============ANSWERS===========

Economics & Social Issues

2 Markers

Q.1) (b)

Q.2) (c)

Q.3) (b)

Q.4) (e)
Explanation:

Questions 1 to 4 are based on World Trade Organization. The questions were asked from the topic which is directly mentioned in the syllabus – "International Economic Institutions – IMF and World Bank – WTO – Regional Economic Cooperation". Hence, the questions are justified because the RBI did not go out of syllabus.

Now, talking about the questions –

- Question number 1 was difficult and in-depth. To solve this, you need an in-depth knowledge of the topic.
- Question number 2 was a factual question and again was a difficult one.
- Question number 3 was very easy because when Iweala became the DG of WTO, she was in news for a long time because she is the first woman and first African to lead the organization.
- Question number 4 was moderate because when you are studying any organization, it is expected that you are covering certain basic points about that organizations viz; year of establishment, headquarters, chief, highest decision-making body etc.

All the 4 questions were covered in my ESI Live classes. The chapter "International economic institutions" was discussed in detail by Manish Sir in his live class.
So, for the upcoming exam, you need to keep a check on the syllabus and should not leave a single topic.

Q.5) (e)

Q.6) (c)

Q.7) (d)

Q.8) (a)

Q.9) (d)
Explanation:

Questions from 5 to 9 were purely Current Affairs based Questions. They are based on Mission LiFE. This topic was in news so many times and is very significant initiative of Government of India to assist the world in combating climate change.

So, it definitely forms part of ESI. These types of important initiatives are thoroughly covered in PIB 247 in detail in the form of sessions and PDFs, covering every aspect of topic.

Now, let's talk about the questions –

- Question number 5 was easy because the candidate had to only identify the mission and for that various hints were given in the passage.
- Question 6 was easy for those who were following PIB sessions being conducted by Manish Sir on YouTube. This was discussed a lot of time in PIB classes.
- Question number 7 was also discussed in PIB sessions. There are 7 seven themes of Mission LiFE viz; save water, save energy, reduce waste, reduce e-waste, reduce single-use plastics, adopt sustainable food systems, and adopt healthy lifestyles. Hence, the answer to this question is "Planting trees" which is not one of the seven themes of Mission LiFE.
- Question number 8 was about the three phases of Mission LiFE viz; Change in Demand (Phase 1), Change in Supply (Phase 2) and Change in Policy (Phase 3).
- Question number 9 was on difficult lines. Although the information asked in the question was from a PIB release yet I would say it was a difficult question. The question is justified because the answer to the question is our pyara Bharat i.e. "India"

Q.10) (c)

Q.11) (b)

Q.12) (d)

Q.13) (e)
Explanation:

Question number 10 to question number 13 are based on World Economic Outlook released by IMF. In RBI Grade B Exam, at least two or three questions are asked from the major reports and indices in the ESI paper.

Generally, the examiner asks questions from recent indices and reports which appeared in the news before the exam. In this exam also, the examiner asked questions from a significant report i.e. World Economic Outlook.

Talking about the questions –

- Question number 10 was easy to attempt because the candidate had to only identify the report and for that various hints were given. Here, I would like to draw your attention towards a fact – "Only those candidates could identify the report who studied the report comprehensively". So, I would suggest you to go through the reports in detail as provided by me in Spotlight magazine and in PIB.

- Question number 11 was very difficult and was an in-depth question. Most of the candidates faced difficulty in attempting this question.
- Question number 12 was doable for such candidates who studied the basic facts about the report. The fact asked in the question is a well-known fact and hence, the question is justified.
- In Question number 13, the examiner went out of the track. Instead of asking question from the report, he framed this question from the organization. So, for the upcoming aspirants, before the examiner plays with you, you should be ready to play with him. You need to be prepared for any question that an examiner might throw at you.

Q.14) (e)

Q.15) (b)

Q.16) (d)
Explanation:

Question numbers 14 to 16 were the most difficult questions in 2023 ESI paper. Let me explain why. The passage was given in such a way that it became very difficult for the candidates to identify the special category of tribes mentioned in the passage. The Tribes mentioned in the passage are Particularly Vulnerable Tribal Groups. Now, questions from PVTGs were asked because, in Union Budget 2023-24, the government of India announced PM PVTG Development Mission with an outlay of Rs.15000 Crores. Hence, the questions from this topic were justified.

Now talking about the questions –

- Question number 14 was an analytical question. Students generally learn the facts and do not try to apply those facts. Here, in this question, the examiner expected to apply the facts which the candidates have learnt from the Budget 2023-24
- Question number 15 is not at all justified. There are various states in the country where PVTGs are found. The examiner should not have gone this deep. However, if you want to clear this examination, the examiner has directly challenged you to cover the topics comprehensively. And I know that you can do it and you will do it.
- Question number 16 was easy and doable. The information asked in the question was covered by Manish sir in his budget 2023-24 session.

Q.17) (b)

Q.18) (b)

Q.19) (e)

Q.20) (b)
Explanation:

Question numbers 17 to 20 were doable. The questions were regarding the e-Shram portal which was continuously in the news for 1 year before the exam. Also, the portal was discussed in very much detail in PIB sessions by Manish Sir.
The portal benefits the migrants and hence the questions were justified because this topic is a part of the social issues portion of ESI paper.

Talking about the questions –

- All the questions were directly asked from a PIB release of April month. This tells us the importance of PIB for this exam. "8 Marks from a single PIB release", isn't it huge? Hence, I would again suggest you comprehensively cover the PIB sessions being conducted by Manish Sir.

1 Markers

Q.21) (c)
Explanation:

I hope you know that government schemes form an integral part of RBI Grade B exam, specially for ESI paper. The ESI paper always consists of a significant number of questions from government schemes.
Now, talking about this scheme. The scheme is directly being implemented by RBI and hence, I should not tell its importance. On one hand, it is a scheme and on the other, it is being implemented by RBI.
Questions from this scheme have been asked a lot of time in previous examinations as well and will be asked in future also. The scheme is being covered in my government schemes PDF and PIB sessions by Manish sir. So, you don't have to worry about the coverage of this scheme.

Q.22) (a)
Explanation:

This question was a surprise for the candidates. This scheme was neither in news nor it is a landmark scheme of government of India. But, such surprises are expected in all the competitive exams.
The categories of beneficiaries are –

- Students who have taken admission in 1st year (except Lateral Entry & Integrated Course) are only eligible to apply for PMSS. Students should have scored 60% and above in Minimum Educational Qualification i.e. 10+2 / Diploma / Graduation.
- Students studying in 2nd or subsequent years are not eligible (except for integrated courses - where 1st portion is academic and 2nd portion is integrated as professional course).
- Students who are Dependent Wards / Widows of Ex Servicemen & Ex Coast Guard personnel.
- Wards of Civilians including Para Military Personnel are NOT ELIGIBLE.

Q.23) (e)
Explanation:

This question is also based on a government scheme. This was asked because this scheme was in news few months before the exam.
Statements 2 and 3 are correct. However, statement 1 is incorrect because incentives are given subject to a ceiling of Rs.15,000 per month.

Q.24) (c)
Explanation:

This question was completely justified in the exam. It is based on Stand-Up India scheme, which is one of the landmark schemes of the government of India. All such schemes were discussed in very much detail in government schemes revision sessions conducted by Manish sir just before the exam.

Under the scheme, government of India provides bank loans ranging from Rs.10 lakhs to Rs.1 crore to at least one SC or ST borrower and at least one-woman borrower per branch for setting up of a greenfield enterprise.

From the above description, it is very clear that Mohan is not eligible under the scheme.

Q.25) (c)
Explanation:

This was a deep question, however, a doable one. I am calling it doable because Manish Sir covered this scheme in the required detail in his revision session conducted just before the exam.

The question was based on Swadhar Greh which is now called as 'Shakti Sadan'.

Following are the features of Swadhar Greh –

- Unmarried girls of any age and boys up to the age of 12 years would be allowed to stay in Shakti Sadan with their mothers
- A woman can stay up to a maximum period of 3 years. Staying beyond 3 years can be granted on need basis by the concerned District Magistrate
- The older women above 55 years of age can be accommodated for maximum period of 5 years after which they will have to be shifted to old age homes or other similar institutions.
- Shakti Sadan also provides Anti Human Trafficking Units for repatriation of victims of trafficking and of commercial sexual exploitation.
- There is a provision for Home for widows also to provide the widows a safe and secure place of stay, health services, nutritious food, legal and counselling services.

Considering above mentioned features, only statement 3 is true.

Q.26) (b)
Explanation:

The scheme mentioned in the passage is Sukanya Samriddhi Yojana. The scheme was launched in 2015 to ensure a bright future for the girl child by facilitating their education and marriage expenses. It is being implemented by ministry of finance.
Statement 3 is incorrect because validity of the account is 21 years.

Q.27) (c)
Explanation:

The scheme mentioned in the passage is Pradhan Mantri Kisan Samman Nidhi. Under this scheme, eligible farmers receive direct income support of Rs. 6,000 per year in three equal installments of Rs. 2,000 each. It is being implemented by the Ministry of Agriculture & Farmers Welfare.

This was simple doable question. I am calling it doable because Manish Sir had covered this scheme more than 100 times in every dimension during regular session and even in revision session conducted just before the exam.

Q.28) (e)
Explanation:

The X initiative mentioned in the above passage is Digi Yatra. It was initially launched at three airports, New Delhi, Bengaluru, and Varanasi, followed by Vijayawada, Kolkata, Hyderabad, and Pune in April 2023. This was a simple and doable question.

Q.29) (b)
Explanation:

Tribal Affairs Ministry in coordination with National Education Society for Tribal Students (NESTS), an autonomous organization to manage and implement the scheme of EMRS. The approved capital cost for construction of EMRS is Rs.37.80 crores for plain areas which can go upto Rs. 48.00 crores in case of Northeast, Hilly and LWE affected areas.

This was little bit tricky question, because this scheme was in news in multiple times, including Union Budget 2023-24. But the examiner in this question didn't focus on basic aspect of the scheme, but went in-depth, asking cost of construction of EMRS.

This is the level of depth you must study while covering any important welfare scheme.
But you don't have to worry because, Manish Sir had covered this scheme in depth during regular PIB 247 session and again during revision session conducted just before the exam.

Q.30) (d)
Explanation:

PM Jan Arogya Yojana is the world's largest health insurance scheme fully financed by the Government of India. It provides insurance cover of Rs.5 lakh for secondary and tertiary health care in empanelled public and private hospitals. It covers 3 days pre hospitalisation and 15 days post hospitalisation expenses are covered.

It should be noted that there is no restriction on the family size, age or gender to avail benefits of this scheme. So, all above three above statements are incorrect. Moreover, all pre – existing diseases are covered under this scheme.

This was easy, doable question because Manish Sir covered this scheme in the required detail in his revision session conducted just before the exam.

ESI - Descriptive

Q.1)
In the light of RBI's report on currency and finance FY 2022-23, explain

- **Macroeconomic effect of climate change**
- **3 landmark global collaborations on climate change**

Solution

Macroeconomic effect of climate change

The Reserve Bank of India's (RBI) report on currency and finance for the fiscal year 2022-23 sheds light on a critical issue that has been gaining increasing attention in recent years: the macroeconomic effects of climate change. Climate change, driven primarily by human activities such as burning fossil fuels, deforestation, and industrial processes, has far-reaching consequences that extend beyond environmental degradation to the core of economic stability and growth.

One of the most immediate and profound macroeconomic impacts of climate change is its effect on physical infrastructure and assets. Rising sea levels, extreme weather events, and changing precipitation patterns can lead to increased risks of flooding, storms, and other natural disasters. These events can disrupt supply chains, damage infrastructure, and result in substantial economic losses. The rebuilding and recovery processes following such events strain government resources, diverting funds away from essential services and development projects.

Furthermore, climate change can cause shifts in productivity and income distribution across sectors. Industries heavily dependent on natural resources, such as agriculture and fisheries, are particularly vulnerable. Changing temperatures and precipitation patterns can alter crop yields, disrupt food production, and increase the prevalence of pests and diseases. This can result in decreased agricultural output, food scarcity, and rising prices, affecting both national economies and global trade dynamics.

Energy systems are another area deeply impacted by climate change. Transitioning to renewable energy sources is not only an environmental imperative but also a critical economic decision. Fossil fuel dependence exposes economies to price volatility and supply disruptions, while investing in renewable energy can foster job creation, technological innovation, and energy security.

Moreover, the financial sector itself faces significant risks due to climate change. The RBI's report highlights the potential for "stranded assets" – investments in industries that become obsolete due to shifts towards cleaner technologies and policies aimed at reducing greenhouse gas emissions. This scenario could lead to significant losses for investors, lenders, and insurers, with ripple effects across the broader economy.

In response to these challenges, central banks and financial institutions are increasingly recognizing the need to incorporate climate risks into their policies and practices. This involves not only assessing the physical risks posed by climate events but also the transition risks associated with shifts in technology, regulations, and consumer preferences. It is crucial to ensure the stability of financial systems in the face of changing climate dynamics.

Landmark Global Collaborations on Climate Change:

Paris Agreement: Undoubtedly one of the most significant international collaborations on climate change, the Paris Agreement was adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). The agreement's central aim is to limit global warming to well below 2 degrees Celsius above pre-industrial levels, with efforts to limit the increase to 1.5 degrees Celsius. Participating countries commit to reducing their greenhouse gas emissions, enhancing resilience, and providing financial assistance to vulnerable nations. The Paris Agreement has garnered widespread support, with nearly every country in the world as a signatory.

Intergovernmental Panel on Climate Change (IPCC): The IPCC is a scientific body established by the United Nations to assess the scientific knowledge on climate change, its impacts, and potential adaptation and mitigation strategies. The panel's reports, which are based on contributions from thousands of scientists worldwide, provide a comprehensive understanding of the state of the climate, its causes, and projected impacts. The IPCC's work has played a pivotal role in shaping global policies and agreements related to climate change, providing policymakers with the information they need to make informed decisions.

Environmental conservation engaged the attention of the UN for the first time in the first Earth Summit held in Stockholm in 1972, which led to the creation of the UN Environment Programme (UNEP), the first landmark in global cooperation and consensus on climate change. The United Nations Environment Programme (UNEP) is responsible for coordinating responses to environmental issues within the United Nations system In 1972, environmental governance was not seen as an international priority, particularly for the Global South. Developing nations supported the creation of the UNEP, not because they supported environmental governance, but because of its headquarters' location in Nairobi, Kenya, as the UNEP would be the first UN agency to be based in a developing country.

In conclusion, the RBI's report on currency and finance for the fiscal year 2022-23 underscores the urgency of addressing the macroeconomic effects of climate change. From physical infrastructure damage to shifts in productivity and financial sector risks, climate change presents multifaceted challenges that require comprehensive and coordinated efforts. Simultaneously, landmark global collaborations such as the Paris Agreement, the IPCC, and initiatives like Mission Innovation and the Breakthrough Energy Coalition illustrate the international community's recognition of the need for collective action to combat climate change. As the world continues to grapple with these issues, it becomes increasingly clear that addressing climate change is not solely an environmental imperative but an economic imperative as well.

Q.2)
World bank has released its World Development Report 2023: Migrants, Refugees and Societies. Discuss key recommendations for the countries given in the report.

Solution

The World Bank has recently published the World Development Report 2023: Migrants, Refugees and Societies. The report is an annual report published since 1978. This Report provides a comprehensive analysis of international migration and its potential to serve as a force for growth and shared prosperity in all countries.

Key highlights of the report

- An Increase in Income: Under-skilled Indian citizens migrating to the US noticed a hike in their income of nearly 500%, followed by the UAE by almost 300%.
    - Those migrating to the Gulf Cooperation Council (GCC) nations other than UAE stand to gain less.
- Overview of Global Migration and Refugees: There are currently 184 million migrants globally, which is 2.3% of the population, including 37 million refugees. There are four types of migrants:
    - Economic migrants with strong skill match (e.g., Indian IT professionals in the US or construction workers in GCC nations)
    - Refugees with skills in demand at the destination (e.g., Syrian entrepreneurs in Turkey)
    - Distressed migrants (e.g., Some poorly skilled migrants at the US southern border)
    - Refugees (e.g., Rohingya in Bangladesh)
- Top Migration Corridors: India-US, India-GCC and Bangladesh-India have been identified to be among the top migration corridors globally along with Mexico-US, China-US, Philippines-US and Kazakhstan-Russia.
- Increase in Remittances: The remittances have increased to some of the countries with a large migrant population, including India, Mexico, China and the Philippines.
    - India received the highest ever foreign inward remittances of USD 89,127 million in FY 2021-22.
- A Decline in Working-Age Adults: The share of working-age adults will drop sharply in many countries over the next few decades.

Recommendations in the Report
This Report presents a Match and Motive framework to guide policy making based on how well migrants' skills and related attributes match the needs of destination countries and on the motive for their movement.

The match determines the extent to which migrants, countries of origin, and countries of destination gain from migration. The motive may create international law obligations for the destination country: people who move because of a "well-founded fear" of harm or persecution at home

The match and motive framework enables policy makers to respond appropriately, and the Report identifies the policies needed –

- When the match of migrants is strong, the gains are large for themselves and for countries of origin and destination. This is the case for the vast majority of migrants, whether high- or low-skilled, regular or irregular. The policy objective should be to maximize gains for all
- For refugees, when the match is weak, the costs need to be shared—and reduced— multilaterally. Refugee situations can last for years. The policy objective should be to lower the hosting costs while maintaining adequate standards of international protection.
- When the match is weak and people are not refugees, difficult policy challenges arise, especially when migrants are in irregular and distressed circumstances. It is the prerogative of destination countries to regulate entry of these migrants, but deportation and refusal of entry can lead to inhumane treatment.
- Origin countries should actively manage migration for development. They should make labor migration an explicit part of their development strategy. They should lower remittance costs, facilitate knowledge transfers from their diaspora, build skills in high

demand globally etc.

- Destination countries can also manage migration more strategically. They should use “strong match” migration to meet their labour needs, facilitating migrants’ inclusion while addressing social impacts that raise concerns among their citizens.

- International cooperation is essential to turn migration into a strong force for development. Bilateral cooperation can strengthen migrants’ match with destination countries’ needs. Multilateral efforts are needed to share the costs of refugee-hosting and to address distressed migration.

The World Development Report 2023’s recommendations underscore the global significance of addressing migrant and refugee challenges with inclusive policies, labor market integration, social cohesion, data-driven decision-making, and regional collaboration. Implementing these insights can foster harmonious societies, recognize human rights, and unleash the potential of diverse populations for shared prosperity.

Q.3)
UNDP’s new strategy for Gender Equality was mentioned in UNDP’s report. Taking reference of this report, how can we introduce gender sensitization in the fabric of Indian economy.

Solution

The United Nations Development Programme’s (UNDP) Gender Equality Strategy 2022-2025 has been created during turbulent times. Multiple crises and risks are threatening the world and we are witnessing an alarming backlash against women’s rights and gender equality. Since the COVID-19 pandemic hit, women have been nearly twice as likely to lose their jobs compared to men. Yet less than 20 percent of policy measures implemented by countries across the world have addressed women’s economic insecurity. Gender inequality also takes a toll on men and other affected groups. For men, rigid gender norms can fuel risky behaviours resulting in violence, poor health, and lower life expectancy.

At a time when progress towards achieving gender equality is often stalling or even reversing, this ambitious new Gender Equality Strategy will guide UNDP in its efforts to assist countries to move beyond piecemeal efforts towards portfolio approaches that shift power structures and the economic, social, and political systems that perpetuate discrimination.

The strategy is grounded in UNDP’s commitment to eradicating poverty, reducing inequalities and exclusion, and supporting the empowerment of all women. It describes how UNDP, together with our partners, will pursue gender equality -- helping to make a difference to millions of people across the globe through the six Signature Solutions (out of which the sixth solution is Gender Equality)and three ‘enablers’: innovation, digital transformation, and financing for the Sustainable Development Goals (SDGs).

<u>India and the Report</u>

The UNDP report highlights need of accelerating the achievement of gender equality. The 1995 Beijing Declaration and Platform for Action remains the global blueprint for achieving gender equality and women’s empowerment. In India, gender discrimination has been a major hindrance in the overall growth of the nation. The root cause of gender discrimination is the patriarchal mind set prevalent in the Indian society. Government of India is implementing various programs/schemes and legislations to address various forms of gender discrimination –

- As per the 5th report of National Family Health Survey the sex ratio of total population (females per 1000 males) is 1020 for the country as a whole

- Beti Bachao Beti Padhao Scheme is being implemented with the objectives to prevent gender biased sex selective elimination, to ensure survival and development of the girl child and to ensure education and participation of the girl child.

- Swadhar Greh Scheme to provide relief and rehabilitation to destitute women and women in distress,

- Ujjawala a Comprehensive Scheme for prevention of trafficking and rescue, rehabilitation and re-integration of victims of trafficking and commercial sexual exploitation,

- Rashtriya Mahila Kosh to provide loan to poor women through Intermediary Microfinancing Organisations, Non-Governmental Organisations to promote their socio-economic development,

- Working Women Hostels for ensuring safe accommodation for women working away from their place of residence.

- The National Council of Educational Research and Training has developed syllabus and textbooks across the subjects to promote gender sensitization in the school curriculum.

- The Government of India has already enacted a number of legislations to prevent exploitation/ harassment of women and to address the issues of discrimination and gender disparity. For ex –
    - The Protection of Women from Domestic Violence Act, 2005
    - The Dowry Prohibition Act, 1961
    - The Indecent Representation of Women (Prohibition) Act, 1986
    - The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013
    - The Prohibition of Child Marriage Act, 2006

Harnessing insights from the UNDP's report and its groundbreaking Gender Equality Strategy, India can infuse gender sensitization into its economic fabric. Integrating inclusive policies, empowering women economically, and dismantling patriarchal norms will be pivotal. This approach will not only drive equitable growth but also foster a society where gender equality thrives.

10 Markers

Q.1)
Explain any 3 schemes of the government of India working towards employment generation and poverty alleviation.

Solution

Since independence, the Government of India has instituted several transformative schemes aimed at both employment generation and poverty alleviation. Right from the beginning of the five-year plans, removal of poverty and employment had been the top priorities of the government. One of the major objectives of the fifth five-year plan to eradicate poverty and attain self-reliance. For this goal, the government came up with the slogan of "Garibi Hatao".

Since the birth of India as a nation, various schemes and programmes have been implemented to tackle the menace of poverty and unemployment. Some of the important schemes are –

Deen Dayal Antyodaya Yojana – National Rural Livelihood Mission

- Objective – To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities.

- Launch year - 2011 as Aajeevika – NRLM but renamed as DAY – NRLM in 2015

- The Mission seeks to reach out to around 10 Crore rural poor households in a phased manner by 2022-23 and impact their livelihoods significantly

- Other features –
    - Universal social mobilization – At least one-woman member from a household shall be a part of an SHG
    - Participatory Identification of Poor - All households identified as poor through PIP are the beneficiaries
    - Financial inclusion - Coordination with financial sector to provide coverage of banks to the poor
    - Livelihood opportunities – The government through this scheme provides employment opportunities to the beneficiaries.

PM DAKSH Scheme

- Objective - To increase the skill levels of the target youth by providing them short term and long -term skills, followed by assistance in wage/self-employment

- Launch year – 2021

- Ministry – Ministry of social justice and empowerment

- Components –
  - Upskilling/Reskilling - The training for rural artisans, domestic workers, sanitation workers etc. on the vocation of practice, such as pottery, weaving, carpentry, waste segregation, domestic workers, etc. along with financial and digital literacy
  - Short-term trainings - Various job roles as per NSQF/ National Occupational Standard (NOS), issued by MSDE
  - Entrepreneurship Development - SC and OBC youth who have preferably undergone skill training under the PMKVY and are having an entrepreneurial bent of mind
  - Long term Trainings - Long Term Training in sectors having good demand in job market for wage-placement of trained candidates

MGNREGA

- Objective – This scheme was launched by ministry of rural development To enhance livelihood in rural areas by providing 100 days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage, thereby eliminating poverty

- Features –
  - Adult members of a rural household may apply for registration in writing or orally to the local Gram Panchayat.
  - Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance will be provided.
  - Work should ordinarily be provided within 5 km radius of the village, if not 10% of the wage rate is provided.
  - At least one-third beneficiaries shall be women
  - At least 50% of works will be allotted to Gram Panchayats for execution
  - The Central Government bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi-skilled workers
  - Social Audit has to be done by the Gram Sabha

In a nation as diverse as India, the confluence of employment generation and poverty alleviation is crucial. The government's strategic implementation of schemes demonstrates a steadfast dedication to improving the lives of its citizens. By fostering sustainable employment opportunities and addressing poverty, these schemes collectively contribute to a more prosperous and equitable India.

Q.2)
What are the Direct and indirect monetary policy measures and briefly explain at least 8 of them.

Solution

The Reserve Bank of India (RBI) employs a mix of direct and indirect monetary policy measures to manage the money supply, credit availability, and interest rates in the Indian economy. Here's a brief explanation of eight of these measures:

Direct Monetary Policy Measures:

1. **Open Market Operations (OMOs):** The RBI conducts OMOs by buying or selling government securities in the open market. Purchasing securities injects money into the banking system, increasing liquidity, and lowering short-term interest rates. Selling securities has the opposite effect.
2. **Cash Reserve Ratio (CRR):** The CRR is the portion of deposits that banks are required to hold as reserves with the RBI. By adjusting the CRR, the RBI directly affects the amount of funds banks have available for lending. An increase in CRR reduces lendable funds, while a decrease increases them.
3. **Statutory Liquidity Ratio (SLR):** The SLR mandates the proportion of a bank's total deposits that must be maintained in the form of liquid assets, such as government securities. Changes in SLR impact the availability of funds for lending and influence the money supply.
4. **Bank Rate Policy:** The bank rate is the rate at which commercial banks can borrow funds from the RBI. Changes in the bank rate influence the cost of borrowing for banks and indirectly impact lending rates across the economy.

Indirect Monetary Policy Measures:

1. **Repo Rate and Reverse Repo Rate:** The repo rate is the rate at which the RBI lends short-term funds to commercial banks. A decrease in the repo rate encourages banks to borrow more from the RBI, increasing liquidity in the system. The reverse repo rate is the rate at which banks can lend excess funds to the RBI, and changes in it affect liquidity and interest rates.

2. **Liquidity Adjustment Facility (LAF):** The LAF comprises the repo and reverse repo rates. By conducting daily repo auctions and reverse repo operations, the RBI manages short-term liquidity in the banking system, influencing overall money market rates.

3. **Marginal Standing Facility (MSF):** The MSF is a facility that allows banks to borrow funds overnight from the RBI against government securities. The MSF rate is higher than the repo rate, acting as a ceiling for short-term interest rates and providing a source of emergency funding for banks.

4. **Open Market Operations (OMOs) for Liquidity Management**: In addition to OMOs for interest rate management, the RBI conducts OMOs to manage durable liquidity in the system. These operations aim to align the liquidity conditions with the desired policy stance.

5. **Moral Suasion:** The RBI employs moral suasion by using its influence and persuasion to guide banks' lending and investment behavior in line with its policy objectives. Although not a formal tool, it plays a role in shaping banks' decisions.

6. **Term Repo Operations:** The RBI conducts term repo operations to provide liquidity to banks for longer durations, usually up to one year. This allows banks to manage their liquidity needs more effectively.

7. **Policy Communication:** The RBI's communication strategy, including policy statements, press releases, and speeches by its officials, plays a crucial role in guiding market expectations and influencing behavior. Clear communication helps stakeholders anticipate the central bank's actions.

The RBI uses a combination of these direct and indirect measures to achieve its monetary policy goals, which include maintaining price stability, promoting economic growth, and ensuring financial stability. The choice of which measures to implement depends on the prevailing economic conditions and the RBI's assessment of the most effective tools to achieve its objectives while considering the broader economic context.

Q.3)
What are the various challenges faced by start-ups in tier 2 and tier 3 cities?

Solution

Start-ups in tier 2 and tier 3 cities of India encounter a unique set of challenges that require attention and strategic solutions. These challenges often differ from those faced by start-ups in metropolitan areas, reflecting the specific socio-economic and infrastructural conditions prevalent in these regions.

Limited Infrastructure: Inadequate physical and digital infrastructure can impede the growth of start-ups. Limited access to high-speed internet and reliable power supply hinders their operations.

Skilled Workforce Shortage: Finding and retaining skilled talent is a challenge due to the allure of urban opportunities. Limited availability of specialized skills in fields like technology and marketing can restrict growth.

Investment and Funding Constraints: Investors tend to focus more on metro-based start-ups, making it challenging for tier 2 and 3 start-ups to attract funding. Lack of awareness among local investors about the potential of these start-ups further exacerbates the funding issue.

Market Awareness and Reach: Limited exposure to global markets and consumer bases restricts their market reach. Building brand visibility beyond local boundaries is a struggle, impacting growth prospects.

Regulatory Hurdles: Negotiating local regulatory processes and licenses can be complex and time-consuming. Ambiguities in policies and lack of streamlined processes can discourage potential entrepreneurs.

Mentorship and Networking Deficit: Absence of a vibrant start-up ecosystem limits access to mentorship and networking opportunities. Lack of interaction with experienced entrepreneurs affects learning and scaling up.

Risk Aversion and Social Norms: Societal preference for traditional career paths and risk aversion can dissuade potential entrepreneurs. Failure stigma can prevent the experimentation and innovation vital for start-up success.

Marketing and Branding Challenges: Tier 2 and 3 cities may lack platforms for effective marketing and branding. Creating awareness about innovative products and services can be arduous without suitable avenues.

Access to Incubators and Accelerators: Limited availability of quality incubators and accelerators impedes start-up growth. These resources play a vital role in providing guidance, mentorship, and a structured growth path.

Government of India has taken various steps in addressing these challenges –

- **Start-up India seed fund scheme** under which government provides financial assistance to start-ups for proof of concepts, prototype development, product trials, market entry and commercialization.

- **Expansion of Digital India Program** – Very recently the government has expanded its flagship digital India program under which 1200 start-ups will be supported in tier 2 and tier 3 cities.

- **Credit Guarantee Scheme for Start-ups** – The Government has established the Credit Guarantee Scheme for Startups for providing credit guarantees to loans extended to DPIIT recognized startups

- **Ease of Procurement** – To enable ease of procurement, Central Ministries/ Departments are directed to relax conditions of prior turnover and prior experience in public procurement for all DPIIT recognised startups subject to meeting quality and technical specifications.

- **Income Tax exemption for 3 years** - Startups incorporated on or after 1st April 2016 can apply for income tax exemption. The recognized startups that are granted an Inter-Ministerial Board Certificate are exempted from income-tax for a period of 3 consecutive years out of 10 years since incorporation.

In conclusion, start-ups in tier 2 and tier 3 cities of India face a range of challenges that necessitate targeted interventions. By addressing these challenges, the government and relevant stakeholders can create an environment conducive to the growth and success of start-ups in non-metro regions, thereby contributing to inclusive economic development.