

Disclaimer

The below answers have been reproduced purely from my memory of what I wrote. They may not be accurate. All discussions are welcome :-)

All answers were written more or less in the same sub-heading wise and point wise format. But the exact content may not be the same and I may be putting some additional points here or missing out some points written in the exam due to the gap between writing this and writing the exam.

60 marks worth was left/wrong/very poorly attempted.

I have not been able to garner enough will power to put solutions to last few questions here. Will try to do so in due course.

Instructions: Answer each question in not more than the word limit specified. Content of the answer is more important than its length.

Q 1. With a consideration towards the strategy of inclusive growth, the new Companies Bill, 2013 has indirectly made CSR a mandatory obligation. Discuss the challenges expected in its implementation in right earnest. Also discuss other provisions in the Bill and their implications. (200 words) (10 marks)

Ans.

The Companies Bill, 2013 replaces the over half a century old Companies Act.

- Its CSR provision makes it mandatory for companies above a threshold to spend 2% of their average annual profits of last 3 years on CSR activities or else provide explanation. The company has to create a CSR policy and its implementation has to be seen by an independent director.

Challenges in implementation of CSR provision

The allowed CSR activities will be prescribed in the rules. Many companies like Tata, Wipro have their own CSR programmes. What happens if their activities are not covered under the rules?

It may lead to armtwisting of companies by the local politicians.

Companies may simply donate to government funds like prime minister relief fund to avoid compliance costs.

There is no penalty for non-compliance.

Other Provisions

Minority shareholders

Electronic voting provision.

Class action suits provision.

Related party transactions approval provision.

Impact: will protect minority shareholders.

Minimum 1/3rd independent directors. They can have maximum 2 terms of 5 years each.

Impact: will improve corporate governance and prevent compromising of directors.

Audit and accounting related provisions

Auditors have to be changed periodically.

Auditors have to act as whistleblowers.

NFRA established to prescribe accounting standards and oversee conduct of auditors.

Impact: will improve disclosures and corporate governance.

Small companies

1 person companies allowed.

Small companies have smaller compliance requirements.

Impact: will encourage small companies.

Briefly wrote one sentence on each provision.

Q 2. What were the reasons for the introduction of Fiscal Responsibility and Budget Management (FRBM) Act, 2003? Discuss critically its salient features and their effectiveness. (200 words) (10 marks)

Ans.

Reasons for introduction of FRBMA

High fiscal deficit of centre and states: central deficit was over 6% and state + central combined over 8%.

This high fiscal deficit was unsustainable and could have led to Eurozone like sovereign crisis in India.

Public savings were running negative (-1.7% of GDP).

Revenue deficit was high. So to keep our public finances sustainable, FRBMA was enacted.

Salient features and effectiveness

Fiscal deficit to be kept below 3% before 2007-08.

Effectiveness: It was achieved in 2007-08. But due to global financial crisis, it shot up over 6% in subsequent years and remained above 3%. The deadline has since been repeatedly extended and now it is 2015.

Revenue deficit to be eliminated. In 2012, the target was changed to effective revenue deficit to be eliminated by 2015.

Effectiveness: It was achieved but since then has been breached.

Off balance sheet guarantees of the government for PPP projects to be limited to 0.5% of GDP.

RBI to not to participate in primary government securities auction. Government borrowing from RBI only to happen via Ways and Means Advance and not adhoc t-bills.

Effectiveness: Totally effective.

Even state governments were given incentives by Finance Commissions to enact their FRBMAs and they have complied. Their fiscal deficit is < 3% now.

But the law requires only a simple majority to be amended and any government in power would have that. Its numerous amendments and deadline postponements have shown that it lacks efficacy.

There are also no penalties for violation of law.

Government has merely shifted fiscal deficit off the balance sheet by issuing oil bonds. Similarly power discom liabilities too don't come under fiscal deficit.

Q 3. What is the meaning of the term 'tax expenditure'? Taking housing sector as an example, discuss how it influences the budgetary policies of the government. (200 words) (10 marks)

Ans.

No idea. Didn't attempt.

Q 4. Food Security Bill is expected to eliminate hunger and malnutrition in India. Critically discuss various apprehensions in its effective implementation along with the concerns it has generated in WTO. (200 words) (10 marks)

Ans.

FSB makes it a statutory right of 67% of population (75% in villages, 50% in urban areas) to get 5 kg of cereals at highly subsidised prices. However, it has given rise to many concerns.

Concerns in WTO: talked about Amber box subsidies, how they have to be limited to 10% by developing countries. AMS is calculated based on prices in the base year (1986) and on entire eligible output. India risks breaching that due to FSB commitments. So India should press for (a) food security and small and marginal farmers exemption. (b) updation of reference prices to present prices to account for food inflation. (c) peace clause (art 13 of AoA) for a long tenure or until a permanent solution is found. On the other hand, developed countries are only willing to give a peace clause for 4 years.

Food subsidy costs: Mentioned many estimates put astronomical numbers to the costs. But they include many other large costs such as money to be spent on development of agriculture (eg. Gulati) which would have been spent irrespective of FSB. The government says costs of FSB will be Rs. 125,000 crores as against present subsidies of Rs. 109,000 crores.

Will increase PDS leakages: Some argue that to push more money through already leaking PDS is a wastage. But empirical data doesn't support it. Experiences in states such as Chattisgarh, Odisha, TN and even Bihar since 2009-10 suggests more coverage of PDS results in better delivery and less leakages (Khera). The FSB also contains provisions for many PDS reforms.

Will cause inflation: People will spend money saved on food on other things which may lead to inflation. There is substance to this, but this increased demand can give a positive stimulus to the sluggish economy.

Increased procurement needs will lead to grain imports / Nationalization of grain trade: Critics argue that more food procurement requirements will lead to imports. But FSB's procurement needs are around 65-70 million tonnes and government has been procuring more than this for the past few years

already. Total foodgrain production in India is over 250 million tonnes. As seen above, government procurement will still be limited to only a fraction of foodgrain production.

Will hurt farmers: Critics also argue that with everybody buying grains at so cheap costs, farmers will not get remunerative prices. But this is wrong. To meet FSB requirements, government will have to increase MSP which will benefit farmers.

Q 5. What are the different types of agriculture subsidies given to farmers at the national and at state levels? Critically analyse the agriculture subsidy regime with reference to the distortions created by it. (200 words) (10 marks)

Ans.

Subsidies in agriculture came after the Green Revolution, both at centre and state levels.

Subsidies at central level

Fertilizers

The urea is covered under retention price scheme while other nutrients (P & K) are under nutrient based subsidy regime.

Distortions created: soil fertility imbalance, ecological imbalances like eutrophication. Recent spikes in P & K prices have worsened it.

But needed to sustain HYV seeds and support marginal and small farmers who are heavy users of fertilizers.

Minimum Support Prices

But it is effective only for wheat and rice and that too in Punjab, Haryana and West UP.

This creates distortions that crops not suited to the climate of a place are cultivated. eg. water guzzling rice in arid areas in Punjab and Haryana.

MSP can be used to promote ecological friendly farming and cropping patterns. So it must be made effective for all regions and all crops.

They are also highly needed given poor state of our small and marginal farmers.

Credit / Interest Subvention Schemes / Debt waivers:

Diesel

Distortion created is ground water depletion.

Insurance:

Subsidies at state level

Electricity: Distortion created is ground water depletion and poor supply of electricity in villages.

Irrigation water: Distortion created is (a) Irrigation systems don't even recover O&M costs. This leads to poor water supply and management. (b) farmers at canal heads use more water and cultivate water guzzling crops. (c) Ground water depletion. So water must be brought under public trust doctrine and O&M costs recovered, WUAs should be encouraged.

Wrote one sentence each describing each subsidy.

Q 6. India needs to strengthen measures to promote the pink revolution in food industry for ensuring better nutrition and health. Critically elucidate the statement. (200 words) (10 marks)

Ans.

Didn't know what pink revolution is. Didn't attempt. Heard later some saying its meat, and some others saying its shrimps and onions. Don't know the truth.

Q 7. Examine the impact of liberalization on companies owned by Indians. Are they competing with the MNCs satisfactorily? (200 words) (10 marks)

Ans.

First gave theoretical arguments like:

Positive impact of liberalization on Indian owned companies

Technology transfer.

Outsourcing.

Ancillary development and boost to MSMEs.

Negative impact of liberalization on Indian owned companies

More competition.

Better logistics, whole supply chain tends to become more efficient.

How Indian companies are faring

Wrote points. In each point, took some sectors and said Indian companies have outperformed MNCs (eg. telecom, insurance, banking) or Indian companies competing well (eg. automobiles) or Indian companies performing poorly (eg. food processing / beverages).

Q 8. Establish relationship between land reforms, agriculture productivity and elimination of poverty in the Indian economy. Discuss the difficulties in designing and implementation of agriculture friendly land reforms in India. (200 words) (10 marks)

Ans.

Land reforms are of 4 types:

Zamindari / Intermediary abolition.

Land ceiling.

Tenancy regulation.

Land consolidation.

(Wrote a line each on what these are).

Impact

Reduced absentee ownership.

Reduced inequalities in village.

Checked the feudal system.

Kept greed of large landlords in check.

Reduced rent seeking.

Small farms have higher productivity.

But due to poor implementation, not all potential benefits have been realized. Tenancy went underground.

Besley and Burgess (2000) in their seminal work have established following relationships between land reforms,

Land Reform	Impact on Poverty	Impact on Productivity
Zamindari abolition	Reduced	No impact
Land ceiling	No impact	No impact
Tenancy regulation	Reduced	Negative impact
Land consolidation	No impact	Positive impact

Difficulties in design and implementation

Lack of political and administrative will.

Laws were kept pending for decades and were full of loopholes.

Ceilings defined were kept very high by states.

Tenancy went underground and no protection could be made available for such tenants.

Legislatures and administration full of land owning powerful elements.

Absence of land ownership records led to multiple litigations which have been pending for decades.

Q 9.a Discuss the impact of FDI entry into multi trade retail sector on supply chain management in commodity trade pattern of the economy. (100 words) (5 marks)

Ans.

Note: I misinterpreted the question and wrote about impact of FDI retail on India's international trade. My answer is wrong

In the short term, India's import of consumer goods will increase. Because these MNCs have global procurement contracts.

But our own firms will also supply to these MNCs and will grow. This will increase our imports of raw materials and capital goods.

But with time, our firms would begin to supply overseas to these MNCs and others. So our manufacturing and consumer goods exports will grow with time.

Q 9.b Though India allowed FDI in what is called multi-brand retail through the joint venture route in September 2012, the FDI, even after a year, has not picked up. Discuss the reasons. (100 words) (5 marks)

Ans.

Sector and policy specific factors: Lack of clarity on some definitions, stringent conditions.

eg. 30% procurement from MSMEs. These MNCs cultivate their relationships with suppliers and help them grow. What happens if with time these MSMEs grow beyond MSME definition.

eg. FDI not allowed in cities with < 1 million population.

eg. Minimum 50% investment in backend logistics. But this requirement is only over total investment, or on each investment tranche?

Govt. has relaxed and clarified some of these conditions lately.

Global slowdown.

Policy uncertainty, retrospective taxation.

General investment turndown in economy.

Land acquisition, multiple clearances issues both at central and state level.

Q 10. Discuss the rationale for introducing GST in India. Bring out critically the reasons for the delay in roll out for its regime. (200 words) (10 marks)

Ans.

Gave a one sentence intro on GST.

Rationale

Currently there are multiple taxes and restrictions on trade within the country. It should be surprising that EU has lesser trade restrictions across the nations than we have across the states.

Improve tax compliance and reduce tax avoidance.

Reduce corruption and black money.

Will encourage economic efficiency, trade and commerce and further GDP growth.

To remove cascading effect of many taxes.

Reasons for delay

States' compensation: States are asking for Rs. 50,000 crore to be built in the constitutional amendment itself. Centre has only provided Rs. 9000 crore in current budget.

Inter State GST: Specially problematic for goods/services where the provider is not required to be present in consuming states. eg. broadcasting where viewers can be in Bihar while broadcaster may be in Delhi. How to collect GST in such cases.

Exemption list: States want to exclude petroleum, alcohol, gas from GST and build in this exemption in constitution itself. Centre wants to include it in GST with flexibility to impose additional taxes.

Rate structure: States want flexibility to change rates or at least a narrow band where they can charge multiple rates, while centre wants a single rate only.

Powers of GST Council: States want it to be a recommendatory body only and judiciary to resolve any disputes. Centre wants it to be a decisive body and a special dispute resolution mechanism to decide on disputes.

Revenue neutral rate: Even if an overall revenue neutral rate is arrived at, it won't be revenue neutral for many states since different states have different present tax capacities.

Note: I now realize, I completely missed out on "critically analyze" part. 5 more marks gone.

Q 11. Write a note on India's green energy corridor to alleviate the problem of conventional energy. (200 words) (10 marks)

Ans.

I wrote some BS about solar, wind, biomass etc. etc. But all that is wrong, this project involves synchronization of renewable energy with national grid.

Q 12. Adoption of PPP model for infrastructure development of the country has not been free of criticism. Critically discuss pros and cons of the model. (200 words) (10 marks)

Ans.

This is a very standard question. Wrote very standard answer giving positives and negatives.

Q 13. Bringing out the circumstances in 2005 which forced amendment to section 3(d) in Indian Patent Law, 1970, discuss how it has been utilized by the Supreme Court in its judgement in rejecting Novartis' patent application for Glivec. Discuss briefly the pros and cons of the decision. (200 words) (10 marks)

Ans.

Note: I didn't know circumstances specific to the amendment to 3(d), but knew the circumstances leading to amendment of patent law itself.

Section 3(d) of the Patent law allows for patents in drugs only if the molecule displays a novel and significant improvement in efficiency. A patent cannot be given for minor / frivolous changes. The Supreme Court interpreted 'efficiency' to mean therapeutic efficiency and not just bio availability. This is needed to prevent frivolous patenting or patent evergreening where drug makers renew their patents on drugs by making frivolous incremental changes.

Circumstances leading to amendment

India became a member of WTO and signed TRIPS. This required it to amend its patent laws to bring in product patenting, compulsory licensing etc and make them TRIPS compliant.

But to protect public health from patent evergreening, Sec 3(d) was amended to say that patent be given only for significant increase in efficiency of drugs.

Pros and Cons of the decisions are very standard, and I wrote 3-4 pros and cons each.

Q 14. What do you understand by Fixed Dose Drug Combinations (FDCs)? Discuss their merits and demerits. (200 words) (10 marks)

Ans.

Had no idea.

Q 15. What do you understand by Umpire Decision Review System in Cricket? Discuss its various components. Explain how silicone tape on the edge of bat may fool the system? (200 words) (10 marks)

Ans.

UDRS is the system whereby the players can challenge the on field umpires' decisions - 2 unsuccessful reviews each test innings and 1 unsuccessful review each ODI innings. Various technologies are used by the 3rd umpire to review the on field umpires' decisions. These include:

Hot spot: This uses infrared imaging to capture the thin edges. A white spot appears on the grey image of the bat on the spot where the ball has touched the bat.

Snickometer: This uses the stumps microphone to capture the thin edges by detecting faint sounds of ball hitting the bat. This is used to review faint edges.

Hawkeye: This predicts the ball's line and length which it would have followed had it not hit the pads. This is used to review lbw decisions.

Silicone tape on the edge of the bat

This fools the hot spot as it interferes with the heat signatures and the white spot doesn't appear even if the ball hits the bat's edge.

Q 16.a What is a digital signature? What does its authentication mean? Give various salient built in features of a digital signature. (100 words) (5 marks)

Ans.

Digital signature is used for verifying authenticity of the sender in electronic documents.

Explained the public key private key mechanism i.e. in a digital signature, the private key of the sender is used to encode a message and the recipient uses the public key of the sender to decode it. If message is decoded successfully by the public key of the sender, then it means that it could have been encoded only by the private key of the sender and hence the sender himself. This is called authentication.

Built in features

Safety, reliability.

Conclusively establishes that only the sender's key could have sent the message and hence functions as signature.

Only the public key is shared which doesn't compromise on the safety of the mechanism.

Q 16.b How does the 3D printing technology work? List out the advantages and disadvantages of the technology. (100 words) (5 marks)

Ans.

3D technology uses Computer Aided Designing (CAD) to prepare the models of the object to be 'printed' and then uses layers of a special plastic in an 'additive' process to build the whole object. It has recently been used in the International Space Station.

Advantages

No need for ISS to carry all objects they would ever need from earth. Can help in other space missions as well.

Mass customization is possible.

Objects of virtually any shape and size can be printed like this easily.

Reduces logistics costs substantially.

Disadvantages

It is expensive and not widely available yet.

Q 17.a What is an FRP composite material? How are they manufactured? Discuss their applications in aviation and automobile industries. (100 words) (5 marks)

Ans.

No idea.

Q 17.b What do you understand by run of the river hydroelectricity project? How is it different from any other hydroelectricity project? (100 words) (5 marks)

Ans.

In run of the river, no water is diverted for the use in irrigation and other purposes. Water may be stored temporarily but then is released fully to generate electricity.

This is the difference from other projects. In other projects, water may be diverted to be used for irrigation, drinking etc. So the flow downstream is reduced.

Q 18. As an administrator, what are the key areas that you would focus on in a Disaster Management System. (200 words) (10 marks)

Ans.

This is a very standard question. Wrote about all the key aspects of the entire disaster management system from planning stage to response and rehabilitation. key words included community participation, vulnerability analysis, traditional knowledge blah blah.

Q 19. What are the consequences of illegal mining? Discuss the Ministry of Environment and Forests' concept of GO and NO GO zones for coal mining sector. (200 words) (10 marks)

Ans.

Q 20. Enumerate the National Water Policy of India. Taking river Ganges as an example, discuss the strategies which may be adopted for river water pollution control and management. What are the legal provisions of management and handling of hazardous wastes in India? (200 words) (10 marks)

Ans.

Q 21. Money laundering poses a serious security threat to a country's economic sovereignty. What is its significance for India and what steps are required to be taken to control this menace? (200 words) (10 marks)

Ans.

Q 22. What are social networking sites and what security implications do these sites present? (200 words) (10 marks)

Ans.

Q 23. Cyber warfare is considered by some defense analysts to be a larger threat than even Al Qaeda or terrorism. What do you understand by Cyber warfare? Outline the cyber threats which India is vulnerable to and bring out the state of the country's preparedness to deal with the same. (200 words) (10 marks)

Ans.

Q 24. Article 244 of the Indian Constitution relates to administration of scheduled areas and tribal areas. Analyse the impact of non-implementation of the provisions of the 5th schedule on growth of Left wing extremism. (200 words) (10 marks)

Ans.