

Indian Economy-1 PYQ 2020

Q1. Discuss the achievements and deficiencies of the policies followed during the Nehruvian era.

Ans. During the Nehruvian era, spanning roughly from India's independence in 1947 to Jawaharlal Nehru's death in 1964, India pursued a set of policies that aimed to lay the foundation for a newly independent nation. While these policies achieved notable successes, they also faced certain deficiencies and challenges. Here is an overview of the achievements and deficiencies of the policies followed during the Nehruvian era:

Achievements:

- 1. Industrialization and Economic Planning:** One of the significant achievements of the Nehruvian era was the focus on industrialization and economic planning. The Five-Year Plans were introduced to guide the country's economic development. These plans played a role in establishing industries, infrastructure, and technology, which laid the groundwork for India's modernization.
- 2. Public Sector Enterprises:** The emphasis on the public sector and state ownership of key industries helped establish critical sectors like steel, heavy machinery, and telecommunications. This contributed to self-reliance and reduced dependence on foreign imports.
- 3. Agricultural Reforms:** The era saw efforts to modernize agriculture, including land reforms aimed at redistributing land to landless farmers and tenants. Initiatives like the Green Revolution in the 1960s helped increase agricultural productivity, enhancing food security.
- 4. Education and Science:** Nehru's vision for a scientifically and technologically advanced India led to investments in education and scientific research. The establishment of institutes like the Indian Institutes of Technology (IITs) and the Indian Institutes of Management (IIMs) significantly contributed to human capital development.
- 5. Foreign Policy:** Nehru's non-aligned foreign policy helped India maintain its sovereignty and independent stance during the Cold War. India's role in the Non-Aligned Movement and its advocacy for disarmament contributed to its international standing.

Deficiencies:

- 1. Economic Challenges:** While industrialization was pursued, it didn't lead to as rapid economic growth as anticipated. The public sector-led approach faced inefficiencies and inefficacies, leading to issues like slow industrial growth, bureaucratic red tape, and lack of competition.
- 2. Agricultural Disparities:** Despite the Green Revolution's successes, it contributed to regional disparities and didn't necessarily benefit all farmers equally. Income inequalities persisted, and issues related to land ownership and access to resources remained unresolved.
- 3. Poverty and Inequality:** The Nehruvian policies struggled to address poverty and inequality effectively. The trickle-down effect of industrialization didn't reach all sections of society, and poverty levels remained high.
- 4. Foreign Relations Challenges:** Despite non-alignment, India faced geopolitical challenges such as the 1962 border conflict with China and conflicts with Pakistan over Kashmir. These challenges highlighted the limitations of foreign policy in preventing conflicts.
- 5. Institutional Challenges:** The bureaucratic and administrative systems, inherited from colonial rule, faced challenges in adapting to the new nation's needs. Corruption and inefficiency in the bureaucracy persisted, affecting the implementation of policies.

In conclusion, the Nehruvian era witnessed significant achievements in terms of industrialization, education, and foreign policy, but it also faced deficiencies related to economic challenges, poverty alleviation, inequality, and foreign relations. While these policies laid the foundation for many of India's subsequent developments, they also highlighted the complexities of governance and nation-building in a newly independent country.

Q2. "Policies matter; 'changes in bureaucratic attitudes' in the absence of policy changes are ephemeral." Discuss the context of this statement by Bhagwati and Panagariya.

Ans. The statement "Policies matter; 'changes in bureaucratic attitudes' in the absence of policy changes are ephemeral" reflects the importance of substantive policy changes as opposed to surface-level administrative adjustments. This statement was made by economists Jagdish Bhagwati and Arvind Panagariya in their book "Why Growth Matters: How Economic Growth in India Reduced Poverty and the Lessons for Other Developing Countries." In this context, the authors are addressing the idea that real and lasting progress requires systemic policy changes rather than relying solely on changing bureaucratic attitudes.

The context of this statement can be understood as follows:

1. Importance of Structural Reforms: Bhagwati and Panagariya argue that for sustainable economic growth and poverty reduction, there is a need for fundamental changes in economic policies. Relying solely on changing the behavior or attitudes of bureaucrats without addressing the underlying policies can lead to temporary improvements but may not result in long-term positive outcomes.

2. Bureaucratic Attitudes vs. Policy Framework: The authors highlight the distinction between superficial changes in bureaucratic attitudes and comprehensive policy reforms. Merely changing how bureaucrats approach their roles may result in short-term efficiency gains, but for lasting change, policy frameworks must be designed to align with growth and poverty reduction objectives.

3. Policy Inertia and Long-Term Impact: Policies have a more profound impact on economic outcomes than short-term administrative shifts. Changing bureaucratic attitudes without corresponding policy changes may not effectively address deep-seated issues that hinder growth and development.

4. Holistic Approach: Bhagwati and Panagariya's statement emphasizes that successful development requires a comprehensive approach that tackles systemic issues. Addressing policy constraints can create an enabling environment for growth, while relying solely on changing attitudes may not result in significant transformation.

5. Lessons for Developing Countries: The authors' argument holds lessons for other developing countries that aspire to achieve sustained economic growth and poverty reduction. They emphasize the need for well-designed policies that support growth, investment, and poverty reduction rather than focusing solely on administrative adjustments.

In summary, the statement by Bhagwati and Panagariya underscores the idea that policy changes are essential for achieving lasting economic growth and poverty reduction. It suggests that while changes in bureaucratic attitudes might have short-term benefits, they must be coupled with substantive policy reforms to bring about meaningful and sustainable progress in economic development.

Q3. Explain how growth of the economy is related to change in the structure of the population? What are the potential threats to India's growth in the future?

Ans. The growth of the economy is closely linked to changes in the structure of the population due to the demographic transition that occurs during the development process. Demographic transition refers to the shift from high birth and death rates to low birth and death rates as a country progresses economically. This transition has several implications for economic growth:

1. Labor Force and Dependency Ratio: During the early stages of development, as mortality rates decline, the population experiences a "youth bulge" with a larger proportion of young individuals. As these individuals enter the working-age population, the labor force expands, leading to a potential "demographic dividend." A favorable age distribution, where the working-age population is larger than the dependent population (children and elderly), can boost economic growth through increased productivity and savings.

2. Productivity and Economic Output: A larger working-age population can lead to increased labor force participation, which in turn contributes to higher levels of economic output and growth. This demographic advantage can amplify growth rates if accompanied by appropriate policies and investments in education, skills development, and job creation.

3. Consumption Patterns: As a country's population structure evolves, with rising incomes and changing lifestyles, consumption patterns can also shift. This can create opportunities for industries catering to the needs and preferences of different age groups, contributing to economic diversification and growth.

4. Savings and Investments: The demographic transition can lead to changes in savings and investment patterns. A higher proportion of working-age individuals can potentially lead to increased savings, which can then be channeled into productive investments that fuel economic growth.

Potential Threats to India's Growth in the Future:

1. Population Aging: India's demographic advantage can turn into a challenge if not managed effectively. An aging population with a declining proportion of working-age individuals can strain social welfare systems and reduce the potential for a demographic dividend.

2. Educational Disparities: Inequities in education and skills development can hinder the realization of the demographic dividend. If a significant portion of the working-age population lacks adequate skills, the potential for increased productivity and economic growth might not be fully realized.

3. Unemployment and Underemployment: A rapidly growing working-age population can lead to unemployment and underemployment if the economy fails to generate enough jobs. Failure to provide employment opportunities can result in wasted human capital and social unrest.

4. Environmental Challenges: Rapid economic growth without sufficient environmental safeguards can lead to environmental degradation, resource depletion, and negative impacts on health and quality of life. These challenges can undermine long-term sustainability and growth.

5. Inequality and Social Cohesion: Unequal access to opportunities and benefits from economic growth can lead to social tensions and reduced social cohesion. Inadequate distribution of benefits can hinder inclusive growth and stability.

6. Infrastructure and Urbanization: The strain on infrastructure due to rapid population growth and urbanization can hinder economic development. Insufficient investment in infrastructure can impede productivity and quality of life.

In conclusion, the growth of the economy is intricately connected to changes in the structure of the population. The demographic transition, if managed well, can provide opportunities for economic growth through a demographic dividend. However, there are potential threats to India's growth in the future, including population aging, educational disparities, unemployment, environmental challenges, inequality, and infrastructure limitations. Addressing these challenges is essential for sustaining robust and inclusive economic growth.

Q4. Discuss how India's rank has changed in South Asia in terms of various social indicators between 1990 and 2011. What lessons can India learn from its neighbours like Bangladesh?

Ans. Between 1990 and 2011, India's rank in various social indicators within South Asia underwent changes, reflecting both progress and areas that still needed improvement. While specific rankings may vary based on the indicator and the source of data, some general trends can be observed. It's important to note that these trends are based on available data up to 2011, and there may have been further developments since then.

Changes in India's Rank in South Asia (1990-2011):

- 1. Child Mortality:** India's child mortality rate improved during this period, but it did not improve as rapidly as in some of its neighboring countries like Bangladesh. As a result, India's rank in child mortality within South Asia may have declined relative to its neighbors.
- 2. Maternal Health:** India's progress in maternal health indicators was slower than desired during this period, which could have led to a less favorable rank in maternal mortality rates compared to its neighbors.
- 3. Gender Equality:** India's performance in gender equality indicators, such as female labor force participation and gender-related development indices, improved moderately. However, some neighboring countries might have made more significant strides in this area, potentially affecting India's relative rank.
- 4. Literacy and Education:** While India made progress in literacy rates and education indicators, the improvement was not uniform across all states. Some neighboring countries, like Sri Lanka, may have shown more consistent and rapid progress in education during this period.

Lessons from Neighbors, Particularly Bangladesh:

- 1. Focus on Specific Interventions:** Bangladesh's success in improving child mortality and maternal health was attributed to its targeted and community-based interventions. India can learn from these approaches to enhance the effectiveness of its healthcare programs.
- 2. Female Empowerment:** Bangladesh's emphasis on empowering women and increasing their access to education and economic opportunities contributed to improvements in gender-related indicators. India can further promote gender equality by addressing socio-cultural norms that hinder women's progress.
- 3. Public-Private Partnerships:** Bangladesh effectively utilized public-private partnerships to enhance the quality of education and healthcare services. India could explore similar collaborations to address gaps in service delivery and infrastructure.
- 4. Local Governance and Grassroots Initiatives:** Neighboring countries like Bangladesh and Sri Lanka have shown how local governance structures and grassroots initiatives can accelerate development. India can strengthen its decentralization efforts to improve service delivery at the community level.
- 5. Comprehensive Policy Implementation:** Successful countries in the region have demonstrated the importance of comprehensive policy implementation, involving multiple sectors and stakeholders. India can enhance coordination among ministries and agencies to ensure holistic development.
- 6. Inclusive Economic Growth:** Countries like Bangladesh have pursued inclusive economic growth strategies that benefit a broader segment of the population. India can prioritize policies that reduce income inequality and ensure that economic growth reaches marginalized communities.
- 7. Prioritizing Social Investments:** Neighboring countries have demonstrated that strategic investments in health, education, and social safety nets can lead to significant improvements in human development indicators. India can allocate resources to these areas while ensuring effective implementation.

In conclusion, India's rank in South Asia's social indicators changed between 1990 and 2011, reflecting both progress and challenges. Lessons from neighbors like Bangladesh include focusing on targeted interventions, promoting female empowerment, fostering public-private partnerships, strengthening local governance, implementing comprehensive policies, pursuing inclusive economic growth, and prioritizing social investments. By learning from its neighbors' experiences, India can further enhance its efforts to improve social indicators and overall human development.

Q5. Discuss the recommendations of the Rangarajan Committee for measurement of poverty in India. How does the methodology of the Rangarajan Committee differ from that of the previous Committee?

Ans. The Rangarajan Committee was established in 2012 to review and update the methodology for measuring poverty in India. The previous committee, known as the Tendulkar Committee, had recommended a new methodology in 2009. The Rangarajan Committee's recommendations aimed to provide a more accurate and comprehensive understanding of poverty in India. Here are the key recommendations of the Rangarajan Committee and the differences in methodology compared to the Tendulkar Committee:

Key Recommendations of the Rangarajan Committee:

- 1. Consumption Basket:** The Rangarajan Committee recommended using a broader and more realistic consumption basket to estimate poverty levels. This new basket included a wider range of goods and services consumed by households.
- 2. Urban and Rural Differences:** The committee recognized that consumption patterns and prices vary between urban and rural areas. It recommended separate poverty lines for urban and rural populations to reflect these differences more accurately.
- 3. Calorie Norms:** The Rangarajan Committee used calorie norms that were more in line with nutritional requirements and updated them based on recent research. This led to higher calorie requirements for estimating poverty.
- 4. Minimum Expenditure:** The committee proposed calculating the poverty line based on the minimum expenditure required to meet both food and non-food needs, including education, health, and other essentials.
- 5. Inclusion of Social Services:** The Rangarajan Committee recommended including the value of social services (such as education and health services) received by households in their income calculations.
- 6. Monthly Per Capita Expenditure:** The committee used the monthly per capita expenditure (MPCE) as the basis for calculating poverty lines. It recommended separate poverty lines for different expenditure deciles to account for variations in living standards.

Differences in Methodology compared to the Tendulkar Committee:

- 1. Consumption Basket:** The Tendulkar Committee's methodology used a narrower consumption basket that did not reflect the full range of goods and services consumed by households.
- 2. Calorie Norms:** The Tendulkar Committee used calorie norms that were criticized for being outdated and inadequate to meet nutritional requirements.
- 3. Minimum Expenditure:** The Tendulkar Committee primarily focused on food expenditure to determine the poverty line, without adequately accounting for non-food expenses such as education and health.
- 4. Urban-Rural Differentiation:** The Tendulkar Committee used a uniform poverty line for both urban and rural areas, despite significant differences in consumption patterns and costs of living.

5. Exclusion of Social Services: The Tendulkar Committee did not include the value of social services received by households in their income calculations.

6. Poverty Line Calculation: The Tendulkar Committee used the concept of "Tendulkar poverty line," which was criticized for setting the poverty line at a level that many considered too low to realistically cover basic needs.

In summary, the Rangarajan Committee's recommendations aimed to address the shortcomings of the previous methodology by using a broader consumption basket, more accurate calorie norms, and a comprehensive approach that considered both food and non-food expenses. The committee also recognized the importance of differentiating between urban and rural areas and factoring in social services. These changes were intended to provide a more accurate and realistic estimation of poverty in India.

Q6. What are the features of health service provision in India? What are the steps required to improve accessibility of health services in India?

Ans. The health service provision in India is characterized by a mix of public and private healthcare providers, varying levels of quality and accessibility, and significant challenges related to infrastructure, funding, and equity. Here are some key features of health service provision in India and steps required to improve the accessibility of health services:

Features of Health Service Provision in India:

1. Public and Private Sector: India has both public and private healthcare providers. The public sector includes government hospitals and health centers, while the private sector encompasses a range of healthcare facilities, from small clinics to corporate hospitals.

2. Urban-Rural Disparities: Healthcare services are more concentrated in urban areas, leading to significant disparities in access to quality healthcare between urban and rural populations.

3. Quality Variability: There is a wide variability in the quality of healthcare services provided across different providers. Some public facilities may lack resources and expertise, while private providers may offer varying levels of quality.

4. Primary Healthcare Focus: India's healthcare system places emphasis on primary healthcare services delivered through primary health centers and community health centers. These centers serve as the first point of contact for healthcare services in rural and urban areas.

5. Health Insurance: The government has introduced health insurance schemes like Ayushman Bharat to provide financial protection against healthcare expenses for vulnerable populations.

6. Traditional and Modern Medicine: India has a rich tradition of traditional medicine systems like Ayurveda, Unani, and Siddha, alongside modern allopathic medicine. Both traditional and modern medicine systems coexist within the healthcare landscape.

Steps to Improve Accessibility of Health Services:

1. Strengthen Primary Healthcare: Investing in and strengthening primary healthcare infrastructure is crucial to ensure that basic healthcare services are accessible to all, especially in rural and underserved areas.

2. Universal Health Coverage: Expanding the coverage of health insurance schemes can ensure that a larger portion of the population has access to essential healthcare services without facing financial hardships.

3. Reducing Urban-Rural Disparities: Efforts should be made to improve healthcare infrastructure and services in rural and remote areas to bridge the gap between urban and rural healthcare accessibility.

4. Skilled Workforce: Training and deploying a skilled healthcare workforce, including doctors, nurses, and paramedics, is essential to ensure quality healthcare delivery.

5. Regulation and Standardization: Regulating the private healthcare sector to ensure quality and affordability is crucial. Establishing and enforcing healthcare standards can help improve the quality of services.

6. Community Engagement: Involving local communities in healthcare planning and decision-making can lead to better understanding of community needs and culturally appropriate healthcare solutions.

7. Telemedicine and Technology: Expanding telemedicine services and leveraging technology can improve access to healthcare services, especially in remote areas.

8. Public-Private Partnerships: Collaborations between the public and private sectors can help increase the availability of quality healthcare services and ensure equitable access.

9. Health Infrastructure Investment: Continued investment in healthcare infrastructure, including hospitals, clinics, and diagnostic facilities, is essential to meet the growing healthcare demands of the population.

10. Health Promotion and Education: Promoting health awareness and education can help prevent diseases and encourage early treatment seeking behavior.

In conclusion, improving the accessibility of health services in India requires a multi-pronged approach that addresses urban-rural disparities, focuses on primary healthcare, enhances healthcare infrastructure, promotes quality care, and involves various stakeholders in healthcare planning and implementation.