward in the context of India.**

(15 Marks) (250 Words)

Recent Pandemic has been a 'once-in-a-lifetime' crisis, deeply impacting the Indian Economy on all fronts.

Impact of ~~Economy~~ COVID - Pandemic on Social Sector :

COVID-19 has brought into focus the vulnerabilities of societies, states and countries.

- ) Expenditure on Social Services by Governments as a proportion of GDP increased from 6.2% to 8.8% between 2014-15 to 2020-21.
- ) More than 3 crore cases of COVID-19 and 4.45 lakh deaths have occurred.
- ) Due to the Pandemic, Online Schooling with innovative measures.
- ) Vaccine development in India was very

*Wood, took off specifically with innovative measures.*  
*But* •) adequate expenditure on health, Education etc

Remarks

fast and <sup>vaccine coverage</sup> has been picking up pace.

- Total 311 crore person days were generated under MNREGA.

### State of social sector Expenditure:

- Share of expenditure on social services out of total budgetary expenditure has increased to 26.5% in 2020-21.
- Special Economic and Comprehensive Packages under Atmanirbhar Bharat (ANB) have been announced.
- Higher allocation for social sector under PMGKY, PMKAY, MNREGS, etc.

### Limitations: → of what?

1. NUTRITION: NFHS-5 report shows that malnutrition level has reduced marginally in a few states.
2. EDUCATION: Education in Government owned schools in rural sector has completely

Remarks

come to a halt impacting learning outcomes.

*Highlight  
less  
Resource  
mobilisation  
as well.*

3. MIGRANT WORKERS: Governments has been slow in implementing One Nation One Ration Card Scheme (ONORC) during the pandemic.

4. WOMEN: Many women have quit jobs & domestic violence has also increased.

Way forward:

- Steps to be taken
- 1. Implementing POSHAN Abhiyan and increasing fertilisation coverage.
  - 2. Blended learning through mobile technology & Internet Penetration through BharatNet.
  - 3. Implementing ONORC Scheme to universalise NFSA requirement.
  - 4. Encouraging Women in workforce through adequate safety measures.

*Quote 10th FC recommendation  
w/ out increasing health expenditure in order to ensure smoother V-shaped recovery elements of social sector*

62

Remarks