



An Institute for Civil Services

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AIR 95

CSE 2023

ECONOMY



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प्रश्न संख्या
(Question No.)

T-08 Eco-03

U.P.S.C.

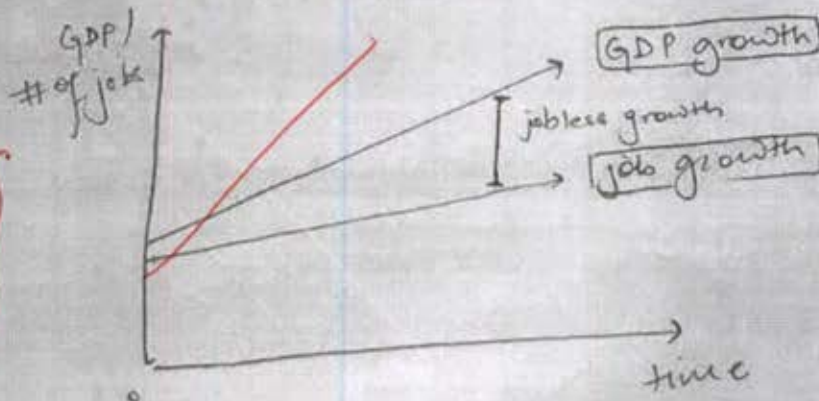
56.5

इस भाग में कुछ
न लिखें
(Don't write anything
in this part)

①

Jobless growth refers to a situation in which an economy experiences economic growth, i.e. a rise in GDP rate but does not register a proportionate rise in available jobs.

This has been the case since the 1991 reforms of India :-



Reasons for Jobless Growth in India

① Capital intensive sectors are becoming more prevalent due to

a) easier credit availability to buy capital

Good Introduction

Can write few facts

Good use of graph

Other reasons like
strict employment
protection legislation

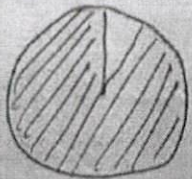
b) Foreign direct investment
(now allowed up to 100%
through automatic route in many
sectors)

c) automation of various
industries.

Valid
point

② Rise of the middle income
Trap. Most of the population
is stuck in the "middle" and
is unable to rise to high
income jobs leading to overcrowded
and underemployed individuals.

Relevant

③  90% of Indian jobs
are in the unorganized
sector and therefore do not
get recognition.

④ Inadequate labour laws and
insurance coverage leaves
workers unsecured.

Can Add
points like
- Poor Industry
Academia
Language

⑤ Around 45% of India's population continues to depend directly on agriculture which is a seasonal employment - leaving people jobless during the off season.

Avoiding jobless growth after COVID

① Growth of labour-intensive manufacturing sector

eg. textiles
(5F Scheme)

② Connecting value adding jobs with agriculture

eg. food processing (PMFME, mega food park scheme, PM Sampada Yojana).

③ Ensuring insurance coverage and security for labourers.

④ Introducing "urban MGNREGA".

Conducting
can be
improved

The growing Indian population needs jobs to ensure stable, secure and sustainable economic growth.

2

Social Infrastructure refers to the community sentiments and interrelationships that are found in an economy. These have an indirect bearing on economic development :-

→ Social capital.

You

misinterpreted

the question

Social infrastructure

includes

• Healthcare

• Education

• Housing

optimizes utilization of human capital

promotes innovation etc.

② Absence of communalism, hatred, injustice, discrimination, regionalism

③ Strong ethics allow for strong social as well as industrial norms that encourage philanthropy and activities like CSR.

④ Cultural bonds help enhance recreation and create a "happy space" for workers and their families.

Social Sector Expenditure Trends

① India ranks 131 out of 189 countries in the HDI index.

② Social sector expenditure is lower than required :-

a) India spends ~ 2% of GDP on healthcare (it was around 2.5-3% during COVID pandemic)

b) spending on education is around 2% of GDP.

c) Extremely high out-of-pocket expenditure for citizens in healthcare : ~ 50%

③ However India spends and distributes funds well for central sector / centrally sponsored schemes for social governance

eg: Jal Jeevan mission (tapwater)
PM Awas Yojana (housing)
MGNREGA (employment)
NFSA, PDS (food) mid Day meals

Need to Add
few more
like
• share of expenditure
on social services
increased to 26%
in 2019-20.
from 23.4 in
2014-15

Need to
write
few
points
on
HDI

U.P.S.C.

way forward

- ① Increase expenditure on health and education to ~6% of GDP.
- ② Involve NGOs (eg: PRATHAM) and civil society in service delivery.
- ③ Grassroots development through local bodies like Panchayats and municipalities.

Social Infrastructure along with physical infrastructure and human capital ensure that economic growth brings economic development along with it.

Fair
Conclusion

3

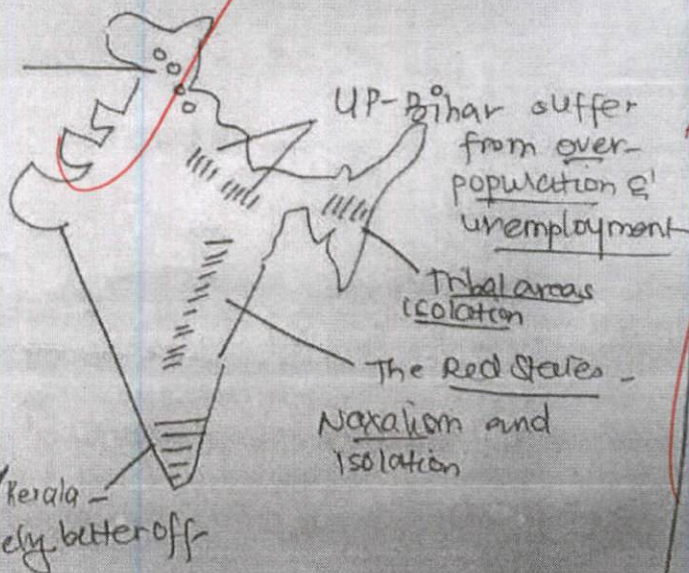
Repealed
the
Verbatim
of the
question
rather
start with
definition of
Inequality

The World Inequality Report 2022 reported that India's top 10% population accounts for 57% of national income - a fact that highlights India's excessive inequality especially since the pandemic.

IMPLICATIONS OF INCOME INEQUALITY

① Regional inequality and patches of backward communities:-

Natural disasters plague the Himalayan States



Good use of diagram

Not being equal especially in status, rights and opportunities.

② social strife and enmity between the 'haves' and the 'have-nots' that could express themselves in the form of communal hatred and regionalism.

give example

③ poverty trap and falling human development indicators

Fair point

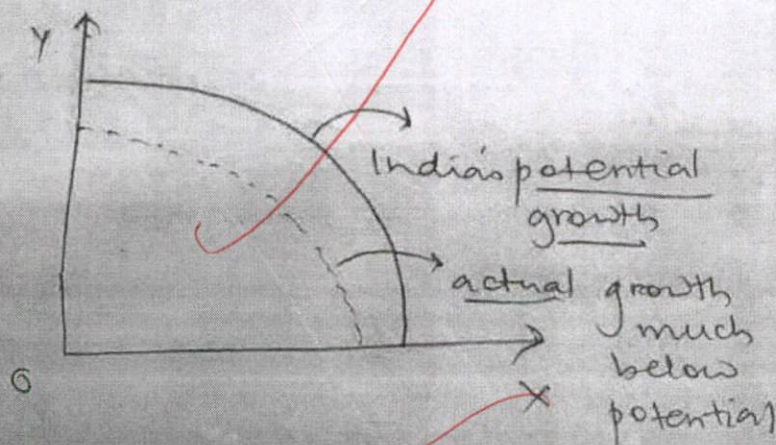
eg: $\frac{1}{2}$ of Indian boomers

(age 19-50) are anaemic.

$\frac{1}{3}$ rd children below 5 years are stunted.

④ low human capital results in low labour productivity leading to stunted growth:-

Good use of graph



Add
OFTEN
Economic
inequality
translates
into

⑤ Inadequate labour force leads to low economic output and recessionary symptoms which widen inequality gap

political
inequality.

Narrowing the Gap

① Encouraging philanthropy / CSR
activities.

eg: learn from TATA Group -
creating cities for good livelihood

② Government - NGO - civil society work
to redistribute income through

better targeting service delivery

eg: TPDs, Rations (ONOR)

③ Localized SDG applications,
enhancing self employment opportunities.

Inequality is a silent killer (it

can bring a growing economy to its

knees. Equality and equity should

be the mantra for sustainable
growth.

6

Fair
Conclusion

Add

Increasing
government
spending on
Education
and health

Innovative
steps
like

Additional

0.5% tax on
wealth of
richest 1%
over 10 years

Promotions

of
entrepreneurship

among SC's & STs.

(A)

Fair
Intro deduction

- Add
relevant data

The rural-urban divide refers to the inequality of service delivery, institutional strength, opportunities in the 2 sectors with the rural sector being on the lacking side.

CAUSES OF RURAL URBAN DIVIDE

Fair
points

- ① Infrastructural availability in urban
eg. hospitals, schools, banks
- ② Industrialization and urbanization
link leads to creation of opportunities
and attracts investment.
- ③ Greater FDI in urban areas -
more technological prowess available.
- ④ Skilled workforce presence
- ⑤ Government focus on growing
hubs - tax-free havens, subsidies,
clearance, credit in urban areas

IMPLICATIONS OF RURAL-URBAN DIVIDE

- ① migration from rural to urban India → data?
- ② feminization of agriculture as men leave for work in towns.
- ③ inequality and regional disparity →
- ④ how health/literacy indicators in rural areas, especially for women.
- ⑤ overpopulation, pollution, disease prevalence in urban areas.
- ⑥ media coverage inadequate in less influential areas - rural and tribal areas - issues go unheard.
- ⑦ how level of development and growth - stagnation in rural India.

By the 9th 5 Year Plan, the government grew completely conscious of the growing disparity and many policies are now present to bridge the gap.

Violence,
son of
soil theory
promoted

back up
with
data
Need
analysis
with
data

Policies -

① Employment : ~~MGNREGA~~ - demand driven scheme

② Water Availability :- Jal Jeevan mission - complete rural households coverage by 2024.

③ Food Availability :-

a) ICDS

b) Aanganwadi workers + ASHA

c) Mid Day meal scheme

④ Female Health and Hygiene

a) PM Matru Vandana Yojana

b) ODF + cities / villages

c) Swachh Bharat Campaign

• promotion of SHG-Kudumbashree model can be emulated.

Rural India is now open to

• Co-operative system should be promoted similar opportunities for growth, innovation & entrepreneurship as Urban India.

can use phrases like

(Sabka Saath Sabka Vikas Sabka Vishwas)

Valid point.

can write few suggestions

5.5

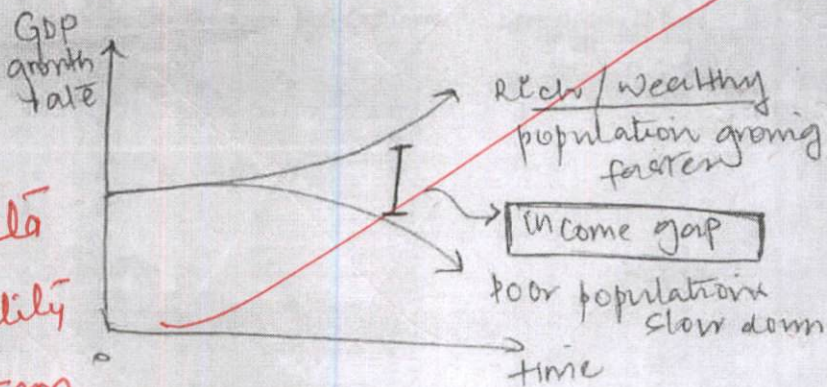
Conclusion could be better

5

Introduction
could be better
- stark
with
definition
of

Inclusive
growth
then delo
on inequality
by OXFAM

India has been one of the strongest countries after the global COVID19 pandemic as it has jumped to a 7% growth rate after a large shock. Despite claims to a V-shaped economic recovery, some feel India has actually followed a K-shaped recovery :-



This is due to the absence of inclusive growth which refers to ~~the~~ growth that takes all members of society along - growth that is fair, just, equitable and well spread.

What makes inclusive growth elusive?

① Some sectors naturally grow better than others depending on global sentiments / market conditions:-

eg:- semiconductor business is growing fast due to tech demand.
- food export opportunity due to Russia / Ukraine crisis.

Can quote
data of
Tax & GDP ratio

② Inadequate income/wealth distribution framework (taxing system complex)

③ Corruption / illegal markets / black money allow the rich to hide their wealth.

- Rank of
India in
Corruption
perception
Index

④ Loopholes in laws like IBC, judicial latency, inadequate extra-judicial corridors

→ Poor ranking in EoB in enforcing contracts

⑤ Incomplete coverage of beneficiaries, leakages in direct benefit transfers, ghost beneficiaries and unethical conduct amongst service providers.

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The Government has tried to reduce these loopholes :-

- ① One Nation One Tax - GST - simplifying inter state trade and indirect taxes.
- ② Easing of income-tax requirements - encourage more people to file taxes regularly.
- ③ Enhance judicial proceedings by setting time limit to resolve cases under IBC.
- ④ One Nation One Ration Card for delivery of food.
- ⑤ e-SHRAM website to help unorganised sector receive benefits

Pair Conclusion

The government has tried to ensure inclusive, equitable growth and enhance sustainable development as part of "Antyodaya" - taking everyone along.

⑥

Can add
few
similarities
too
quantitative

Fair

Growth and development, especially
in economic terms, are two different
terms :-

Growth

- refers to output
as indicator
- GDP, mathematical
term, objective
- does not necessarily
lead to development

Development

qualitative

- refers to outcomes
as indicators
- HDI, subjective,
quality based.
- can help enhance
growth and ensure
sustainability
and stability of
economy.

INDIAN ECONOMY

- ① Although there is 7% GDP
growth rate, development indicators
are lagging in

a) HDI : $\frac{131}{189}$ countries

b) districts continue to be poorly
stricken.

Mention
data

c) low government expenditure on
health / education / skilling.

Can add
- Conditions
of inequality

② most wealth is captured and
stored by ~~wealthy~~ those "on
top" → inequality

③ Absence of inclusive growth.

India needs structural reforms
to ensure growth and development
go hand in hand in all
sectors.

① Rural Growth

a) Agricultural and farm-based
activities to diversify income
sources

b) employment, financial security
eg: SHGs, cooperatives (sahakar
pragya initiative), Farmer Producer
Organizations.

c) Women centric entrepreneurship.

② Pollution free growth

- a) Cars/Automobile sector along with Ethanol Blending Policy, Flex Fuels.
- b) Circular Economy model
- c) PanchAmit Goals (Glasgow Climate Summit)

Relevant

③ International Growth

- a) Focus on export sector - labour intensive and job creating
- b) Multilateral/Regional organizations and connectivity (maritime, land, etc).

6

Good
Conclusion

India has much scope for SDG focussed growth. It must use this potential to ensure a better, brighter India in the Amrit Kaal.

7

multi-dimensional poverty is

a term that moves away from the conventional poverty measurement based on nutrition and recognizes other forms of poverty like:-

- a) educational
- b) health/nutritional
- c) social (communal life)
- d) familial (one's emotional needs)

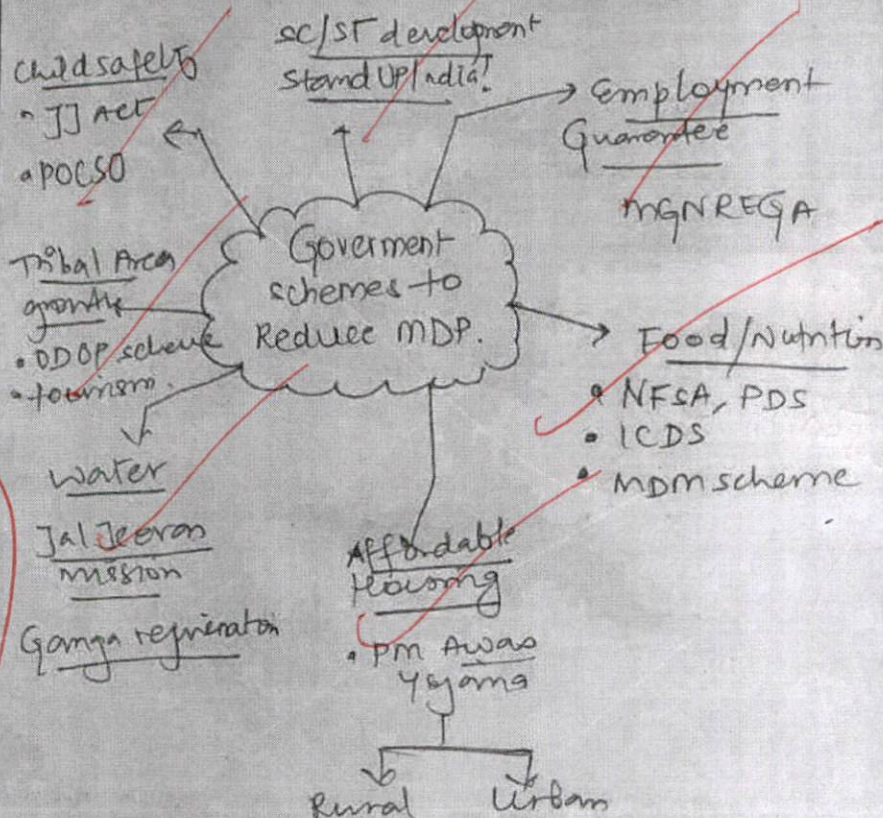
This form of measurement revealed that many people are stuck in poverty - they may not be financially/physically deprived but they cannot live with choice and dignity - as per Amartya Sen's idea of the capability approach to development.

India has moved up the ladder in terms of reducing multi dimensional poverty. This has been due to various policy steps for the same.

Good
Introduction

okay

Good presentation



WAY FORWARD

Valid point

- Since the COVID 19 pandemic, attention has shifted to healthcare.
 - a) primary care centres
 - b) preventive care
 - c) community based sanitation and hygiene norms.
- Focus on early care in terms of nutrition and healthcare.

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- a) Breastfeeding
- b) Anganwadi reform and school agenda reform
(National Education Policy 2020,
5+3+3+4 system)

Valid
Add
Community
approach
→
promotion
of
SHG's

Grievance redressal, RTI, Judicial
strengthening and citizens charter
for better service delivery.

People's active participation
can help eradicate poverty in
all forms and make India
and its citizens truly Atmanirbhar.

Fair
Conclusion

6

8

Good
Introduction

India ranks 101st in the
Gender Inequality Index - a very
low rank amongst developing countries
this is despite various government
initiatives for the same:

Valid

- a) Beti Bachao Beti Padhao
- b) encouraging girls to take STEM
subjects
- c) Vishaka Guidelines to protect
women at workplace
- d) various railway schemes for
safety of women
- e) ~~30%~~ $\frac{1}{3}$ reservation in
local bodies across all society
groups.
- f) Government beneficiary schemes
and ownership entitlements
eg: House loan low interest
if female applicant

such initiatives have had a limited impact for the following reasons:-

① Patriarchy has remained entrenched :-

a) women expected to leave job for family management, household work

b) women continue to be secondary income breadwinners

② Political failures

a) patrilate system

b) proxy voting

③ Economic inadequacy

a) FLFPR (labour force participation) is around 30%.

b) financial independence not fully attained because expenditure decisions are taken by the males of the household.

Can quote
Son me experience
↳ Economic Survey

Analysis of
this needed

Add ~~these~~ like
- Glass ceiling

↳ link it
too
answer

Steps Required to Improve position

- ① Tackling Societal Faults
- ② Working Against prejudice and stereotypes → How? →
- ③ Creating space for women in entrepreneurial arenas as well as politics (39% reservation in LS)

Need
Analysts
of this

Write
about
paternity
leave
concept

Fair
Conclusion

women form half the population of the country. Taking them into the fold of economic growth will help India reach its \$ 5 trillion goal much faster.

6

9
Can start
with
reasons
for
LPG reforms

The Narasimharao government along with Mamohan Singh as Finance Minister changed the entire course of India's economic growth after 1991.

1991 Reforms

* Consisted of

① Liberalization

- opening up various sectors
- reducing government interference
- doing away with red tape

② Privatization

- welcoming the private sector
- disinvestment and stock sales
- reducing PSU role except in strategic sectors

③ Globalization

- opening up to international trade
- allowing greater import and export.

Valid.

* Rocket-growth in the service sector

- outsourcing of services by firms in developed nation like UK/USA gave semi-skilled Indians scope to grow.

Can divide into
• positive impacts
• negative impacts

- growth of MNCs, FDI led to demand for complementary services eg: banking, transport, etc.

* stagnation in agriculture

- government sector took a step back
- but private sector was slow to pickle in (though capital expenditure grew).

* Jump from agri → service (skipping manufacturing sector) led to jobless growth that ultimately resulted in regional disparity and inequality.

* India's economy came out of stagnation and became open to multilateral trade.

Economic Reforms & Quality of Life

(*) Improvement :-

- a) Job creation in some sectors
- b) greater FDI, more income

(*) Retardation :-

- a) Excessive competition drove some companies out of the market leading to unemployment
- b) monopolistic tendencies led to victimization of Indian labour

Economic growth was not coupled with development and although the reforms saved India from the BOP crisis, it created a new set of crises related to livelihood and people's needs.

you failed to address Impact of reforms on quality of life in India

Fair Conclusion

5

10
Fair
Introduction

Recently, the various laws on labour and related topics were codified into 4 laws on Social Security, Occupational Management, etc.

These Codes have the potential to transform labour and economic markets :-

a) the code has made it easier for firms to hire workers based on demand and supply.

b) Social security provision has been made mandatory (company pays a part of the social security availed by worker).

c) Encouraging a laborer - hires understanding and ethical, open relationships in corporations.

d) Gig workers defined and covered

Fair.
but
can be
improved
- Can write
1-2 provision
of all the
codes

However, the Codes also present some challenges:-

a) Hire and fire clause reduces security assurance of worker

b) Trends like "quiet-quitting" are left unaccounted for.

c) Unorganized workers, although given recognition have no means of availing benefits easily.

d) Reduced restrictions on company activities allow for ease of doing business but reduces a laborers' ability to redress his/her grievances

e) Gig and platform workers continue to be unaware of the benefits they may avail.

f) Lack of financial/digital and market inclusion of the poor/digitally illiterate.

Relevant

प्रश्न संख्या

(1 (Question No.)

U.P.S.C.

इस भाग में कुछ
न लिखें
(Don't write anything
in this part)

Can write
about few
suggestions
to
improve

the Codes are an example of
tremendous effort to streamline
India's labour laws. But they
still need work in order to
bring about a system acceptable
to all stakeholders - employers
and employees both.

Fair
conclusion

6