



ENLITE IAS

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MAINS TEST SERIES

INDIAN ECONOMY

Question Paper Specific Instructions

1. There are **TWENTY** questions printed in **ENGLISH**.
2. All the questions are **compulsory**.
3. The number of marks carried by each question (or part) is indicated against it.
4. Word limit in questions wherever specified should be adhered to.
5. Any page or portion of the page left blank in the Answer booklet must be clearly struck off.

Qn No.	Marks Obtained	Qn No.	Marks Obtained	Qn No.	
1	4 1/2	8	4	15	7
2	4	9	—	16	8 1/2
3	—	10	4 1/2	17	5
4	5	11	7	18	6
5	4 1/2	12	7 1/2	19	7 1/2
6	5	13	7	20	5 1/2
7	4	14	—		
TOTAL					

Name

LAKSHMIPRIYA. P.

Roll no

Subject

GIS - Economy

Date

Questions Attempted

17

EXAMINER REMARKS

GRADE PARAMETERS	BELOW AVERAGE	AVERAGE	GOOD	BETTER	OUTSTANDING
Understanding of question					
Conceptual clarity					
Structure					
Content					
Presentation & legibility					

Any other remarks:



1. Discuss the impact of transformative data-driven technologies in elevating the agri-food sector from a subsistence level to a thriving rural livelihood-generating business enterprise. (10 Marks)

Need to be put into
The Indian subsistence level of agriculture for direct consumption has potential to grow to a rural livelihood generating business through technological interventions.

Impact of data driven tech in agri-food sector

~~*****~~

① Reduction of input costs to farmers

u/r
eg. data from soil health cards to identify ~~the~~ only the necessary inputs

② Better yields and thereby income augmentation

eg. through scientific management of farms with support of scientists - eKrishi Vigyan app

③ Better price realization of the produce by elimination of intermediaries and transparency

eg. eNAM portal public procurement rates

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④ Minimization of risks associated

eg. ISRO's Bhuvan portal for ^{weather} climate prediction

⑤ Better farm mechanization

eg. e-choupal for trucks & other machine
custom hiring facility

~~Food sector~~

⑥ Better coordination of forward and backward linkages in food processing sectors.

⑦ Eliminating the fragmented nature of food processing into a cluster based approach based on data

However challenges remain:-

- poor digital penetration
- lack of digital literacy
- divide : rural-urban, gender gaps in access of technology
- Affordability, accessibility

Thus there is need for comprehensive rural promoting agri tech startups in collaboration with skill training of rural areas to reap full potential

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2. Explore the significance of improving water use efficiency in agriculture as a key step towards achieving a water-positive India. (10 Marks)

India is a net water exporter through its 'invisible water' as a part of export of agricultural commodities. In addition the per capita water availability is $\sim 1700 \text{ m}^3/\text{person/day}$ which is in water-stressed category.

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Significance of improving water use efficiency in agriculture

① Agriculture amounts to $\sim 60\%$ of water usage in India and 80% of groundwater usage $\Rightarrow$

② The minimal implementation of water use efficiency aids multiple benefits for ~~farm~~

③ Reduces the water stress locally through cultivation of region specific crops

eg Sugarcane in Marathwada region is one of

④ Faulty water practices have compounded water stress

eg Sugarcane cultivation of Marathwada

⑤ Depletion of water table due to indiscriminate usage



eg Water table in Punjab depleting at the rate of 1ft per year.

Water Use efficiency can aid water positi India by :-

① Prudent irrigation practices

eg Bamboo drip irrigation of Mizhalaya tribes

② Saving Implementation of Perdrop more crop - Krishi
Sinchayee Yojana principles

③ Aiding Elimination Minimizing water wast through
technological interventions

eg Direct Seeding of Rice technique.

④ Saves from water Mitigates water pollution.

eg Eutrophication can be reduced by preventing runoff

⑤ Boost existing watershed capability through organic
farming, ZBNE etc

Thus ~~the~~ implementation of PM-Krishi Sinchayee
Yojana coupled with traditional practice can improve
water condition. The 'OneWater' concept of waste minimization
and utilization of grey water is also ideal.



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3. Analyze how the Covid-19 pandemic has reshaped global value chains (GVCs) and how India has emerged as an attractive alternative to traditional GVCs. (10 Marks)

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Q. Analyse how the Covid-19 pandemic has reshaped global value chains (GVCs) and how India has emerged as an alternative alternative to traditional GVCs. (10 Marks)

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4. Enumerate the factors that have led to the success of direct transfer of benefits in India. Critically analyse its performance in seamless and timely delivery of benefits to the intended beneficiaries. (10 marks)

Newer models of direct benefit transfer like PRUPI has highlighted the growing importance of this model.

Factors that led to the success of DBT

- ① JanDhan - Aadhar Mobile trinity: that aided the transparency and seamless benefit transfer
- ② eg MGNREGS wage transfer
- ③ Boost of digital India: which led to increased digital inclusion
- ④ Multi - Collaborative approach and general political will for implementation
- ⑤ Support from society - the Gen Z and Millennials who boosted the acceptance
- ⑥ Technological push eg

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PFMS
Aadhar pay



Performance of DBT

Advantages:

- ① Minimized leakages in fund transfer
- ② Boosted the choice to customers - thereby aiding dignity Transparency - aids accountability in disbursements
- ③ Increased the per-capita income - boosting the individual's capability to ^{participate} in social - @ education
- ④ Timely delivery - with a click of button @ PM-KISAN delivery

Issues:

- ① Digital divide - restricting the delivery to last mile.
- ② Loopholes in DBT: affected seamless delivery
@ Chattisgarh minority scholarship scam
- ③ Delay in disbursements due to regulatory mandates
@ MGNREGA wages pending 700 days

DBT initiative is a ~~good~~ model for good governance
and key to the vision of Knowledge Revolution

No
Information
Indicating



5. Why is Public Private Partnership (PPP) critical for the development of infrastructure in India? In the light of Vijay Kelkar committee recommendations, suggest measures to revamp PPP model in the country. (10 marks)

Public Private Partnerships in infrastructure

It is a model collaborating the public & private sector for boosting investment. Several models exist like hybrid annuity model, Build to Operate etc.

It is critical for infrastructure development in India.

- ① Need for investment from private sector - where Govt can act as mere facilitator without affecting fiscal
- ② PM's call - 'It is not the business of the government to be in business' highlight need for maximum privatization
- ③ Minimization of the risks - for both Govt and private in investments of long term nature
- ④ Attract employment - job led growth model
- ⑤ Spread of Fixing the 'industrial gap' in India.

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The Vijay Kelkar committee on PPP

reforms has highlighted multiple interventions necessary:-

- ① Ensuring competitive spirit while hedging risks
- ② ~~Minimization~~ Maximization of returns - through suitable models.
- ③ Arbitration panel for settlement of disputes amicably
- ④ Acquiring land for brownfield investments seamlessly
- ⑤ Elimination of Swiss Challenge method.

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6. Despite having a fiscal consolidation framework, why has India continuously missed its fiscal targets? State its impact on economic growth of the country. (10 marks)

The India's fiscal deficit stands at 6.7% of GDP and revenue deficit ~4.3% GDP. This is substantially different from the mandates of fiscal consolidation framework

which mandates :-

① 4.5% of GDP as fiscal deficit by 2024-25

Elimination of revenue deficit

Fiscal Responsibility & Budget Management Act (FRBM)

India has consistently failed because:

① Increasing budgetary expenditure in public sector.

② Sudden crises [eg COVID19] which rise governmental spending → gives 'escape clause' under FRBM.

③ ~~Less tax~~ ~~Low tax~~ ~~Poor tax~~ Lesser share of tax to GDP ratio (11.7%) compared to developing countries (21%)

④ Poor tax base: only ~65% of population pay tax

⑤ Tax erosions, avoidance through loopholes @ sunset clause

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- ⑥ Poor adherence to ~~same~~ FRBM mandate : lack of political will.

This impacts economic growth

- ① Increase ~~fiscal~~ interest payments : which ultimately reduces welfare spending

- ② Crowding out effect in economy : against the interest of private sector

- ③ Raise the need for external borrowings which might reduce strategic autonomy

@ 1991 economic reforms mandated by IMF

- ④ Intergenerational equity : as burden falls on next generations

- ⑤ International image falls.

In this context stricter implementation of FRBM targets, through the rules of the Act — by placing limitations of public ~~expend~~ borrowing is necessary.

Prudence is a key quality for sustainability

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7. Do you think that Production Linked Incentive (PLI) scheme has succeeded in creating a growth ecosystem within the country? Justify your answer. (10 marks)

Production Linked Incentive (PLI) scheme is based on the principle of 'rewarding based on output' rather than upfront handholding.

It Succeeded in creating a growth ecosystem

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- ① Boosted the outputs : by shifting focus from ~~sub~~ inputs to outputs permanently.
- ② Aided employment generation and growth of GDP.
- ③ Identification of ~14 priority sectors has helped guiding investment in these sectors :
eg automobile industry.
- ④ Boosted the export potential of the market - ~~with focus~~

However certain challenges in the model :



① ~~Initial~~ Target existing players, rather than newer players → affects the employment generation potential.

② Skewed selection of sectors has led to disfavoured growth in other areas.

③ ~~Non attainment~~ of targets strict mandates of target achievement for inclusion has affected the eligibility criteria, pressurising firms.

④ Focus on quantity rather than quality

Thus PLI has its advantages but needs to

be complemented by other developmental initiatives

from government for financial infrastructure, financing etc.



8. With growing emphasis on a green and low-carbon model of development, discuss the need for developing a strong circular economy within the country. Comment on the progress made in India in this regard. (10 marks)

The COP27 Glasgow pact has highlighted the need for decarbonization of developmental models.

Circular economy concept is closely associated with the emphasis — by focusing on the durability of the goods

2) ensuring maximum recycling

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Need for strong circular economy

1) Minimization of resource wastage eg second use

2) Maximization of efficiency of every product

3) Identification of intages which can aid full potential of usage of consumer goods

eg garbage cafe in Ambikapur

Employment
GDP

4) Aids affordability and accessibility — as second hand items cost less.



The Indian push for green economy — through Renewable procurement target of 43% electricity, 500GW of RE installation etc highlight the realization of importance

Progress made by India:

- ① Recognition of waste management as key agenda
eg Solid waste management rules 2017
- ② Inclusion of 'Extended Producer Responsibility' for recycling of end-of-life goods especially e-products
- ③ Efforts of energy efficiency and increasing longevity of consumer goods
eg BEE giving star ratings to electronic goods
- ④ Boost of hydrogen economy, e-vehicles etc

However, there are challenges like ¹⁾ informal sector involvement in waste management

- 2) Lack of adequate infrastructure for e-vehicles and hydrogen transition etc.

However the goal of net zero by 2070 (part of PM Panchanshi) is an ambitious one in right direction

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9. Critically analyze the role of agri-extension services provided by India in enhancing agricultural productivity. (10 Marks)

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Q. Critically analyze the role of sport-extension activities provided by India in enhancing agricultural productivity. (10 Marks)

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10. Analyze the enabling factors that can contribute to India's development as a semiconductor manufacturing hub. Additionally, explore the different economic challenges associated with its potential development. (10 Marks)

In the light of recent Foxconn Vedanta deals, the development of India as semiconductor manufacturing hub is in the limelight.

Enabling factors

- ① Recognition as sunrise industry - with significant push for development
- ② Governmental attitude favourable through design linked incentives etc. ↘ policy support
- ③ - Global supply chains which are disrupted - giving India an opportunity to be a global leader. ↗ domestic demand
- ④ International 'China+1' factor in attracting investment.
- ⑤ Growth of IT sector as a whole in India - with significant domestic and global market.

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Economic challenges associated:

- ① Availability of chips: 90% of contribution comes from Taiwan - and is disrupted due to Chinese interventions
- ② Lack of investment: due to logistics barriers, regulatory overbearings etc
- ③ Lack of skilled / trained personnel - in specialized areas like embedded systems
- ④ Partnership channels challenges for infrastructure eg blocking the Singapore deal.

However the semiconductor industry is here to stay and hence reaping early gains will determine Indian developmental agenda.

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11. Evaluate the necessity for a new industrial policy in India, considering state interventions in predominantly market-oriented economies. To what extent can lessons from the Industrial Policy of 1991 guide the formulation of a new policy? (15 Marks)

The DPIIT is exploring the need for a 3rd Industrial policy ^{like} ~~post~~ the 1956 and 1991 industrial policies. *address*

Necessity of new industrial policy

- ① Newer market realities: different from the realities of 1990s. *eg digital interventions*
- ② ~~Failures of 1991 policy~~: to create sufficient
- ② Post COVID19 international challenges: highlights a renewed vision for indigenization and self sufficiency.
- ③ Indian vision of 'Make in India - Make for the World' to boost export potential.
- ④ Failure of the Indian industrial sector to generate employment and aid GDP contribution (stagnation)

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- ⑤. Attract investment — in FDI and FPI routes to Indian industry — especially agro based

The lessons from 1991 policy shall guide the new policy :-

- ① Privatization ~~liberalization~~ efforts to be continued — as it has aided capital investment by private sector, data: growth of GDP ~~1991-2010~~ 1991-2010 ~6.6% double that of previous sessions.
- ② The recent strategic disinvestment of all except 5 key sectors highlight government push in this direction.
- ② Globalization : While this is a reality with interconnected markets and huge export potential, the post covid world also needs self sufficiency.
- ③ Inability to create developments in ~~industrial~~ growth needs adequate targeting: Need to overturn 'jobless growth' through clear structural transformation'

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④ Informalization of economy due to the regulatory changes needs overstressed → with adequate focus on MSMEs [~12% of total manufacturing sector, >50% of exports].

⑤ 1991 reforms had limited impact of agriculture as highlighted in 54% of population accumulated in generation of ~19% of GDP.

↳ This gap needs to be bridged through food processing industries, elimination of hidden unemployment etc.

For this comprehensive reforms are necessary integrating every sector from agriculture - industry - services linked by logistics. The policy of DPIIT needs political will to implement and shall target the Atyodaya development.

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12. Investigate the association between the investment slump in Indian startups and the high failure rate. Identify and discuss the reasons behind this high failure rate and its potential impacts. (15 Marks)

India home to the 3rd largest number of startups
and 2nd largest number of unicorns still see
multitude of failures in startups.

There is an association between investment slump and high failure rate:-

- Lack of resources for high quality startups.
- Lack of support till viability is established.
- No hedge to market risks.

When one looks at the high failure (>50%) of startups, there are several reasons apart from the investment slump

- ① high concentration of startups in digital tech:-

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with heavy competition affecting profitability

② Lack of clear vision on money making
due to poor mentorship / handholding

③ Limited focus: usually only tier 1 cities

④ Poor risk ^{appetite} attitude of Indian traditional mindset

⑤ Lack of skilled and trained individuals

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Cash burn
model
→ Impractical
→ High competition

This failure has significant impact

① Reduce the motivation of youth to explore startups
as an option.

② Investment loss — which leads to further reduction

③ Entrepreneurs shift to job seekers: burden on
economy to rehabilitate

④ Disrupt the nation's image — as hub for tech startups.

⑤ Depress the society of technologically innovative



Solutions from startups

In this situation there is need for.

1) Governmental involvement in viability gap finding

eg Startup India scheme

2) Boost investment architecture - by developing costs of doing business, infrastructure and etc

3) More focus on tier 2 and tier 3 cities where the facilities are not saturated

4) Skilling - in entrepreneurial qualities
eg price realization of product etc

5) Forming alliances / partnerships globally to boost Indian startup ecosystem

Thus the nation needs to protect its 'job creators' - who has the potential to lead the nation's image tomorrow.

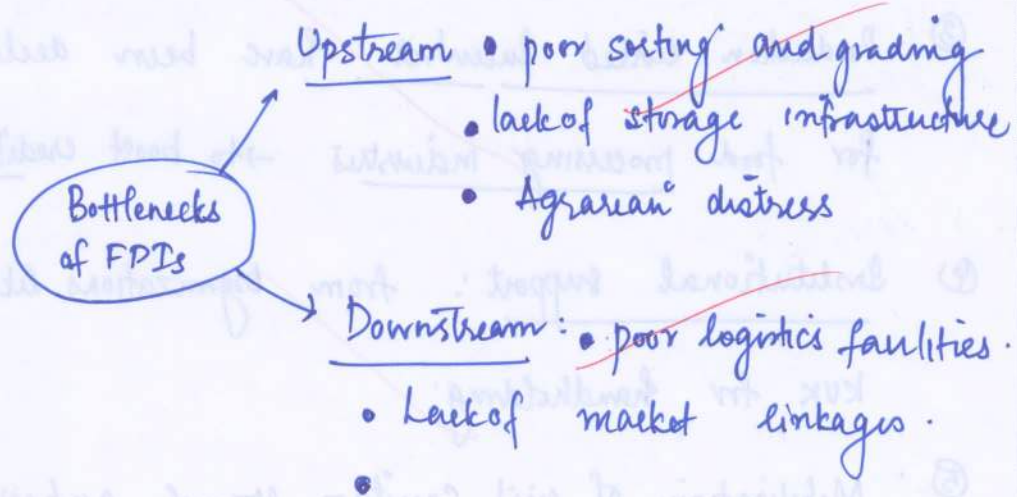
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13. Analyze the various government efforts aimed at removing bottlenecks in the food processing industry. Additionally, propose pragmatic steps to unleash the true potential of food processing enterprises. (15 Marks)

Food processing Industries are a crucial link in the 'farm to fork' strategy : for linking the farmers to the consumers of their food.

However it has multiple bottlenecks.



In this context, government has taken the following efforts:

- ① PM FME Scheme: For formalization of the existing Micro food enterprises, thereby ensuring social sensitivity to workers and attracting more

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② PM Kisan Sampada Yojana

→ Mega-food parks scheme: to link the upstream and downstream infrastructure effectively.

→ Financial assistance for establishment of new Food Processing units.

→ Cold chain infrastructure development
~~Adjudication facilities for settling of disputes~~

③ Production linked Incentives have been declared for food processing industries → to boost credit access

④ Institutional support: from organizations like ICAR, KVK for handholding.

⑤ Mobilization of civil society - through govt collaboration in form of TRIFOOD etc

To unleash the true potential of food processing enterprises
pragmatic steps needed:

① Clear guidelines on understanding of food processing's stages - to aid sorting at origin itself.

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- ② Shift from present 'core and plinth' model of storage to 'cold chain infrastructure' - suited for all perishables
- ③ ~~Develop~~ Development of logistics sector - including last mile delivery (which is currently 14%, one of the highest in the world)
- ④ Better market linkages for adequate price realization of commodities.
- ⑤ Skilling and training of farmers - to shift from disguised unemployment to FPIs

Presently Food processing contribute ~12% to manufacturing GDP, yet has very high potential. This needs pragmatic and inclusive potential to assist the doubling of farmers income.

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14. Examine the significant role of crop insurance in resolving farmer distress while noting the stagnant growth in insurance penetration. Provide insights into the necessary changes required in existing insurance schemes. (15 Marks)

Storage to 'cold chain infrastructure' - suited for all products

③ Points At Development of Logistics sector - including that

more railway (which is currently 11%), cover of the highest in the world)

④ Better market linkage for separate price realization of commodities

⑤ Skilling and training of farmers - to shift from unskilled unemployment to FPIs

Presently Food processing contribute 10% to

manufacturing GDP, yet has very high potential. This sector has untapped potential to boost

the livelihood of farmers in the insurance

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15. Discuss the major economic opportunities and challenges presented by the transition to non-fossil-based energy sources. (15 Marks)

The PM Panchsheel goals enshrined by India at COP26 mandates a transition to nonfossil based energy sources through installation of 500 GW Renewable plants, and 43% procurement of energy from ~~RE~~ renewable energy.

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It shows several economic opportunities

- ① Boosting growth in newer sectors e.g. e-vehicles.
- ② Production of clean electricity
- ② Reducing the enviro economic burden of environmental externality
e.g. pollution related health risk - expenditure
- ③ Reduction of fiscal deficit import bill: due to lesser need for import of fossil fuels.
- ④ Better fiscal health: due to lesser subsidy of fossil fuels.



⑤ Minimization of wastes and circular economy

⑥ Methanol economy from sugarcane bagasse.

However the challenges include

① Lack of infrastructure to support :

② charging centres for vehicles

② Inherent challenges in distribution and usage of resources.

③ hydrogen storage facilities

③ Production of electricity itself from coal-based thermal power plants will offset the advantages of vehicles.

④ Inadequency of / potential to cater to the needs of an ever demanding growing population

⑤ Increased cost : of RE energy

⑥ viability of power companies — with mandatory

RE procurement v/s subsidised electricity



In this context there is need for: —

①. Formation of nationwide interconnected grid for power supply
eg National Green Grid Directorate

②. Investment in infrastructure to facilitate the full development eg Battery swapping centres.

③. International alliances to allow continuous supply of renewable energy
eg ISA - initially connected tropical nations

④. Skilling and training — to meet the needs of a post-fossil fuel dependence economy.

Through these steps the goals of Net zero by 2070 can be truly realized.

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16. Critically examine the challenges faced by Indian logistics sector. How does the recently unveiled National Logistics Policy seek to address the challenges faced by this sector? (15 marks)

Logistics refers to the ~~linkage~~ infrastructural and transport linkage that connect ~~the~~ movement of goods and services.

Indian logistics sector face several challenges

- ① Huge cost : 14% of cost of product comes from logistics expenditure. This is very high compared to global 7-9%.
- ② Lack logistics sector in-silos and non interconnected
- ③ Lack of last-mile connectivity :
 - ④ poor roads of North East cut off supply chain
- ④ Inadequate investment
- ⑤ Lack of governmental focus ~~so~~ (till recently) which resulted in stagnation.

The recently unveiled National Logistics Policy seeks to address these challenges:

Introduce it



① Interdepartmental coordination and interministerial:

to eliminate the silos working and ensure seamless transport.

② Multi modal focus: connecting rail-road-ship-waterways etc into single platform

③ Boosting investment through PPP collaboration: as a part of National Infrastructure Pipeline

④ Aiding seamless movement of goods at inter-lanes

⑤ Negotiable Warehouse Receipts

⑥ Streamlining of customs clearance etc.

The PM-Gati Shakti Yojana and GatiShakti portal for multimodal transport is the first step towards the realization of policy guidelines.

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① Strategic importance and international

status has gained the stake of the country and the world

to improve the status of the country

② Global level of the country is high and the country is well known in the world

etc. into the world platform

③ Political importance through PPP collaboration

as a part of National development policy

④ Being an important part of the country's growth and development

⑤ The Negotiable Workshop is being held in the country

⑥ It is an important part of the country's growth and development

The country is well known in the world and the country is well known in the world

It is an important part of the country's growth and development

The country is well known in the world and the country is well known in the world



17. Why has the Indian aviation sector been called 'the sick man of India'? Discuss the scope and significance of the aviation sector in India and elaborate on the measures taken by the government to support its growth. (15 marks)

The Indian aviation sector's issues ~~have~~ ^{could have} been highlighted by recent GoFirst insolvency crisis.

It has been called the 'sick man of India' due to 1) poor remunerative potential and 2) high dependency. 3) lack of viability for profit

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Scope and significance of aviation sector

- 1) Rising per capita income of population will boost demand
- 2) The growing interconnectness of job market: necessitate fast physical interconnectedness offered by aviation sector
- 3) The growth in demand ~~will~~ has potential to ensure large scale profitability
- 4) Potential for niche players: from economy to luxury



class with changing demand.

5) Need for regional inclusion

@ governmental push for North East

6) Connectivity can aid multiple positive externalities

7) Growing importance of drones, UAV etc

Measures taken by government to support

① Director General of Civil Aviation has issued

several guidelines for safe transport

② Airport Authority of India : has increased the density/penetration of airports in India.

③ Schemes [eg: PM-UDAN] - has raised consumer

awareness about affordability, opportunity etc.

④

The PM's vision of 'Hawai pehene walon ko

Hawai Jahaz me lena' summarizes the noble vision of

New India.

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Millions of people are dependent on rice for their food. It is the staple food of millions of people in the world. It is the largest producer of rice in the world. It is the largest producer of rice in the world. It is the largest producer of rice in the world.

4/2

Necessary conditions for rice cultivation

1. Temperature: Tropical to subtropical weather conditions
2. Also grows in temperate regions / cold water
3. High field water / flooded area from lowlands
4. Labour for farm
5. Fertilizers, pesticides - minimal

4/2

Importance of rice production

1. Rice is the staple food of millions of people in the world. It is the largest producer of rice in the world. It is the largest producer of rice in the world.
2. Rice is the staple food of millions of people in the world. It is the largest producer of rice in the world. It is the largest producer of rice in the world.



18. What are the necessary conditions for millet cultivation? Examine the importance of its production and enumerate the measures taken to promote it within the masses.

(15 marks)

Millet cultivation is being promoted internationally through ~~2020~~ UN declaration ~~of~~ of 2023 as International Year of millets. India - the largest producer ~~has~~ has huge potential.

Map

Necessary conditions for millets cultivation

- ① ~~Temperature~~: Tropical to subtropical weather conditions
- ② Also grows in minimal irrigation / ~~with~~ water deprivation.
- ③ High yield seeds / replaced seeds from last cycle.
- ④ Labour for farms.
- ⑤ Fertilizers, pesticides - minimal.

Low rainfall
Soil Temp.

Importance of millets production

- ① ~~Ensure the~~ Millets require little or very less irrigation making it suitable for drylands $\Rightarrow$ helps ~~with~~
- ② Tackle India's water stress



- ② In line with climate smart agriculture - which is a key need of the time
- ③ high nutritional content - can aid the elimination of hidden hunger / nutritional poverty in India
- ④ Grains of low glycemic index $\Rightarrow$ suitable for diabetic patients
- ⑤ Allows for crop diversification and suitable to Indian soil
- ⑥ Rising global realization $\Rightarrow$ export potential

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Masses had shown a reduced interest due to:-

- ① Remunerative rice-wheat cycle due to ~~PD~~ MSP support and public procurement
- ② Relatively lower yield per hectare
- ③ Lower cost returns
- ④ Perception - as 'poor man's food'
- ⑤ Perception - as bland taste

Not necessary

In this context, several ~~efforts~~ need to be taken by the government to promote it:-



- ① 2018- declared as 'national year of millets'
- ② Establishment of 'millet research centre' under ICAR to develop high value seeds - in collaboration with MS Swaminathan Research Foundation
- ③ National focus on cultivation : SHRI ANNA Yojana announced in Budget 2023.
- ④ Programmes to boost awareness (eg: UN declaration).
- ⑤ Availability ^{is} ~~was~~ ensured @ PDS shops, Millet speciality shops

Consumption of millets is in line with the SDG goals of 1 (no poverty), 12 (zero hunger), 15 (life on land) etc. - agriculture

It balances interest of people- profit and planet and in line with LiFE (Lifestyle for Environment) vision of India.

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19. What are the significance and challenges of Primary Agricultural Credit Societies (PACS) in the country? How can the integration of PACS with Farmer Produce Organisation (FPO) be a game changer in rural development of the country?

(15 marks)

Primary Agriculture Credit Societies (PACS)

are the most ~~decade~~ grassroots level of the 3 tier cooperative credit structure in rural areas under the regulatory control of State Cooperative Societies Registrar.

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Significance of PACS

- ①. Grassroot credit structure: with maximum accessibility to customers, especially farmers
- ②. Disburse microfinance, insurance facility etc for financial inclusion
- ③. Act as custom centres: for disbursement of seeds, fertilizers, etc linking farmers with technological support.
- ④. Shock absorber role of agrarian & rural distress:
- ⑤. Facilitate the NABARD'S role of equitable financing of farmers.

The 97th constitutional amendment Act is a symbol of



growing importance of cooperatives in India.

However, challenges of PACS are.

① Financial limitations: majorly dependant on

NABARD refinancing route.

② Credit disbursement of smaller dimensions (micro

finance) - may lead to utilization in unproductive sectors.

③ Lack of RBI regulation - leading to NPA issues

④ Lack of uniformity across States - hence regional disparity

eg Well developed in Maharashtra, Gujarat, poorn NE

⑤ Competition from Farmer Producer Organization (FPO)

In this context, the revival of PACS are key to

rural development.

Integration of PACS with FPO is considered as a

solution. It can be a gamechanger:-

① Development of own niches through synergy:-

Do not
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PACS can focus on credit, while FPOs can establish effective linkages in rural economy.

② Collaborative approach eliminating the present competitive spirit.

③ The deep networks of FPOs can be utilized by PACS (which are presently very limited in outreach)

④ The true realization of Article 19 - for freedom of association and cooperative agencies in letter and spirit - for effective

EXTENSION SERVICES

In addition, there is need for financial support to PACS to boost its autonomy, spread of awareness etc to truly realize the 'SAHAKAR SE SAMRIDDHI' goal enshrined in Budget 2023

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20. Discuss the role of Regional Rural Banks in ensuring the penetration of financial inclusion in the country. Also elaborate the measures taken by government to revamp its operation. (15 marks)

Regional Rural Banks in India were established in the 1960s ~~through~~ to ensure the penetration of banking sector in rural areas - financial inclusion.

Role in financial inclusion

- ① Disbursal of rural credit ~~to farmers~~ facility: - institutionalized option, saves from middlemen and debt traps
- ② Further governmental goal of financial inclusion - boosting the small savings infrastructure of rural folk.
- ③ Acts as shock absorbers: through disbursal of insurance facilities eg PM Fasal Bima Yojana.
- ④ Social security infrastructure contributed through person schemes eg vaya Vandan Yojana.

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⑤ Aids the agricultural sectors - through small packet

disbursals - seeds, fertilizers etc

⑥ Boosts agripreneurship in adheral areas - through credit support and handholding

⑦ Key linkage of government's priority sector lending

target: 75% of total credit

challenges

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For this purpose the government has taken special measures

① Special provisions under RBI Act in matters of regulation

and Payments and Settlements Act to protect from

crisis situations

merging of RRBs

② Policies promoting expansion of RRB services to every villages

③ Bank Capitalization scheme: special incentives to ensure hedging against NPA crisis

④ Differentiated limits of CRR, SLR etc to ensure



maximum credit penetration

⑤ Decentralization of organizational structure to aid principle of subsidiarity with autonomy.

In addition subsequent budgets have introduced greater capital infusions into RRBs to sustain its

potential as benchmark of rural financial inclusion

not address
2nd part
Addresses all parts

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