

IAS Mentorship

Under the Mentorship of Reyasat Ali & Team

CSE Main 2021: Mock Test 4

Syllabus:

- Indian Economy
- GS 3
-
-

Name of Candidate

Vivek Kumar

Email Id

vivek.yadav@gmail.com

Date

Medium Hind/Eng.

English

Q. No.	Max. Marks	Marks obtained
1	10	3.5
2		3.5
3		3.0
4		4.0
5		4.0
6		3.5
7		3.5
8		3.5
9		4.0
10		4.5
11	15	6.5
12		6.0
13		6.0
14		6.5
15		4.0
16		5.0
17		6.0
18		7.0
19		7.0
20		7.5
Total	250	
Invigilator	Signature	

95.5

250

Reyasat Ali
12-12-2021

WhatsApp/Telegram/Text/Call: 8090528260

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	Excellent	Good	Average	Unsatisfied
Introduction		✓		
Conceptual Understanding	✓			
Contextual Clarity	✓			
Content Enrichment		✓		
Presentation	✓			
Alignment	✓			
Contextual Justification		✓		

Dear Virek,

After evaluation, I have come across some ~~points~~ observations that appear from Content enrichment and

in some questions Contextual Justification, other part like

Conceptual understanding, presentation, language and communication are fine.

→ Upgrade your current affairs for

Content enrichments → (i) Data/Reports

(ii) Committees Related

(iii) ~~Economic~~

Economic Survey & Budget

(iv) Revise your notes for static Content/Data/Committee Related.

See the individual remarks

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Q1. In the wake of economic deceleration, the challenge is to minimise livelihood losses. Hence is time to formulate a wage employment-based national urban livelihood scheme similar to MGNREGS. Comment 150 words

Indian economy shrank by 7.4% in FY2020-21.

People in urban centres faced more challenges due to the economic downfall.

Issues with Urban Employment

- (i) Informal nature of job - construction, daily wage workers
- (ii) Contractualisation and casualisation of workforce in urban centre.
- (iii) Useless and careless activities - less scope for wage rise
- (iv) Rise of social insecurity
- (v) low female labour force participation rate (FLFPR)

Need for National Urban Employment Guarantee scheme

- ① legal right to work, right to minimum wage and unemployment allowances
- ② check urban poverty, provide social security and also check reverse migration due to disruptions like COVID
- ③ Fill gap of labour requirement due to rising urbanization and industrialisation
- ④ Help increase female LFPR
- ⑤ formalisation of economy.

Such schemes if focused on tier 2, 3 cities, it can bring more equitable and inclusive growth.

ok relevant points

Context and contextual discussion

Context

Can be increased
→ you can add current scenario of unemployment report
- PDS can add social security and available in mostly in urban areas.
- can add financial Pradhan Mantri Aashwasan as example etc.

3.5

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Q2. Very purpose of micro-finance is to creation of assets, income security and poverty alleviation through micro credit to poor people. Evaluate the recent RBI microcredit guidelines in meeting above objectives. 150 words

Intro
Micro finance deals with financial services (saving, loans) to low income households. They are regulated by RBI as part of NBFCs.

RBI Guidelines

- Connect
but
could
other
provisions
- Uniform definitions of beneficiary
 - Rural Household income < 1.25 lakh
 - Urban Household income < 2 lakh

- Removal of cap on interest rate
- voluntary setting of maximum, average, minimum interest rates
- Collateral free loan.

Benefits

- ① More scope for lending by various MFIs (cooperatives, SHGs, credit societies)

② Financial Inclusion - Hence income security with maturity

③ Easy to access loan period as long term - Asset creation
(Household, toilets, machinery purchase)

④ Financial empowerment of SHGs - poverty alleviation, women empowerment

Concerns

- Increased interest rates (removal of cap)
Focus on profit by MFI rather social goals.

- Short term loans

However these guidelines are said to be empowering and providing autonomy to MFI. It can lead to achieve objective of MFIs.

Increased competition, hence lower rates

OK did it but provided you account on other guidelines

3.5/10

Concept is ok
Revise this topic

Q3. Many commentators see the rise of cryptocurrency as a bubble, while enthusiasts of cryptocurrencies see it as unstoppable. Comment 150

Cryptocurrency are digital currency. It is created online and is decentralised i.e. central government (or Bank) have no control over its supply. Examples - Bitcoin, Dogecoin, Ethereum etc.

Cryptocurrency as Bubble

- (i) Decentralised nature
- (ii) No physical existence.
- (iii) Limited number of coins
- (iv) Price fluctuations due to demand and supply - Most of cryptocurrency are control by few people/organisations
- (v) Security risks involved with these crypto may attract government regulations. Hence people may leave and go to other assets.

Potential Benefits of Cryptocurrencies

- Safety and security feature of ledger system - helpful in safe transactions
- Promoting cashless/less-cash economy
- Many countries looking at it alternative to dollars or other international currency
- Faster settlements of transactions

Due to benefits central banks are looking for centralised cryptocurrencies. India should also accept the technology with proper safeguards to reap its benefits.

relevant discussion

Conclusion is OK

but for better it can be

Contextual

OK

your basic concept/idea on topic is good but you need to add relevant points to add without relevant to going/extra/points on this topic
→ you can refer model



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Q4. Do you think that privatization of public sector banks is panacea to the existing issues in banking system? Justify your view 150 words

Intro
Government has amalgamated 12 banks into 3 national banks and looking to forego state holding in Public sector banks (PSBs)

Benefits Issues with PSBs

- relevance*
benefits
- Rising NPAs
 - Governance and mis-management
 - Unable to achieve goal of financial inclusion universally.
 - philosophy of 'Government has no business to do business'

Benefits of privatisation

- Conclusion*
- (i) operational efficiency, profitability
 - (ii) Creating 'too big to fail' banks
→ DSIB has 2 private banks along with SBI

- (iii) New technology and global integration
- (iv) Increased competition

Issues ^{may} still exist after privatisations

- (i) Issue of financial inclusion - Private banks may be reluctant to operate in rural areas or hilly areas.
- (ii) Achieving targets of under PSL (priority sector lending)
- (iii) Rising cases of NPA into private banks.

Way forward

According to Narshimban Committee, India should have 3-4 big public sector banks. Strong regulatory measures and privatisation on case by case basis is the way forward.

Committee
recommends
RBI working group
Conceptual clarity in global
must provide
Conclusion
Content
Content can be increased
Model Answer

4.0
10

Q5. What do understand by circular economy? Examine the significance and issues associated with respect to circular economy in India. 150 words

Circular economy refers to economic model which encourages reuse, recycle, remanufacture of products.

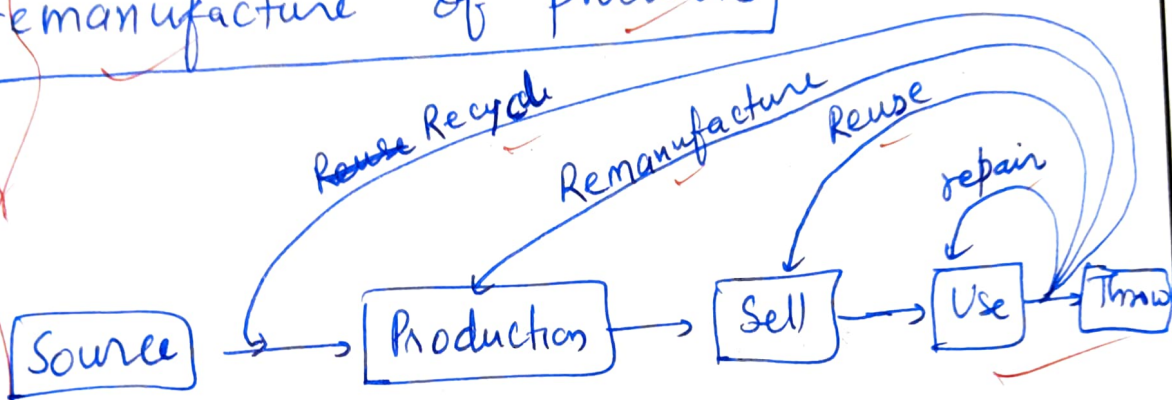


Fig.

Circular Economy

Significance

- ① Economic :
- formalisation of economy
 - cost of input reduces
 - efficiency of product enhances
 - Reduction of import of strategic products eg steel.

② Environmental

- solid waste decreases

- pollution/emission in production reduces
- Harmful impact of mining - leaching, deforestation is checked.

③ Social:

- Purchasing power increases because of cost reduction
- New avenue of employment.

④ Technological - Boost to investment & new technology.

Issues

- High initial investment and technology cost
- Resistant to change.
- Products like plastics can't be reused more than 2-3 times.

Economic Survey 2018-19 mentioned about National Policy on Resource Efficiency. It can be good starting point to implement circular economy.

Conceptual understanding is first
Content can be improved
refer model

CP. 0
10

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Q6. Critically examine the significance of gig sector economy in India. 150 words

Intro
anal
Basic
Concept
Gig economy refers to new trend which include platform workers (Uber), free-lancers, home-delivery services etc.
Time
Due to COVID-19, significance of gig-economy has increased.

Significance

- Employment avenue to semi-skilled, skilled population
- Enterprise :-
 - flexibility in hiring & firing
 - outsourcing becomes easy.
 - cost reduction
- Economy - Rise in sharing economy model
 - Technological advancement
 - eCommerce boost

relevant

Issues with Gig Economy

- lack of credible data & information
- Social Insecurity
- In short time, very few jobs involve skill upgrading.
- Wages less than minimum wage

Way Ahead

With rising number, government has to come with policy for gig-workers. Providing avenues of social security, in labour code on social security 2019 acknowledges importance of this sector for Indian economy.

years
Conceptual
understanding on
topic and contextual discussion is fine
- You need add content enrichment by adding some data/facts/ ~~etc.~~ reports etc.
Refer model for the same

3.5
10

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Q7. Discuss the reasons the Indian is not self-sufficient in Pulses production and the significance to be self-sufficient in this. What measure you will suggest for the same? 150 words

Despite being highest producer of pulses in the world, India imports pulses and suffers nutrient deficiency.

Consumer/importer

Reasons

① Government Policy

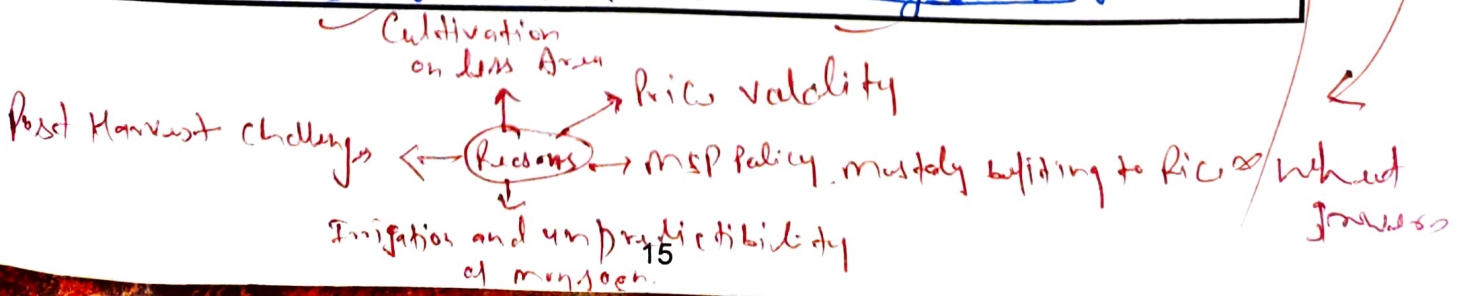
- ^{high} MSP for wheat and rice has skewed cropping pattern in their favour

- lack of physical procurement of pulses

② Market - Fluctuating prices of pulses in the market doesn't help farmers about forecast for next season.

③ Irrigation: Though pulses can be grown in less-rain areas, however unpredictable monsoon and low irrigation facilities

Pulses
↓
better
than
wheat
program



discourage pulse production.

④ farm size - low farm holding (1-08 haet) results in pulse production for household use not for commercial purpose in general.

Significance for Self Sufficiency

- Cost of Input decreases
- Nutrition security
- Climate Agro-climatic conditions favourable to pulses will see more pulse growth.
- Hedge uncertainty of monsoon and climate change.

Measures

- ① High MSP & physical procurement (more decentralised procurement)
- ② Cooperative farming - help small & marginal farmers
- ③ Implementation of Price support system (PSS) under PM-AASHA

Concept in Jim

3.5
10

You can add

Various Schemes for Pulses

Refer model

→ your conceptual understanding and contextual discussion is Jim

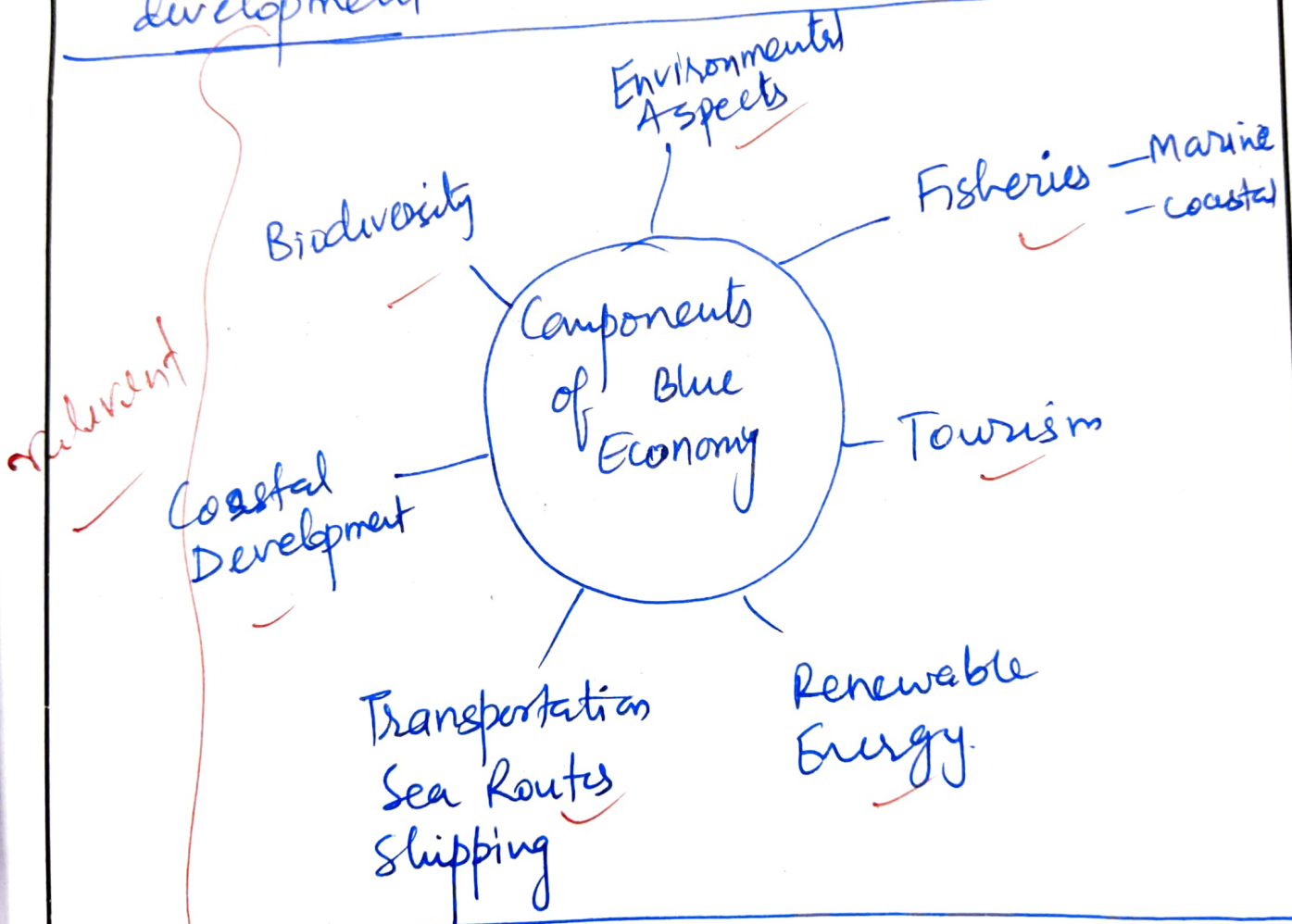
→ Content enrichment and contextual justification need to work -

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Q8. Analyze the causes behind uncatered blue economy in India and its significance. 150 words

Blue economy is sustainable ~~devels~~ use of ocean resources for economic development.



Significance

- ① Fisheries - Food & nutrition security
- source of livelihood & poverty alleviation

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- Concepts
Concepts
- ② Tourism - Sea-surfing, scuba-diving
- Economic source as tour guides
 - ③ Renewable Energy - Wave Energy, OTEC
- Nodules at sea bed
 - ④ Important sea-lane of transportation
 - ⑤ Coastal development - connectivity, infrastructure

Causes for Untapped Potential

- ① Economy vs Environment - Recent Coastal Zone Management guidelines and controversy
- ② Large sum of investment
- ③ Infrastructure development for tourism, ports
- ④ long gestation period
- ⑤ Pollution and environmental degradation, climate change

Government steps

- Sagar Mala Project - port led development
 - Samudrayaan project - Indo-Pacific policy
- Blue Economy if tapped can help India achieve its goal of 5 trillion USD economy already

Some feedback of in
Q-6 & 7

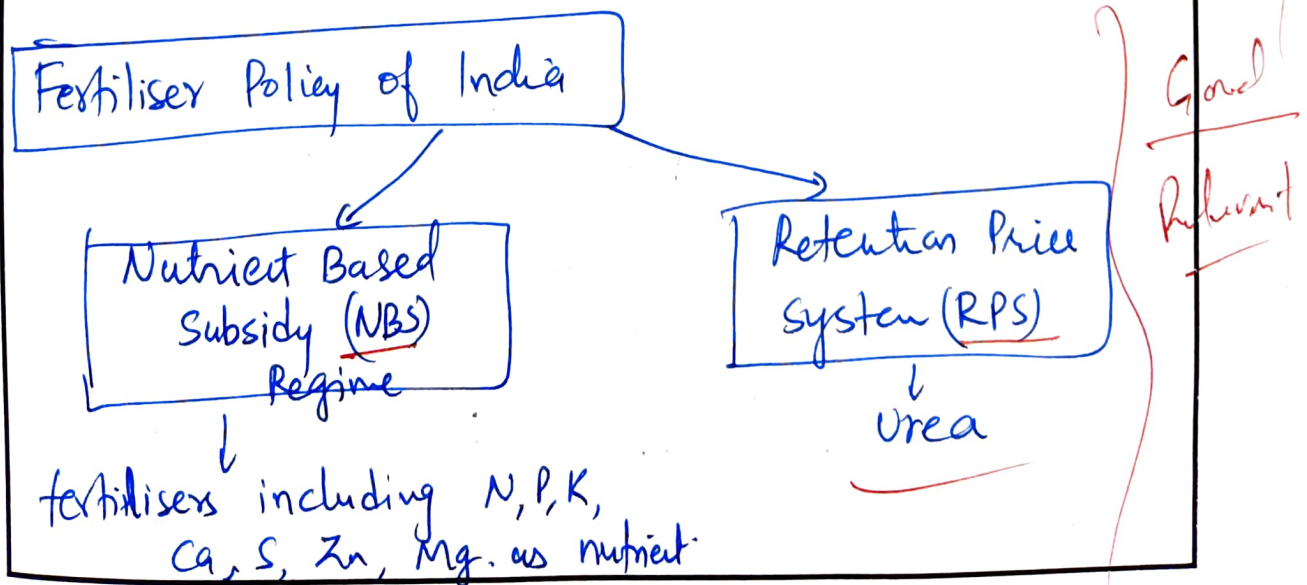
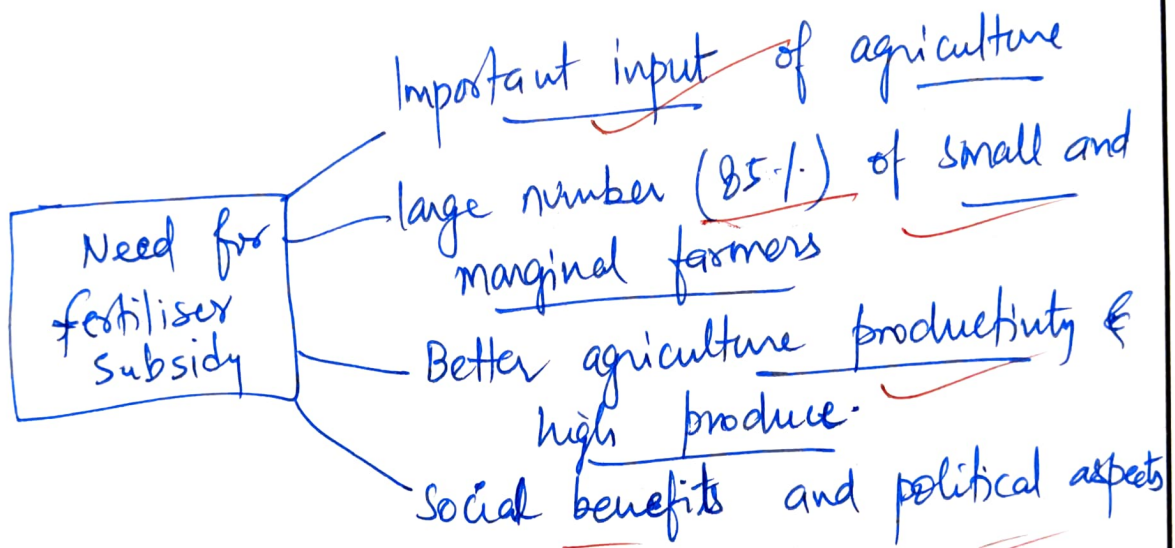
3.5
10

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Q9. One aspect behind fertilizer subsidy is that it supports farmers and hence food security, however it is associated with many other unliked outcomes also. In the light of above statement critically examine the fertilization policy in India. 150 words

Fertilisers account for second highest part of subsidy (~80,000 crore) after food subsidy.



- Government provides subsidy to companies.

Assessment

→ Policy has not been able to stop high fertiliser subsidy. Because Urea ($\frac{2}{3}$ rd of subsidy) is still out of NBS system.

+ For other fertilisers (DAP, MOP), market has been deregulated, however recently subsidy under this has also been increased.

Way Ahead

① For Urea → Ⓐ Need to bring under NBS regime

↓
Ⓑ Till the time, other reforms can should be implemented

Ⓒ DBT in urea subsidy

Ⓓ Fixing subsidy on number of bag

Ⓔ Vigilance against black marketing

Ⓕ Prereq Divesting urea company

Ⓖ Promoting Efficient production by company

Fertilisers subsidy is crucial for Indian Agriculture. It should be made more efficient.

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Q10. Do you think that minimum support price (MSP) can solve the issues related to fluctuating farmers income or there is much more need to do to make Minimum support price to make it Maximum support policy? Provide your analysis. 150 words

Minimum Support Price (MSP) is the minimum amount provided by government to farmers. It is announced for 23 crops (+3). However MSP policy has not been able to solve farmers issues of low income.

Intro
etc

Issues with MSP regime

Santa Committee

6%
2015

- Benefitted few farmers (<10%) - Ashok Dalu Committee
- High MSP for wheat & rice resulted in skewed cropping pattern.

Helpful to big farmers. (Though 85%

farmers of India are small and marginal)

Issues with APMCs

- Regional variation - Eastern India where Green Revolution 1.0 couldn't reach, did not benefit from MSP. unlike others.

relevant
information
and
Conceptually
covered

MSP → Maximum Support Policy

Maximum support policy includes support by government in multiple dimensions.

① Reforms in MSP - higher MSP for other crop to nudge production according to agro

climate zone

- Procurement of other crops (oilseeds, pulses)

② Market Intelligence:

- Advance estimation of demand

- Monitoring prices of produce and notifying best price (eNAM)

③ Focus of perishable items, horticulture fruits

④ Development of warehousing, cold storage

⑤ Promoting cooperative farming - reap benefits

APCo FPOs of economies of scale and good price negotiating power.

Reforms are needed to double farmers income.

Conceptual
understanding
good

Contextual discussion - good

Content can be increased

4.5
10

Q11. Examine causes and the correlation between the high inflation and low demand in the economy in recent period. Suggest suitable measures for both issues. 250 words

Indian economy is facing high inflation (largely food inflation) and low economy growth (-7% in FY 2020-21) due to low demand.

Reasons

A) High Inflation

① Food Inflation - Due to COVID-19 induced supply chain disruptions

use this
→ poles

② Increased government spending.
- Fiscal stimulus package of 20 lakh crore under Ama Nirbhar Bharat

③ lowering Interest Rates by RBI

④ Supply chain disruptions ^{at global level} caused prices of imported prices go up. Hence overall inflation in economy rose.

Ben add
Crucial oil
prices.

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② Low Demand:

→ COVID-19 induced lockdown and subsequent restrictions

→ Slowdown due to industrial stagnation

→ Household savings increased due to uncertainty.

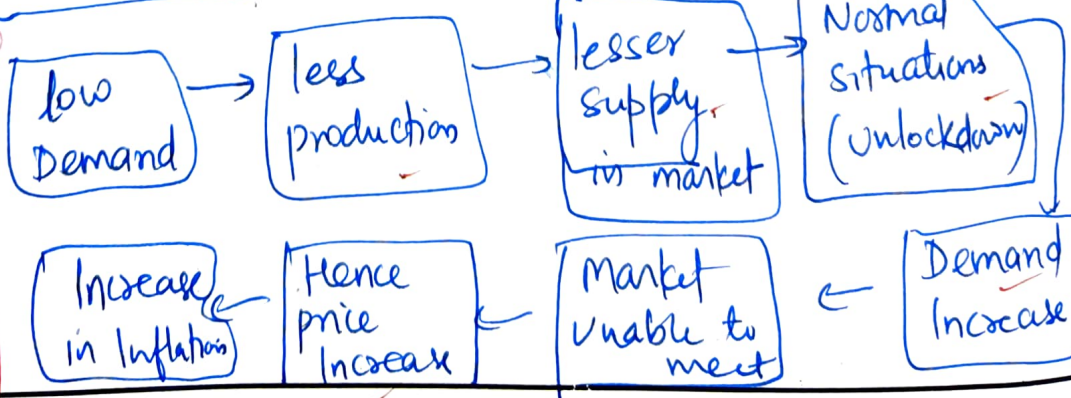
- Shocks of previous reforms of demonetisation and GST to informal sector.

- Reduced purchasing powers due to jobless

- Reverse migration caused many household to subsistence living.

- Weak consumer sentiments.

→ Correlation



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Measures: The situation is similar to stagflation condition. Hence both fiscal and monetary policy are needed to address it.

① Fiscal Policy - Income support to household

- Consumption credit
- Investment in infrastructure
- Industry sops - low tax, lower compliance.

(PM-Kisan, MSME, etc.)
to create jobs
No. of working days.

② Monetary Policy - Moratorium of loan for SMEs.

- Transmission of lower interest to economy.
- Definancing.

③ Structural Reforms are needed

- flexible labour and land policy to attract businesses
- focus on sunrise and labour-intensive sectors
- Agriculture support

8.5 / 15

Hence comprehensive policy are needed to deal with such situation.

Conceptual understanding is good.
- Add recent contextual issues like unemployment, poverty, etc.

Crucial @ all levels etc.