

<p align="center">General Studies Full Length Test Test - 3 (GS - 3) Test Code - A21053503</p>	<p>Evaluator Code: _____ Date of Assignment: _____ CQ: _____</p>
---	--

NAME:	SHEETAL CHAUHAN	Time allowed: 3 Hours
STUDENT. ID.:	1 8 4 6 4 8 2	Email: _____
UPSC ROLL NO.:	0 8 4 0 0 8 0	Submission Date: Aug 3, 2025.
MOBILE NO.:	_____	

QUESTION PAPER SPECIFIC INSTRUCTIONS

Please read each of the following instructions carefully before attempting questions:

*There are **TWENTY** questions printed in **ENGLISH**. All the questions are compulsory.*

The number of marks carried by a question/ part is indicated against it. Word limit in questions, wherever specified, should be adhered to. Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.

Q No.	Marks	Q No.	Marks	Q No.	Marks
Q1	/10	Q8	/10	Q15	/15
Q2	/10	Q9	/10	Q16	/15
Q3	/10	Q10	/10	Q17	/15
Q4	/10	Q11	/15	Q18	/15
Q5	/10	Q12	/15	Q19	/15
Q6	/10	Q13	/15	Q20	/15
Q7	/10	Q14	/15	Total	/250

Instructions:-

1. **Legible Scanning:** Exercise due diligence in scanning your scripts for clear legibility
2. **Submissions** marred by poor scanning, notably those with illegible sections or blackened pages due to improper scanning, risk being excluded from the evaluation process.
3. **Non-Adherence Consequences:** Failure to comply with the aforementioned instructions may lead to the disqualification of your submission.

For Student Only	
Start Time - 9:20	End Time - 12:50
Mode of Examination	Online <input checked="" type="checkbox"/> Offline
Receiving date -	Dispatch date -

(Answer questions in NCT MORE than the word limit specified for each in the parenthesis. Content of the answer is more important than its length.)

1. Explain the concept of the "Missing Middle" in India's industrial ecosystem. How does it affect economic growth and employment generation?

(10 marks, 150 words)

Economic Survey demarcates the dwarfism of MSME as 'missing middle'

Concept of missing middle -

1. It refers to the absence of middle level industries especially in the MSME sector.

2. There are 99% MSME which are micro enterprises and < 0.5% are middle enterprises.

3. Reasons for missing middle

↓
The companies do not want to lose on the incentives.

↳ Regulatory compliance burden

(eg) In Maharashtra, a factory needs 50 licenses.

This missing middle causes significant challenge for economic growth and employment generation -

1. It hinders the economies of scale thus increasing cost of production and decreased global competitiveness.
2. This hinders export potential (India's export share is ~4%).
3. The additional employment which can be provided by these industries if elevated into large causes manufacturing job loss.

To realise the potential of manufacturing sector and increase its contribution to 25%, missing middle has to be addressed at the earliest.

2. Household savings form a crucial pillar of domestic capital formation. In light of their recent decline, elucidate the underlying causes and propose strategies to strengthen savings behavior in India. (10 marks, 150 words)

Household consumption Expenditure Survey has shown an uptick in both rural and urban areas showing reduced savings.

Household saving - Pillar of domestic capital formation

1. Significant portion of National GDP.
2. Fills the gap between saving and investment.
3. Increased availability of money for government capital expenditure.

Causes for recent decline

1. Increased inflation
2. Erosion of purchasing power because of US rate hike and consequent fall of rupee.

(Don't write anything in this part)

VAJIRAM & RAVI

3. Reduced saving behaviour with influences of influencers and consequent rise of retail investment.
4. Global uncertainty leading to liquidity trap.

Strategies to strengthen savings behaviour

- 1) Nudging and influencing through media with safe for tomorrow campaign.
- 2) Increase in the interest rate on savings account or other schemes like Small Saving Scheme.

Household Savings act as a cushion to navigate economic instability thus should be strengthened.

3. Despite its potential, the corporate bond market in India remains underdeveloped. Examine the structural and regulatory challenges impeding its growth.

(10 marks, 150 words)

The corporate bond market in India holds potential for foreign investment leading to economic growth.

However, there are several challenges that impede its growth—

1. Provision of statutory reserves hinders the deepening of bond markets as the majority bonds are held by banks.
2. Regulatory overlap between SEBI and RBI also reduces ease of doing business.
3. Rate hikes in other economies also leads to capital flight.
4. The bonds are not seemed attractive by investors
(eg) sovereign Green Bond had high bond yield.

VAJIRAM & RAVI

5. Less awareness and risk aware nature of retail investors.
6. Less lucrative in terms of returns which leads to people investing more in government securities.
7. Crowding out because government is the largest borrower.

Corporate bonds have the potential to transform the lending infrastructure, provided it is used to its fullest.

4. In light of recent Budget 2025 allocations and the push for green infrastructure, analyze how Viability Gap Funding can be leveraged to promote renewable energy projects.
(10 marks, 150 words)

The Budget of 2025 came up with several schemes related to green infrastructure like Small modular reactors.

Viability Gap Funding can be leveraged to promote renewable energy projects -

- 1) Can increase private sector participation.
- 2) Can help the stalled projects.
- 3) Can help in bridging the increased cost because of delays.
(70% projects get delayed because of land acquisition)
- 4) Will boost collaborative arrangement of Public Private Partnership.
- 5) Increase the share of renewable energy to realize goal of 500 GW

renewable energy by 2030.)

6) Viability gap funding will provide a cushion as the gestation period is long in renewable energy projects.

However there are certain challenges which have to be overcome before it

1) Amendment in the Civil Liability Act as announced in budget to increase private participation in nuclear energy sector.

2) Due regulation of private sector.

Viability gap funding has the potential to catalyse the growth of renewable energy sector.

Introduction	
Body	
Conclusion	
Presentation	
Marks:	

5. Why is self-sufficiency in pulse production crucial for India? Discuss the policy and technological interventions needed to achieve Aatma Nirbharata in pulses.
(10 marks, 150 words)

In the budget of 2025, a Pulses mission is announced with particular focus on Inc, Moxy and Vrad.

Self sufficiency in pulses production crucial for India—

1. To reduce import dependence.
2. To increase nutritional security.
3. To deal with malnutrition and protein deficiency (NFHS-5, stunting is 35.5%)
4. Export potential and increase farmers income.
5. Pulse production is also crucial for soil and environment conservation (Ashok Dalwani committee)

VAJIRAM & RAVI

Intervention needed to achieve Aatma Nibharta in Pulses

Policy Initiative

→ Increased procurement of pulses

Initiative

→ including pulses in PDS and midday meal

→ Incentivising farmers for growing pulses by increasing MSP for pulses.

→ National Pulses Mission.

Technology Initiative

→ Good quality seeds for pulses.

→ Integrating technology AI for Precision farming

→ VISTAAR and FASAL platforms for farmer's information.

Aatmanibharta in Pulses is crucial for our Anna data as well as our nutritional security.

VAJIRAM & RAVI

6. Examine how space-based solutions are addressing developmental challenges in rural India. What steps can further enhance their outreach and effectiveness?

(10 marks, 150 words)

Recently, Sudanshu Shukla went to space with Axiom mission and conducted crop experiments.

Space based solutions in addressing developmental challenges in rural India

- 1) Space based internet can bridge the rural-urban digital divide (37% rural and 67% urban)
- 2) Agriculture sector, satellite data can help in weather forecast thus helping in precision farming.
- 3) The space research on crops can have potential for climate smart agriculture.

(Don't write anything in this part)

VAJIRAM & RAVI

4) Satellites are helping in land record modernisation (eg) SVAMITVA scheme.

Steps to further increase its reach and effectiveness

- 1) Increase awareness among farmers regarding the technology adoption through Kisan Vikas Kendras.
- 2) Providing incentive to farmers for technology adoption.

Technology integration has the potential of doubling our annadata's income as well as ensuring sustainable agriculture.

7. Delineate the linkages between urbanization patterns and rising PM 2.5 levels in Tier-II and Tier-III cities of India. What are the various mitigation measures and the government's initiatives to mitigate air pollution in India?

(10 marks, 150 words)

In the recent IQ Air report, 9 cities of India were found in the polluted categories with the most polluted city being Buxarhat in Meghalaya.

Linkage between urbanization pattern and rising PM 2.5 level in Tier II and III cities

1. Overurbanization leading to slums, increased pressure on transportation etc. contributing to pollution.
2. Improper ~~tax~~ urbanisation in Tier 2 and 3 cities leads to pressure on transportation i.e. vehicular emission.
3. Unsustainable urbanisation and construction activities cause increase in PM 2.5 levels.

(Don't write anything in this part)

VAJIRAM & RAVI

Mitigation measures and policies by government to manage pollution -

- 1) National Plan of Action for Pollution Control.
- 2) Formation of Central and State Pollution Control Board to monitor pollution levels.
- 3) National Air Quality monitoring through AQI index.
- 4) Graded Action Plan to deal with air pollution in NCR. (GRAP)

Sustainable urbanisation with public transport at the heart of urbanisation will help the government control pollution.

Introduction	
Body	
Conclusion	
Presentation	
Marks:	

Don't write anything in this part)

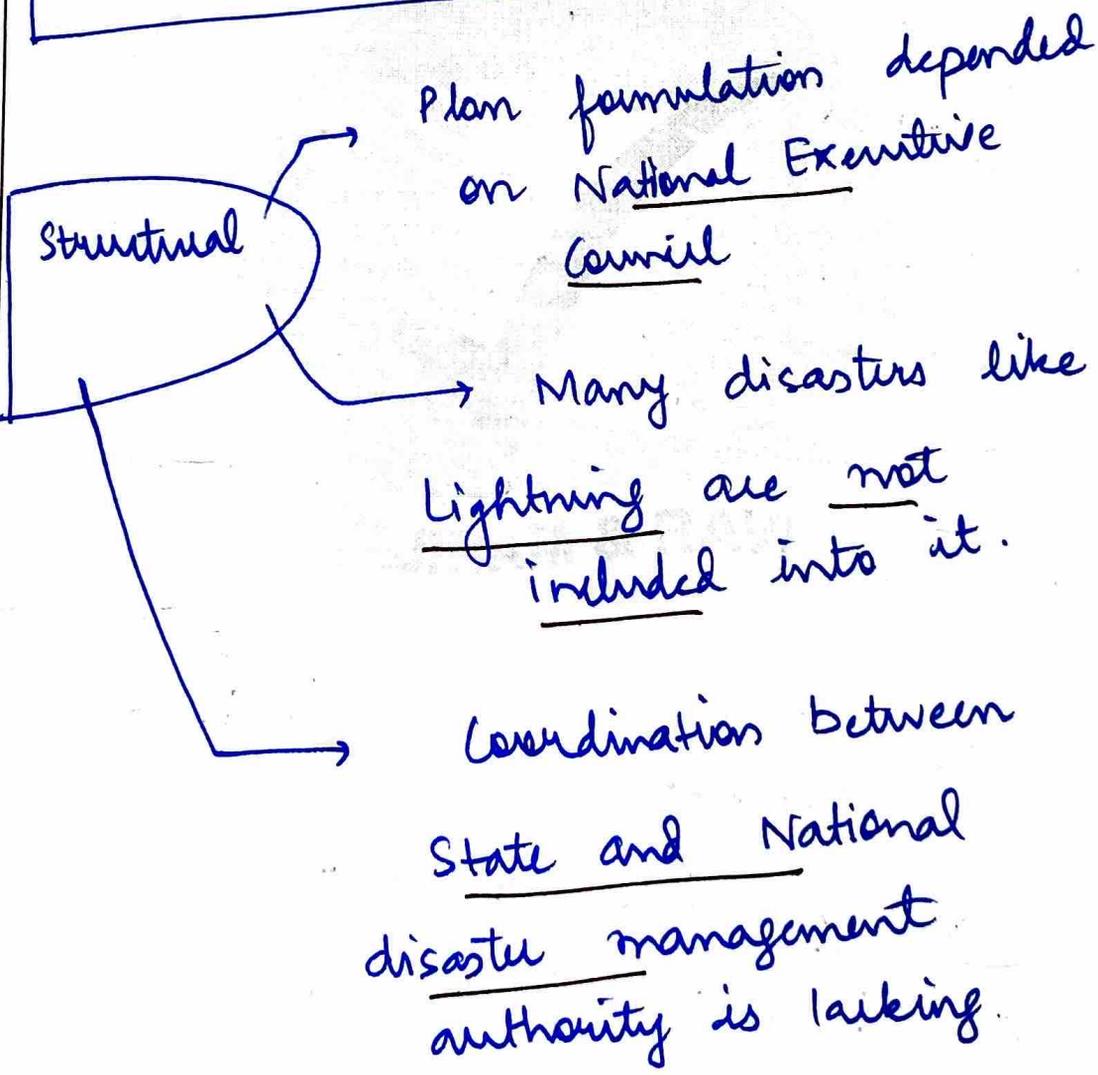
VAJIRAM & RAVI

(Don't write anything in this part)

8. Explain the structural and operational limitations of the Disaster Management Act, 2005. How far does the 2025 Amendment address these deficiencies through a shift towards anticipatory and technology-driven disaster governance?
(10 marks, 150 words)

The recent amendment in Disaster Management Act has tried to overcome the existing limitations.

Limitations of DMA, 2005



(Don't write anything in this part)

VAJIRAM & RAVI

Operational Limitations

↳ National mitigation fund has not been created.

↳ Overlaps between authorities

Amendment in 2025 - a shift towards anticipatory and technology driven disaster governance

- 1) The policy making will be now done by National disaster management Authority.
- 2) Integration of AI for disaster management.

Disaster management is becoming proactive with continuous updates thus increasing its efficacy.

Introduction

Body

Conclusion

9. What do you understand about Artificial Neural Networks? List out its applications across various fields. (10 marks, 150 words)

The recent Nobel Prize in Physics was given to Hopfield et al for the discovery of Artificial Neural Networks.

Artificial Neural Networks

1. The networks mimicking the human neurons.
2. It is the principle behind machine learning.

Applications across various fields

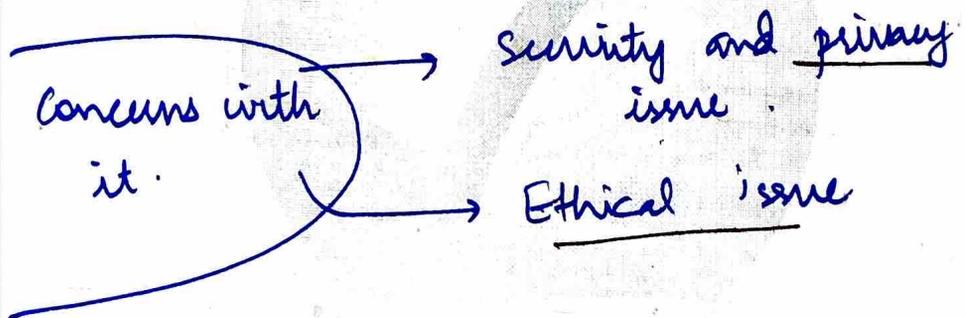
① Healthcare

This technology can be used to treat permanent Neural disorders like Parkinsons.

(Don't write anything in this part)

VAJIRAM & RAVI

- ② This can be used in the Brain computer interface to help patients with motor disorders.
- ③ In the field of AI for machine learning.
- ④ Can be integrated with IOT to automate tasks.



Technology like Artificial Neural Network is transformative but due regulation is required for its ethical use.

Don't write anything in this part)

VAJIRAM & RAVI

(Don't write anything in this part)

10. "Internal security challenges in India are increasingly shaped by external and transnational dynamics." Examine the statement with relevant examples.

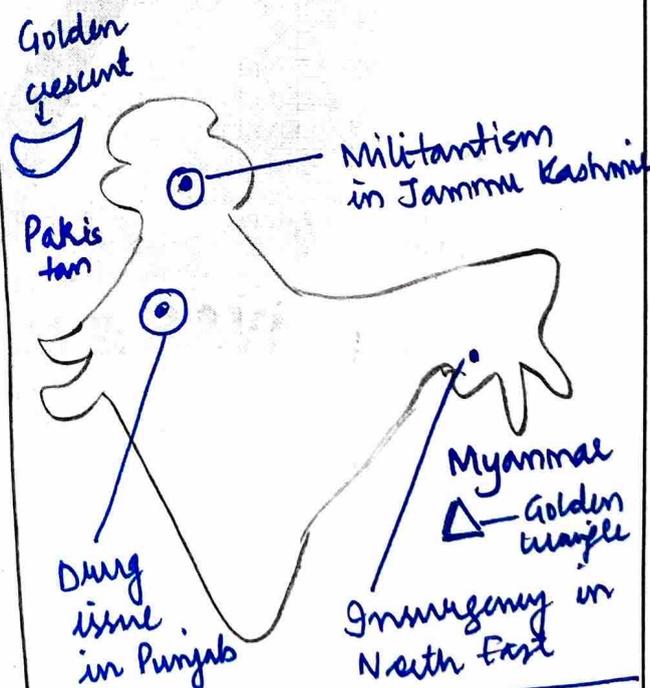
(10 marks, 150 words)

The recent Pahalgam attack is reflective of internal security security challenges being shaped by external actors.

Internal security challenges shaped by external and transnational dynamics

① The insurgency in North East has one reason in safe harbours for the insurgents in neighbouring countries.

eg ULFA in Myanmar.



Role of internal external state actors and transnational dynamics on internal security

(Don't write anything in this part)

VAJIRAM & RAVI

- 2) Pakistan is responsible for militancy in Jammu-Kashmir.
- 3) The proximity of India to the Golden crescent (Afghanistan-Pakistan-Iran) and Golden triangle (Laos, Myanmar, Thailand) increases the risk of drug trafficking.

4

Recently Operation Sindoor has shown India's deterrence towards terrorism and its capabilities in National and Internal security.

Introduction

Body

Conclusion

Presentation

Marks:

VAJIRAM & RAVI

11. While tariff rationalization aims to enhance economic efficiency, it may also pose challenges to certain sectors. Critically assess the potential trade-offs involved in the Union Budget 2025-26's approach to tariff reforms.

(15 marks, 250 words)

In the recent budget, tariffs were reduced in certain sectors like Battery Energy Storage System.

Aim of tariff rationalization is to enhance economic efficiency -

- 1) To decrease the cost of production by reducing tariffs on raw materials.
(eg) Tariff reduction on Active Pharmaceutical Ingredients.
- 2) To enhance the global trade and inducing competition in the domestic industry.
- 3) To take the strategic advantage by focusing on other sectors.

VAJIRAM & RAVI

However there are challenges because of this trade off

1) Affects the domestic industry especially the small and cottage industries.

2) Leads to cheaper imports and reduced demand for domestic goods.

3) Affects the small and marginal farmers and their livelihood.

(eg) Dairy products from imports hurts the livelihood of farmers.

4) Leads to trade deficit.

Don't write anything in this part)

VAJIRAM & RAVI

(Don't write anything in this part)

This trade off thus should be balanced with thorough analysis by upholding the free trade principles and securing livelihoods.

(Don't write anything in this part)

VAJIRAM & RAVI

12. A shift from fiscal deficit targeting to debt-to-GDP ratio as the fiscal anchor signals a more holistic approach to fiscal discipline. Do you agree? Give reasons in support of your arguments. (15 marks, 250 words)

From 2025 the fiscal anchor has been changed to debt to GDP ratio. This is done by this year's budget.

It signals a more holistic approach to fiscal discipline -

- 1) It will provide more flexibility to the government for counter-cyclic infusions.
- 2) It will help in dealing with emergency situation better (The escape clause limit of 0.5% GDP provided in FRBM act was rigid)
- 3) Will help in comparative analysis as most developed nations use Debt to GDP ratio as fiscal anchor.

4) This is more in line with macro-economic long term stability than year on year targets of fiscal deficits.

5) The shift was needed as the targets are not fulfilled even with FRBM act.

However, there are certain concerns too

1) This might lead to excessive spending by government thereby impeding fiscal discipline.

2) The data might be misleading in case of value of this ratio being less because of increase in GDP.

3) This might lead to more borrowing by the government

(Don't write anything in this part)

VAJIRAM & RAVI

making the debt unsustainable
(we already have 25% budget
used for debt servicing)

4. FRBM targets kept a check on fiscal deficit but shifting from it ~~can~~ can lead to loss of benefits achieved.

The debt to GDP ratio should be clubbed with fiscal deficit to provide a correct picture.

VAJIRAM & RAVI

Introduction	
Body	
Conclusion	
Presentation	
Marks:	

VAJIRAM & RAVI

13. India's food processing sector is moving towards greater formalization and efficiency. Critically assess how initiatives like the PLI scheme and Pradhan Mantri Formalisation of Micro Food Enterprises (PM-FME) contribute to this transformation.

(15 marks, 250 words)

The Food processing sector is a sunrise sector. It has seen growth of 5.3% Average annual growth rate

FPI sector is moving towards formalization and efficiency -

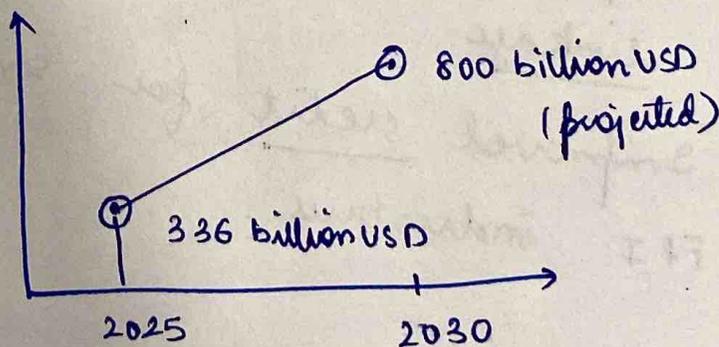
1. With Farmers Producer Organization like Sahajdai Farms, FPIs are becoming efficient.
2. Improved backward-forward linkage
3. Improved credit for small FPI industries.

(Don't write anything in this part)

VAJIRAM & RAVI

Role of PLI and PM-FME in formalisation and efficiency of FPIs

- 1) PLI has incentivised the productivity of FPIs.
- 2) Cold storage development through PM-FME.
- 3) Integrating farmers with eNAM to increase market access.
- 4) Increased skill development in FPI thus improving efficiency.
- 5) Growth of FPI sector



However, there are still some challenges

- 1) Cold storage penetration in India is 8%. It is 40% in USA.
- 2) 10% foods are processed in India while it is 65% in USA.
- 3) Exports face restriction because of Phyto sanitary barriers.

FPIs have the potential of making agripreneurs and increase the agri exports to realise the vision of 2 trillion USD of Foreign trade policy.

(Don't write anything in this part)

VAJIRAM & RAVI

14. Do you agree that granting a legal guarantee to Minimum Support Price (MSP) may create a fiscally unsustainable and economically inefficient agricultural system? Suggest viable alternatives to ensure fair farmer remuneration without distorting the market. (15 marks, 250 words)

There have been recurring demands for legalising the MSP by farmers.

Granting legal right may create fiscally unsustainable and economically inefficient agricultural system —

Fiscal unsustainable

↓
MSP and open procurement of wheat and rice cause 1 lakh crore to government

↓
Leads to wastage and overprocurement (FCI procured 330 mmt, operational need was 150 mmt of grains)

↓
Leads to disputes in WTO

↓
Leads to fiscal deficit (4.5% in 2025-26)

New criminal laws in addressing these new challenges -

- 1) DPDP act to increase the data safety and security.
- 2) Organised crime is defined in BNS and identified as potential threat.
- 3) Special forces and institutions to address these.

(eg) CERT In

However, there are several challenges in its implementations and thus in dealing with these challenges

1. skilled force - inadequacy.
2. Lack of digital literacy, making people vulnerable to cyberfrauds.

VAJIRAM & RAVI

(Don't write anything in this part)

3) Low conviction in organised crime cases.

4) Vohra committee → Nexus between organised crime, politicians and bureaucrats.

The modern threats requires modernisation of our security forces as well as effective implementation and gap filling to ensure National security.

Introduction

Body

Conclusion

Present

VAJIRAM & RAVI

20. Discuss how integrated border infrastructure and management practices can balance security imperatives with the socio-economic development of frontier communities.
(15 marks, 250 words)

The recent move of Government to name the last village of India as first village is a symbol of increased significance of our border villages and communities living therein.

Integrated border Infrastructure and management balanced security imperative along with socio-economic development

1. Developmental programs like Vibrant Village Program helps in development of border community as well as improving border infrastructure.
2. Socio economic development of frontier communities will lead to

VAJIRAM & RAVI

(Don't write anything in this part)

national integration and will bridge the trust deficit which can help in dealing with internal security issues like insurgency and militancy.

3. These communities can thus be made part of border security.

(eg) During Kargil war, the shepherd community helped in early war preparation.

4. It is crucial for long term stability and for winning hearts and minds of people.

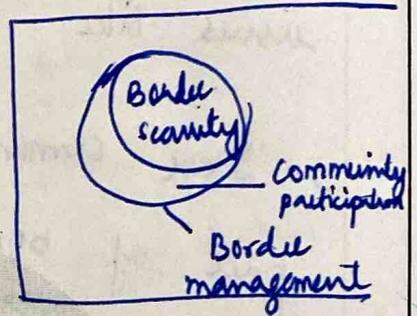
5. Border Infrastructure will improve timely troop movement as well provision of basic amenities to these communities.

(Don't write anything in this part)

VAJIRAM & RAVI

(Don't write anything in this part)

6. Border management with participation of local communities will help the forces better deal with outside challenges.



Integrated border management is thus key for internal as well as external security.

VAJIRAM & RAVI

Introduction	
Body	
Conclusion	
Presentation	
Marks:	