

ESSAY MAIN TEST SERIES-2015

Powered by Super Brain & AMP (Augmented Marking Pattern)



Date: 31-OCT-2015

140
250

Test-5

Economic and Science Tech.

Time: Three Hours

Maximum Marks: 250

INSTRUCTIONS

All Questions are compulsory and number of marks carried by each question is indicated at the end of the question.

Each questions is printed in English.

Answers must be written in the medium specified in the Admission Certificate issued to you, which must be stated clearly on the cover of the answer-book in the space provided for the purpose. No marks will be given for the answers written in a medium other than that specified in the Admission Certified.

Teacher's Comment

Check Stamp

Teachers Signature

READ INSTRUCTIONS ON THE LEFT
SIDE OF THIS PAGE CAREFULLY

Name

VIVEK DHARNIA

Roll No.

0010475

Test Centre

ORN

Medium

ENGLISH

Do not write your Roll Number or Name
anywhere else in this Question Paper-
cum-Answer Booklet.

I have read all the instructions and shall
abide by them.

Signature of the Candidate

I have verified the information filled by the
candidate above.

Signature of the invigilator

IMPORTANT NOTE: Whenever a question is being attempted, all its parts/ sub-parts must be attempted contiguously. This means that before moving on to the next question to be attempted, candidates must finish attempting all parts/ sub-parts of the previous question attempted. This is to be strictly followed. Pages left blank in the answer-book are to be clearly struck out in ink. Any answers that follow pages left blank may not be given credit.

Good writing.

- > points are well mentioned & sufficiency of the situation
- > Analysis was apt.
- > potential to write well in exam.

**DO NOT WRITE ON
THIS SPACE**

(Write Two Essays, Choosing ONE from each of the Sections A and B, in about 1000-1200 Words Each.)

125 × 2 = 250

SECTION-A

Despite increase in technical students, India faces technical stagnation and unemployment. Do you agree or disagree?

India is today at the cusp of a demographic opportunity. Its working age population (15-65 age group) constitutes 65% of the total population and this is poised to increase upto 900 million by 2020. To realise this demographic dividend, technical and skill based education is being prioritised with setting up of new IITs, AIIMS and several ITIs, Polytechnics etc. These efforts have increased technical manpower of the nation but the nation faces acute shortage of human and technical resources and a weak technological and scientific base. This is evident in our huge import dependence in defence equipments,

absence of strong military-industrial complex; weak manufacturing base in sectors like aeronautics, semiconductors etc. The corollary of this is large scale unemployment and dependence on primary sector for jobs. The reasons for this are multidimensional and rooted in our higher education systemic framework. Notwithstanding this grim scenario, there are a few bright spots such as in space technology, tertiary healthcare systems, missile development programmes etc. But these are exceptions rather than norm. Realising this demographic advantage rests on replicating the success of these sectors to all other sectors through initiatives like "Make in India", "Skill India" etc along with accompanying systemic reforms.

OVERVIEW OF INDIA'S TECHNICAL SECTOR

India's technical and higher education

system includes vocational training institutions like Polytechnics, Industrial Training Institutes (ITI) etc. It also includes centres of excellence such as Indian Institute of Technology (IIT's), various private educational institutions, AIIMS, IIMs etc. As a result, India has high capacity building expertise in higher education sector.

Over the years, the enrolment in higher education has also been increasing that today stands at around 20% (VII Plan document). Driven by this increased demand, government has planned new IIT's, AIIMS to augment supply. The training institutions like ITIs, Polytechnics have also increased at a rapid pace which has increased technical manpower.

Despite these efforts and higher enrolments, there is a huge demand-supply gap

in technical and higher education sector. According to National Skill Development Corporation (NSDC), there is a need to skill 400 million workforce by 2022, whereas the current capacity falls massively short at only 5-10 million annually. The aim of achieving 22% enrollment in higher education by 2017 also requires additional capacity building efforts.

This has resulted in large scale unemployment and underemployment because of presence of large pool of unskilled labourforce. The problem is compounded by two additional problems: Quality issues with existing technical education framework as well as declining rate of employment growth despite higher growth levels (Jobless growth).

for instance, the employment rate has fallen from $\sim 2\%$ in 1997-2004 period to around 0.5% during 2004-05 - 2011-12 period. (Bureau of Labour Statistics)

TECHNICAL STAGNATION IN INDIA

The resultant technical stagnation is evident in several of India's economic and defence related sectors. In defence technology, India imports $\sim 70\%$ of defence hardware - highest in the world. The Defence public sector units as well as private sector are symptomatic of lack of human resources, capacity constraints, institutional problems etc.

Similarly, our manufacturing base - manufacturing contributes only 14% to GDP - reflects technological and scientific weaknesses. Small share of Research and Development centres; weak technical capacity of sectors like semiconductor manufacturing,

~~Not~~ Aeronautics ; Micro-small and Medium Enterprises (MSME) technological deficit ; very low levels of entrepreneurial activities and innovation etc, all represent the extent of technical stagnation in India.

REASONS FOR TECHNICAL STAGNATION

Several policy related issues, institutional, socio-cultural, infrastructural, political reasons are responsible for the existing state of affairs:

One, the low quality of primary education and schooling translates into higher drop-outs in secondary and tertiary education level. It also creates weak foundations for learning, research and entrepreneurship skills.

Two, low skills levels of the workforce, particularly in MSME and unorganised sector translates into lower technological and human ~~productivity~~. The adverse cultural mindset towards skills attainment results in lower aspiration among youth for skill development.

Three, lack of aspiration for skill is compounded by shortage of skilling capacity on part of the state and private sector. This has been highlighted above.

Four, the existing technical education system is ~~deeply~~ flawed in terms of quality and needs, requirements of the industry. It suffers from problems of unemployability of skilled workforce because of lack of convergence between needs of the employer and education and skills imparted.

Five, the 'Creme-de-la' of the nation from IIT's, IIM's are not incentivised to work towards boosting research capacity of nation, or public sector undertakings. There is large scale brain-drain of ~~workforce~~ even though the rate has slowed down recently.

Six, there is lack of operational autonomy for various universities and research centres. The problem is attimes compounded by political interference in their functioning. Such factors prevent collaborations between industry - academia and ^{with} foreign universities.

Finally, policy neglect towards R and D in terms of financing, private sector participation etc also adverse impact country's technological base.

FEW BRIGHT SPOTS OF TECHNOLOGICAL EXCELLENCE — SPACE, NUCLEAR ETC.

Notwithstanding the above situation, India has marched rapidly in technical progress in space technology, nuclear technology, building indigenous missile defence programme (Agni series), tertiary healthcare sector etc. The successes of ISRO in Mars Orbiter Mission, rising tide of medical tourism, self reliance in nuclear reactor building etc are several instances of India's increasing technological progress. These have been possible due to combination of strong political prioritisation, greater autonomous functioning, strong institutional and policy ecosystem etc.

TOWARDS TECHNOLOGICAL SELF-RELIANCE IN FUTURE

India's march towards a "leading power" of world will remain incomplete until it bolsters its technological and scientific capacity. This requires a two pronged strategy —

One, that creates additional capacity through increasing existing institutions, greater financing, ~~or~~ increasing enrollments etc.

Two, reforming existing institutional architecture for technical and ~~higher~~ education. The formulation of a New Education Policy, rollout of National Policy on Skill Development and Entrepreneurship 2015 etc provide conducive environment to carry out the necessary reforms.

The high rates of technical stagnation has not only led to lack of employment opportunities for its workforce, but also prevented India from tapping its potential in terms of greater ~~exports~~, self-reliance in defence production etc. The technological progress is thus imperative to realise our demographic dividend and to acquire rightful place in global high table.

conclusion can be improved upon.
solution based feedback approach.

CONTENT	CONCEPTUAL CLARITY	ANALYSIS	PRESENTATION	CONTEXT	TOTAL	SIGN.
					70	

SECTION-B

GOODS AND SERVICES TAX : THE WAY AHEAD

Goods and Services Tax (G.S.T.) is touted as one of the most ambitious reform in India's indirect taxation structure. It combines multiplicity of indirect taxes at central and state level into a uniform indirect tax on both goods and services. It is expected to increase competitiveness of Indian economy, increase its exports potential, attract greater investments, correct distortions in production and consumption pattern and weave India into a national market. Despite these stated benefits, its rollout has been delayed beyond expectations because of several apprehensions and disagreements about its various aspects. Some of them question the basic rationale of GST in

a diverse federal republic like India on political, federal and social grounds. Other disagreements stem from the technicalities over rate of GST, exemption items, threshold rate for exemption of certain basic goods, management and decision-making and political autonomy related issues.

Given the immense need for indirect tax structure reform, the way ahead for such reform can be in two possible scenarios - the rollout of GST albeit imperfect; and replacing GST by reforms within existing institutional setup.

Both scenarios must balance economic imperative of reforms with constitutional principle of federal division of power and safeguarding socio-economic interests of the poor.

PROPOSED

OVERVIEW OF CURRENT GST

The proposed Goods and Services tax is

an indirect tax on goods and services with a continuous and comprehensive chain of set-off benefits, from producer to the retailers' level. It incorporates within itself several state and central taxes like service tax, sales tax, Entertainment tax etc and replaces them with two sets of GST - One Central GST, and 29 state GST (CGST and SGST) consistent with the UT ^{with legislative powers} federal distribution of taxation powers defined in VII Schedule of Constitution.

Such a uniform tax is expected to provide multiple benefits to economy like

- Correcting distortions in production and consumption patterns
- Reducing casading impact of taxes on both producers and consumers.
- Boosting competitiveness of manufacturing goods and services
- Bring greater transparency and simplicity in tax collection, compliance etc thereby checking tax-evasion etc.

Because of the above benefits, it is expected to broad base our taxes and increase our GDP.

APPREHENSIONS WITH THE PROPOSED GST

Despite its varied economic benefits, several scholars have questioned the existing proposal and even the rationality of GST on several grounds.

Threat to political autonomy of states

A uniform GST will impinge on the political autonomy of the states. States by surrendering their taxation powers, will be less able to mobilise resources by themselves and increase their dependence on Centre. This is especially relevant in context of diversity in political ideology of different states as well as their differing socio-economic needs.

Greater burden on the poor

A GST model works ^{only} by minimising/removing exemptions to several taxes currently given on certain basic goods and services. This will increase taxation burden on the poor. ~~Further~~, the increased share of indirect tax over direct tax because of GST is regressive and hurtful to the poor section of society.

Loss to the state revenue and its socio economic implications

There are apprehensions among states that with rollout of GST, their net revenues will decrease. Even if Centre compensates such ~~decrease~~, this will impact their long term policies in social and economic sector. The economically backward states like Bihar, Madhya Pradesh are expected to shoulder greater loss with rollout of GST.

DISAGREEMENTS OVER TECHNICALITIES

Given such apprehensions and federal diversity of country, there is lack of consensus

Over issues such as:

- The determination of a Revenue Neutral Rate (RNR)
- The taxes that are to be exempted from GST's purview. For eg: demands for exemption of purchase tax from Haryana; petroleum and alcohol tax from Maharashtra, Gujarat etc
- the list of goods and services that are to be exempted from GST
- Threshold limit of GST^{imposition} for small traders, etc, businesses etc.

These disagreements and apprehensions have compounded to cause inordinate delay in rollout of GST. Further, there is lack of clarity over functioning of GST Council - body to take decisions on GST related issues. Decision-making by majority will be hurtful to smaller and economically weaker states. In this light, two possible scenarios can be considered for future of GST.

ROLLING OUT IMPERFECT GST WITH MULTIPLE EXEMPTIONS FOR FUTURE

Such a GST would incorporate demands of multiple exemptions like tax on alcohol, petroleum, purchase tax etc.

Such exemption are expected to secure the specific interests of several states and ~~keeping~~ in mind the level of diversities of the nation.

It will also exempt certain basic goods consumed by the poor like kerosene etc to not undermine social welfare.

Certainly, such a model will not address the full spectrum of problems that current taxation structure faces like cascading impact of taxes, etc. It will also be difficult to administer and may increase the cost of monitoring and ~~tax collection~~. Finally, the overall impact on revenue of State and Centre can also be negative.

AN ALTERNATIVE TO GST : HARMONISATION WITHIN EXISTING FRAMEWORK

In view of the above issues, it has been argued to ~~roll out~~ harmonise the central and state levies without disturbing their federal powers of taxation. Such a system will be based on political consensus among different states and Centre. This will help preserve the political autonomy and diversity among different states. Such a model will also be more feasible, administratively and politically, as it will tide over the problems of approaching consensus over GST council functioning, resolving disagreements on Centre to State compensation amount and duration etc.

On the flip side, such a model will retain the infirmities of present

structure such as multiplicity of taxes, high ~~cost~~ of tax compliance etc. Moreover, the perception of loss of business in India may be hurt by ~~abandoning~~ the GST altogether.

TOWARDS A BALANCE

Given the need to reform taxation structure as recommended by several committees, the reform agenda must be able to balance the economic objectives of increasing competitiveness of GST with the ^{wider} social and political objectives. These include the requirement to insulate poor from ^{excessive} taxation burden, preserving the political autonomy of states as much as possible, securing the revenues of states particularly the economically backward states etc.

only such a model will adhere to the spirit of Constitution as well as be politically ~~and~~ socially feasible and administratively viable.

The taxation policy of ^{India} ~~any nation~~ must be formulated keeping in mind the broader objectives of ensuring equitable growth, social justice and regionally balanced development. The debates and disagreements over the GST must be viewed as an opportunity to reform the current taxation system in light of achieving above goals. well structured

excellent presentation
of the Issues & challenges.
→ way ahead could be more diversified (super model)

CONTENT	CONCEPTUAL CLARITY	ANALYSIS	PRESENTATION	CONTEXT	TOTAL	SIGN.
					70	