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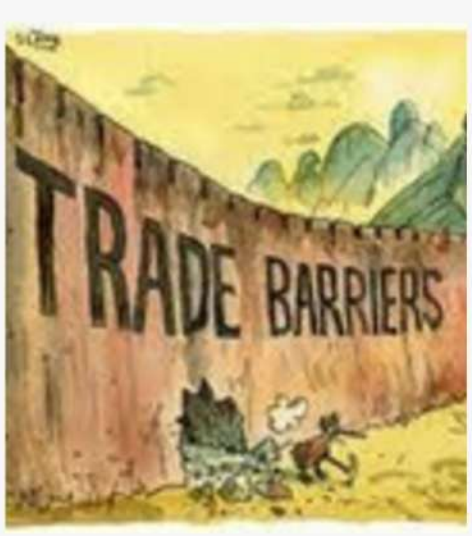
P2. NATIONAL

PM to disburse ₹2,400 cr job-linked incentives.-PM-VBRY aims to convert economic growth into formal and inclusive employment through DBT-based incentives

P3. NATIONAL

Is India producing more graduates than what the economy can absorb? : - India faces growing educated unemployment as job creation has not kept pace with the rising number of graduates.

P7. ECONOMICS



The real barriers to trade are no longer tariffs- Globalisation is being reshaped through regulatory barriers, strategic trade policies, bilateral agreements and supply-chain realignments.

Editor's Note

As India moves towards becoming a developed nation, new solutions are emerging to address the complex economic, social, and strategic challenges of our time. In today's edition of The Pala Civil Times, we explore several such developments that reflect India's evolving approach to problem-solving at both national and global levels.

On the national front, the Pradhan Mantri Viksit Bharat Rozgar Yojana (PM-VBRY) highlights the shift towards job-led growth and the formalisation of employment, helping India harness its demographic potential. This becomes especially relevant at a time when the higher education system is grappling with the challenge of balancing academic expansion with employability. We also examine recent reforms in economic statistics, including updated GDP and CPI base years, which aim to make India's growth and inflation measurements more accurate and reflective of present realities.

In the international arena, our Decoded Editorials analyse the significance of the recent U.S.–Iran agreement, highlighting how diplomacy and stability can often be more valuable than outright geopolitical victories. In the economy section, we discuss how the India–UK Free Trade Agreement seeks to boost labour-intensive exports and strengthen manufacturing competitiveness. Meanwhile, the science page explores the promising concept of Rail/Road-Integrated Photovoltaics, which can generate renewable energy using existing transport infrastructure without additional land requirements.

Together, these developments offer important lessons in innovation, adaptation, and policy-driven problem solving. Read through them carefully and use them to cultivate the analytical mindset essential for success in your preparation journey.

P4. SCIENCE

How solar-integrated rail and road infrastructure can power India's clean energy transition

- SpaceX's historic IPO, which pushed its valuation above $2 trillion and made Elon Musk the world's first trillionaire.

Editorials Decoded

The Indian EXPRESS

Look beyond winners & losers in US, Iran

The emerging U.S.–Iran rapprochement could reshape West Asian geopolitics by reducing regional tensions, enhancing energy security, and creating new strategic and economic opportunities for India.

THE HINDU

Essential upgrades

India is modernising its economic statistical framework through updated methodologies, base years, and data systems to ensure more accurate measurement of growth

PM to disburse ₹2,400 cr job-linked incentives

Employment generation remains one of the most important challenges before the Indian economy despite sustained economic growth. Concerns regarding jobless growth, low labour force participation and informality have prompted the government to launch targeted interventions such as the Pradhan Mantri Viksit Bharat Rozgar Yojana (PM-VBRY), which seeks to promote formal employment, strengthen industry participation and expand social security coverage for workers.

PM-VBRY as an Employment Promotion Mechanism

- PM-VBRY has a total outlay of ₹99,446 crore and aims to facilitate 3.5 crore jobs over two years.
- First-time employees receive incentives of up to ₹15,000, while employers receive up to ₹3,000 per month for every additional worker hired.
- Nearly 70 lakh jobs have already been generated, and an equal number of workers have been brought under formal social security coverage.
- More than 20 lakh workers have completed six months in their first jobs, while about 10 lakh beneficiaries have already received incentive payments.
- Over ₹2,000 crore has been transferred directly into beneficiaries' bank accounts through DBT.

Employment, Manufacturing and Inclusive Growth

- Since August 2025, more than 63 lakh first-time employees have entered the formal workforce under the scheme.
- Nearly 30% of these beneficiaries are women, indicating progress towards greater female workforce participation.
- More than 80% of incentivised establishments employ fewer than 25 workers, demonstrating the scheme's strong MSME focus.
- Additional incentives are provided to manufacturing enterprises for up to four years, recognising their role in labour-intensive job creation.
- By extending social security benefits alongside employment, the scheme promotes both economic inclusion and worker protection.

RELEVANCE

GS II : Social Justice; GS III : Indian Economy

Complementary Reforms Supporting Employment

- The scheme operates alongside broader labour reforms such as mandatory appointment letters under the new labour codes.
- Expansion of EPFO coverage, pension reforms and healthcare access strengthens worker security.
- India's startup ecosystem has expanded from around 500 startups a decade ago to over 2 lakh registered startups, creating new employment avenues.
- Free Trade Agreements and initiatives such as Make in India, Skill India and Startup India are intended to support long-term employment generation.
- Reforms encouraging women's employment, flexible work arrangements and workplace safety seek to improve labour force participation.

The PM-VBRY reflects a shift from viewing employment merely as an outcome of growth to treating job creation as a policy objective in itself. By combining employment incentives, formalisation, social security, skill development and support for enterprises, the scheme seeks to make economic growth more inclusive, employment-intensive and sustainable. Its long-term success will depend on the ability to generate productive jobs at scale while improving workforce skills and labour market participation.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

PYQ COMPASS

Q. What are the salient features of 'inclusive growth'? Has India been experiencing such a growth process? Analyse and suggest measures for inclusive growth (2017)

Q. The nature of economic growth in India in recent times is often described as jobless growth. Do you agree with this view? Give arguments in favour of your answer. (2015)

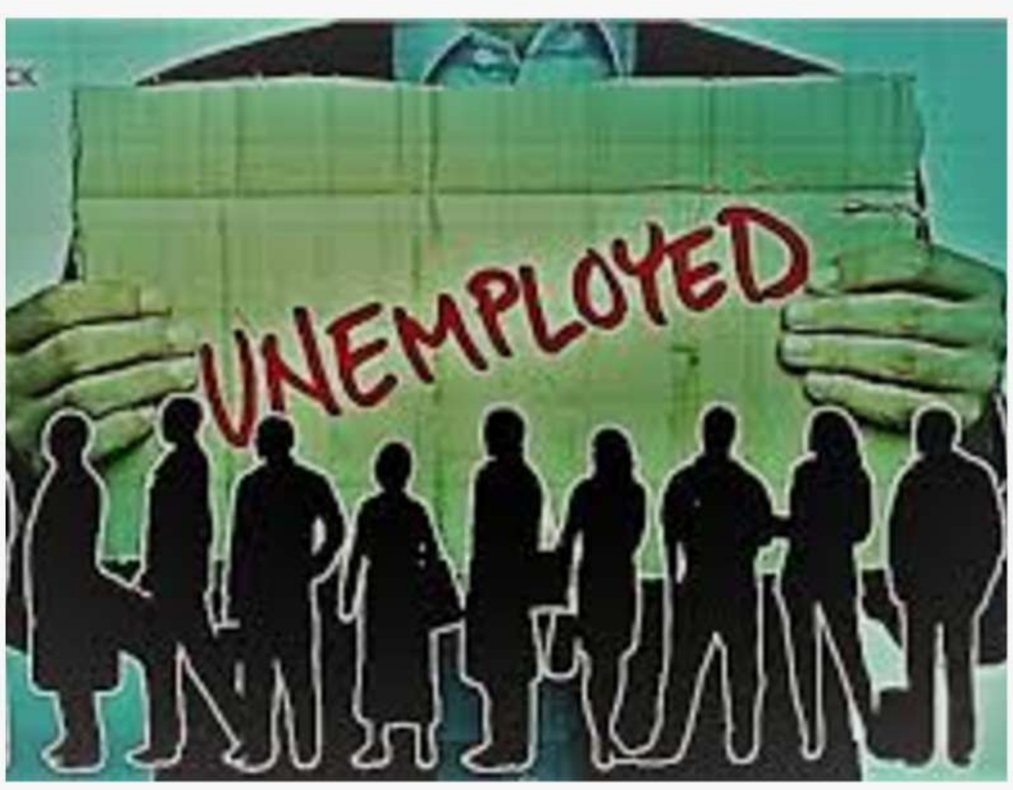
Q. "Success of 'Make in India' programme depends on the success of 'Skill India' programme and radical labour reforms." Discuss with logical arguments. (2015)

Is India producing more graduates than what the economy can absorb?

India is witnessing a rapid expansion of higher education, with millions of graduates entering the labour market annually. However, educated unemployment remains a significant concern, indicating that the challenge is not merely the availability of jobs but also the mismatch between the skills possessed by graduates and the requirements of a rapidly changing economy. This reflects the growing structural nature of unemployment in India.

Educated Unemployment and Skill Mismatch

- Expansion of colleges and universities has increased the supply of graduates faster than the growth of quality employment opportunities.
- Industry reports frequently highlight a gap between academic learning and workplace requirements.
- Graduates often lack practical exposure, problem-solving ability, teamwork experience, and emerging digital skills.
- The result is a growing mismatch between labour market demand and workforce capabilities, leading to structural unemployment.



Growth Without Commensurate Employment

- Recent economic growth has increasingly been driven by higher labour productivity through automation, digitalisation, AI, robotics and Industry 4.0 technologies.
- Capital-intensive sectors such as semiconductors and advanced manufacturing generate significant output but relatively fewer jobs.
- Even manufacturing expansion today often requires fewer workers than before because of automation.
- Thus GDP and productivity may rise faster than employment generation, creating concerns of "jobless growth".

RELEVANCE

GS III :Indian Economy

Creating Employment in the Knowledge Economy

- Greater industry-academia collaboration is required to align curricula with market needs.
- Expansion of internships, apprenticeships and vocational education can improve employability.
- Higher investment in research and development can generate high-value design and innovation jobs.
- Promotion of entrepreneurship, startups and deep-tech innovation can transform graduates from job seekers into job creators.
- Labour-intensive sectors such as MSMEs, tourism, logistics and food processing should complement high-productivity sectors.

Way Forward

India's challenge is not an excess of graduates but an insufficient alignment between education, technological transformation and employment creation. Sustaining the demographic dividend will require a growth strategy that combines productivity gains with innovation, skill development and broad-based job creation. Only then can higher education translate into productive employment and inclusive economic growth.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

Q. Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. (GS III - 2023)

Q. Economic growth in the recent past has been led by increase in labour productivity." Explain this statement. Suggest the growth pattern that will lead to creation of more jobs without compromising labour productivity.
(GS III - 2022)

Q. While we flaunt India's demographic dividend, we ignore the dropping rates of employability." What are we missing while doing so? Where will the jobs that India desperately needs come from? Explain. (GS III - 2014)

How solar-integrated rail and road infrastructure can power India's clean energy transition

India's energy transition is entering a new phase where transport infrastructure is evolving from being merely an energy consumer to becoming a producer of clean energy. In line with goals such as achieving net-zero emissions by 2070, expanding non-fossil fuel capacity, and decarbonising transport, India is exploring **Rail/Road-Integrated Photovoltaics (RIPV)**, which integrates solar photovoltaic systems into existing railway and highway infrastructure without requiring additional land.

What is RIPV and How Does It Work?

- RIPV involves installing solar photovoltaic (PV) systems along railway tracks and highway medians.
- Unlike conventional solar parks, RIPV utilises existing transport corridors, ***reducing dependence on dedicated land acquisition.***
- **International examples** include solar noise barriers in the Netherlands, railway-track solar systems in Switzerland, solar-integrated highway infrastructure in Germany and Italy, and solar railway barriers in Lithuania.
- In India, pilot projects have been initiated at **Delhi Metro's Okhla Vihar station**, the Namo Bharat corridor, Banaras Locomotive Works, and the Delhi-Dehradun Expressway.

Significance for India's Energy Transition

- India possesses over **1.4 lakh km of national highways and nearly 99,000 km of railway tracks,** creating significant opportunities for integrated solar deployment.
- Studies under the Indo-German Solar Partnership estimate over **150 GW of RIPV potential**, with nearly equal contributions from highways and railway corridors.
- RIPV can help meet growing electricity demand from electrified transport systems while reducing dependence on fossil fuels.
- It supports India's renewable energy targets, net-zero commitments and sustainable mobility objectives.

Benefits

- Land-neutral renewable energy generation.
- Reduced transmission losses due to proximity to consumption centres.
- Support for EV charging stations through locally generated clean power.
- Productive use of underutilised transport infrastructure.
- Contribution to freight and transport decarbonisation.

Challenges

- Absence of standardised technical and safety guidelines.
- Financing and project approval hurdles.
- Higher installation costs compared to conventional ground-mounted solar systems.
- Need for institutional coordination among transport, energy and regulatory agencies.

What lies ahead

Rail/Road-Integrated Photovoltaics represent an innovative approach to combining infrastructure development with clean energy generation. As India expands its transport networks and renewable energy capacity simultaneously, RIPV offers a scalable, land-efficient and sustainable solution. With appropriate policy support, financing mechanisms, technical standards and successful pilot projects, RIPV can emerge as an important component of India's long-term strategy for energy security, climate action and sustainable development.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

PYQ COMPASS

Q. Do you think India will meet 50 percent of its energy needs from renewable energy by 2030 ? Justify your answer. How will the shift of subsidies from fossil fuels to renewables help achieve the above objective ? Explain. (2022, 15 Marks)

Q. Describe the benefits of deriving electric energy from sunlight in contrast to the conventional energy generation. What are the initiatives offered by our Government for this purpose? (2020, 15 Marks)

Q. Access to affordable, reliable, sustainable and modern energy is the sine qua non to achieve Sustainable Development Goals (SDGs)." Comment on the progress made in India in this regard. (2018, 10 Marks)

RELEVANCE

GS III : Infrastructure; Renewable Energy

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Look beyond winners & losers in US, Iran (Indian Express : 19-06-2026)

West Asia remains one of the most strategically important regions for global energy supplies, maritime trade and geopolitical competition. The recent Memorandum of Understanding between the United States and Iran, aimed at ending the ongoing confrontation, signals a possible shift from prolonged hostility towards limited diplomatic engagement. Beyond its bilateral significance, the development has important implications for regional stability, global energy markets and India's strategic interests.

From Confrontation to Pragmatic Diplomacy

- The agreement suggests that both Washington and Tehran recognise the economic and strategic costs of prolonged conflict.
- It reflects a broader trend in international politics where national interests increasingly outweigh ideological confrontation.
- Discussions on Iran's economic integration and reduced regional tensions indicate the possibility of a gradual rapprochement between Iran, the U.S. and Gulf Arab states.
- The development also demonstrates how geopolitical rivalries are increasingly managed through negotiated settlements rather than prolonged military escalation.

Implications for India

- West Asia remains a critical source of India's crude oil, LNG imports and remittance flows.
- Reduced tensions around the Strait of Hormuz can enhance the security of global energy supplies and reduce volatility in oil prices.
- A stable Gulf region strengthens India's energy security and supports long-term economic growth.
- Improved regional relations may also facilitate greater trade, investment and people-to-people linkages with Gulf countries

PYQ Compass

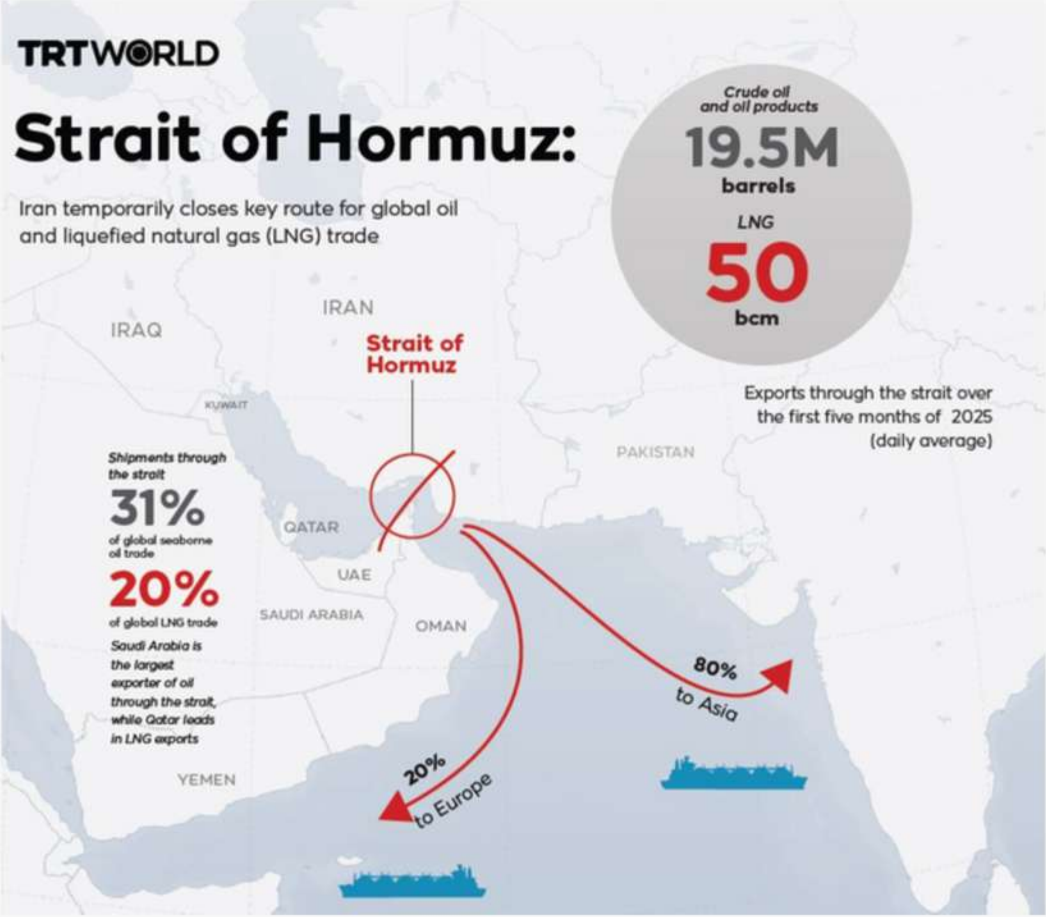
UPSC questions previously asked from the themes discussed on this page.

Q. "With the waning of globalization, post-Cold War world is becoming a site of sovereign nationalism." Elucidate. (GS II - 2025)

Q. In what ways would the ongoing U.S-Iran Nuclear Pact Controversy affect the national interest of India? How should India respond to this situation? (GS II - 2018)

Strategic Opportunities for India

- Stability in West Asia can revive regional connectivity initiatives involving India and the Gulf.
- It complements India's engagement with multiple stakeholders including the United States, Iran, Israel, Saudi Arabia and the UAE.
- Projects such as the Chabahar Port, the International North-South Transport Corridor (INSTC), and emerging economic corridors benefit from a peaceful regional environment.
- Simultaneously, frameworks such as I2U2 demonstrate India's ability to pursue issue-based partnerships without abandoning strategic autonomy.



Way Forward

The significance of the emerging U.S.–Iran understanding extends beyond the immediate conflict and points towards a potentially more stable West Asian order. For India, the priority lies not in choosing sides but in leveraging regional stability to advance energy security, connectivity, trade and strategic partnerships. A peaceful Gulf region would enhance India's economic resilience and reinforce its long-term objective of acting as a major stakeholder in the evolving Indo-West Asian geopolitical landscape.

RELEVANCE

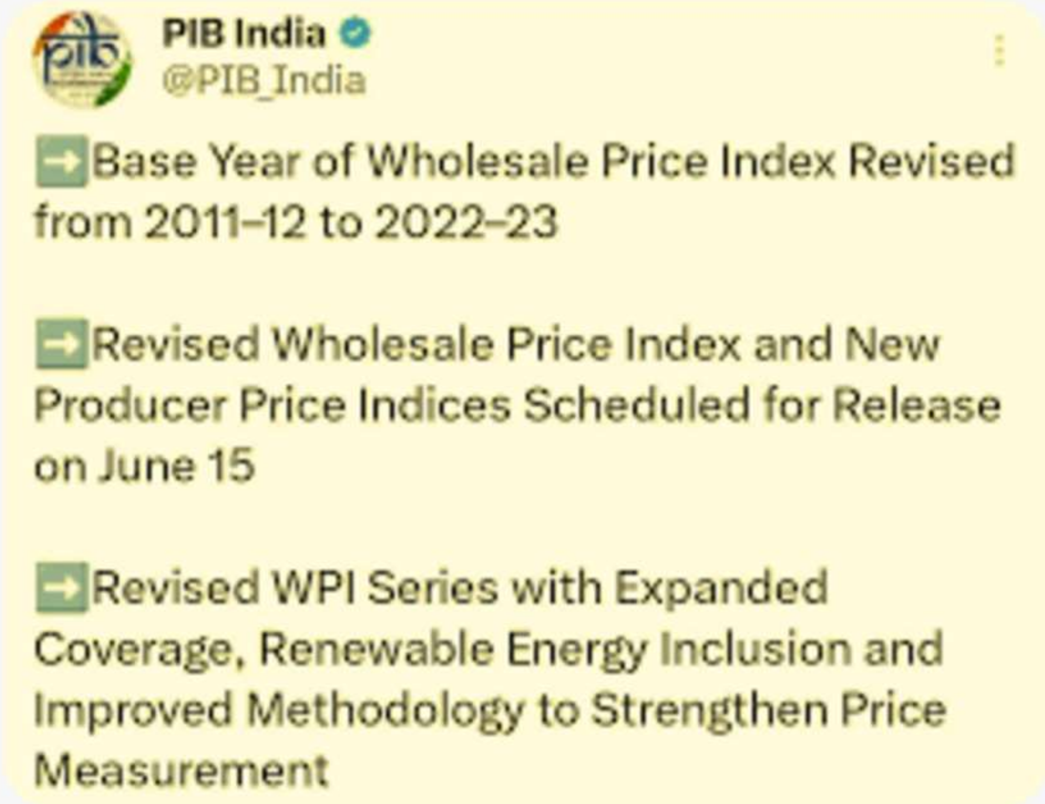
GS II : International Relations

Essential upgrades (The Hindu : 19-06-2026)

Reliable economic statistics form the foundation of effective policymaking and economic governance. Recognising the need to reflect structural changes in the economy, India has recently undertaken major revisions in key statistical indicators such as GDP, Consumer Price Index (CPI), Wholesale Price Index (WPI), and Index of Industrial Production (IIP), aligning them more closely with current economic realities and international best practices.

Updating Base Years and GDP Methodology

- The base year for GDP estimation has been revised from 2011-12 to 2022-23.
- New data sources and improved methodologies have been incorporated to better capture economic activity.
- The adoption of the double-deflator approach improves estimation of real value added by separately adjusting output and input prices.
- These revisions strengthen the accuracy of real GDP estimates and address long-standing recommendations of international institutions such as the IMF.


PIB India
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➡Base Year of Wholesale Price Index Revised from 2011–12 to 2022–23

➡Revised Wholesale Price Index and New Producer Price Indices Scheduled for Release on June 15

➡Revised WPI Series with Expanded Coverage, Renewable Energy Inclusion and Improved Methodology to Strengthen Price Measurement

Measuring Inflation and Industrial Activity

- The CPI has been revised with a new base year (2024), updated consumption baskets and revised weightages reflecting current spending patterns.
- The WPI has also been updated, improving measurement of wholesale price movements.
- The IIP base year has been revised to 2022-23 with improved industrial coverage and data collection mechanisms.
- These revisions make inflation and industrial growth indicators more representative of the contemporary economy.

PYQ Compass
UPSC questions previously asked from the themes discussed on this page.

Q. Define potential GDP and explain its determinants. What are the factorsthat have been inhibiting India from realizing its potential GDP? (GS III – 2020)

Explain the difference between computing methodology of India's Gross Domestic Product (GDP) before the year 2015 and after the year 2015. (2021)

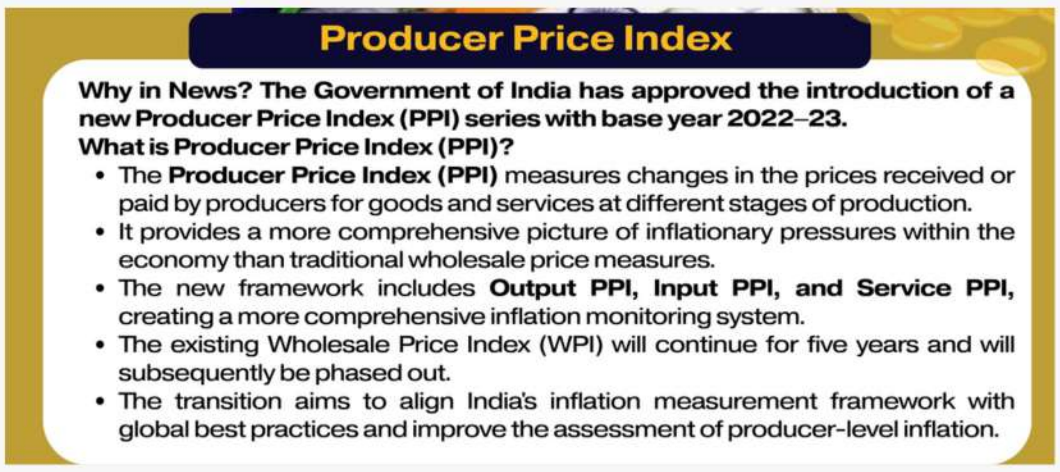
With reference to Indian economy, consider the following statements: (2015)
1. The rate of growth of Real Gross Domestic Product has steadily increased in the last decade.
2. The Gross Domestic Product at market prices (in rupees) has steadily increased in the last decade.
Which of the statements given above is/are correct?
a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

RELEVANCE

GS III : Indian Economy

Emerging Statistical Reforms and Their Significance

- The introduction of the **Producer Price Index (PPI)** marks a significant reform in price measurement.
- Unlike WPI, ***PPI captures price changes at the producer level and includes services, making it internationally comparable.***
- ***More accurate CPI and WPI estimates improve the GDP deflator***, which is used to derive real GDP growth from nominal GDP.
- Better statistical systems also improve assessments of unemployment, productivity, poverty and overall economic development.


Producer Price Index

Why in News? The Government of India has approved the introduction of a new Producer Price Index (PPI) series with base year 2022–23.
What is Producer Price Index (PPI)?
- The **Producer Price Index (PPI)** measures changes in the prices received or paid by producers for goods and services at different stages of production.
- It provides a more comprehensive picture of inflationary pressures within the economy than traditional wholesale price measures.
- The new framework includes **Output PPI, Input PPI, and Service PPI,** creating a more comprehensive inflation monitoring system.
- The existing Wholesale Price Index (WPI) will continue for five years and will subsequently be phased out.
- The transition aims to align India's inflation measurement framework with global best practices and improve the assessment of producer-level inflation.

Way Forward

As India aspires to become a major global economy, robust statistical systems are essential for informed policymaking and international credibility. Periodic revisions of GDP, CPI, WPI, IIP and other indicators ensure that economic measurements remain relevant, reliable and aligned with changing economic structures. Accurate statistics ultimately strengthen economic governance, improve policy outcomes and provide a more realistic picture of development.

The real barriers to trade are no longer tariffs

The global trading system is undergoing a significant transformation, with traditional tariff reductions giving way to increasing protectionism, strategic competition and regulatory barriers. While tariffs remain politically visible, **non-tariff barriers (NTBs)** such as product standards, environmental regulations, certification requirements and technology restrictions have emerged as the principal determinants of market access and international competitiveness.

Rise of Non-Tariff Barriers and New Protectionism

- Since the establishment of the World Trade Organization in 1995, tariff rates have declined substantially across the world.
- However, countries increasingly use NTBs including health standards, environmental regulations, technical requirements and export controls.
- The European Union relies on measures such as CBAM and deforestation regulations, while the United States employs technology and semiconductor restrictions.
- Thus, ***protectionism has shifted from customs duties to regulatory frameworks***.

Challenges to Trade, Growth and Competitiveness

- India's experience demonstrates that reducing tariffs alone does not ensure export growth.
- Under the **ASEAN-India FTA,** utilisation remains below **50%** due to regulatory and procedural barriers in partner countries.
- Indonesian pharmaceutical registration requirements and Thai customs procedures continue to constrain Indian exports despite preferential tariff access.
- Similarly, under the **India-Japan CEPA**, lengthy approval procedures and non-recognition of testing standards have restricted Indian pharmaceutical exports.
- These examples show that NTBs often undermine the practical benefits of free trade agreements and reduce India's export competitiveness.

RELEVANCE

GS III :Indian Economy

Adapting to the New Trade Environment

- India is increasingly negotiating deeper trade agreements that focus on standards, mutual recognition and conformity assessment rather than tariff reductions alone.
- Recent agreements with the UAE and EFTA include mechanisms for reducing NTBs and improving market access.
- Strengthening domestic quality infrastructure, harmonising standards and improving ease of doing business can enhance export competitiveness and attract greater FDI.
- Bilateral and regional trade partnerships are becoming important complements to the multilateral trading system.

Way Forward

The future of international trade will be shaped less by tariffs and more by regulatory standards, technology controls and market-access rules. For India, maintaining export competitiveness and attracting investment will require stronger domestic capabilities, regulatory alignment and proactive engagement with evolving global trade frameworks. Success in this new trade order will depend on India's ability to convert compliance and quality standards into strategic economic advantages.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

PYQ COMPASS

Q. What are the challenges before the Indian economy when the world is moving away from free trade and multilateralism to protectionism and bilateralism? How can these challenges be met? (2025)

Q. How would the recent phenomena of protectionism and currency manipulations in world trade affect macroeconomic stability of India? (2018)

Q. Justify the need for FDI for the development of the Indian economy. Why there is gap between MoUs signed and actual FDIs? Suggest remedial steps to be taken for increasing actual FDIs in India. (2016)

ECONOMICS

UK trade pact to level the playing field for labour-intensive exports

The recently concluded India–United Kingdom Comprehensive Economic and Trade Agreement (CETA) marks an important milestone in India's trade strategy. At a time when the global economy is witnessing rising protectionism and a shift towards bilateral trade arrangements, the agreement provides duty-free access for a vast majority of Indian exports to the UK and offers new opportunities for manufacturing growth, export expansion and employment generation.

Strengthening Labour-Intensive Exports

- The agreement provides zero-duty access to nearly 99% of Indian exports entering the UK market.
- Several labour-intensive sectors stand to benefit, including textiles, apparel, footwear, leather goods, marine products, processed food, engineering goods, chemicals and pharmaceuticals.
- Indian exporters previously faced tariff disadvantages compared to countries such as Bangladesh and Least Developed Countries (LDCs) that already enjoyed preferential market access.
- Removal of tariffs creates a level playing field and enhances the competitiveness of Indian products in a major developed market.

Implications for Manufacturing, MSMEs and Employment

- Many sectors benefiting from the agreement are characterised by high employment intensity and strong MSME participation.
- Increased export demand can stimulate production, encourage capacity expansion and create jobs across manufacturing value chains.
- Labour-intensive industries such as textiles, leather and food processing have significant potential to absorb India's growing workforce.
- Export-led manufacturing growth can help address concerns regarding jobless growth and improve employment elasticity in the economy.

RELEVANCE

GS III :Indian Economy

Strategic Significance in a Changing Global Trade

- As multilateral trade negotiations face challenges, countries are increasingly relying on bilateral and regional trade agreements.
- The India–UK CETA reflects India's strategy of securing preferential market access through targeted economic partnerships.
- Such agreements help Indian exporters overcome external trade barriers and diversify export destinations.
- Combined with initiatives such as the PLI Scheme, logistics improvements and ease of doing business reforms, FTAs can strengthen India's integration into global value chains.

Way Forward

The India–UK CETA demonstrates how trade policy can simultaneously advance export growth, manufacturing competitiveness and employment generation. By leveraging bilateral trade agreements alongside domestic manufacturing reforms, India can strengthen labour-intensive industries, expand MSME participation and build a more resilient export-oriented growth model suited to the evolving global economic landscape.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

PYQ COMPASS

Q. What are the challenges before the Indian economy when the world is moving away from free trade and multilateralism to protectionism and bilateralism? How can these challenges be met? (2025)

Q. Discuss the rationale of the Production Linked Incentive (PLI) scheme. What are its achievements? In what way can the functioning and outcomes of the scheme be improved? (250 words) (2025)

Q. Faster economic growth requires increased share of the manufacturing sector in GDP, particularly of MSMEs. Comment on the present policies of the Government in this regard (2023)

Q. Account for the failure of manufacturing sector in achieving the goal of labour-intensive exports. Suggest measures for more labour-intensive rather than capital-intensive exports. (2017)

Practice Questions and answers

Q. With reference to the Pradhan Mantri Viksit Bharat Rozgar Yojana (PM-VBRY), consider the following statements:

1. First-time employees can receive incentives up to ₹15,000.
2. Employers can receive incentives for hiring new workers under the scheme.
3. The scheme exclusively targets large manufacturing enterprises.

Which of the statements given above is/are correct?

a) 1 only
b) 1 and 2 only
c) 2 and 3 only
d) 1, 2 and 3

Answer: (b)
Statement 1: Correct. Under PM-VBRY, first-time employees entering formal employment are eligible for financial incentives of up to ₹15,000. The objective is to encourage youth to join the formal workforce and remain employed.
Statement 2: Correct. The scheme is unique because it supports both employees and employers. Employers receive incentives of up to ₹3,000 per month per additional employee hired, thereby encouraging job creation.
Statement 3: Incorrect. The scheme is not limited to large manufacturing enterprises. In fact, more than 80% of incentivised establishments have fewer than 25 workers, indicating a strong focus on MSMEs and small enterprises. While manufacturing receives additional support, the scheme is broader in scope.

Q. Consider the following regarding structural unemployment:

1. It arises from a mismatch between skills possessed and skills demanded.
2. Technological changes can contribute to structural unemployment.
3. Structural unemployment is purely seasonal in nature.

Select the correct answer:

a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Answer: (a)
Statement 1: Correct. Structural unemployment occurs when workers' skills do not match the requirements of available jobs.
Example: Engineering graduates trained in outdated technologies may struggle to find jobs requiring AI, machine learning or advanced digital skills.
This was a major theme in the discussion on educated unemployment and employability.
Statement 2: Correct – Technological advancement can render existing skills obsolete.
Examples include automation in manufacturing, AI replacing routine tasks, and digitalisation reducing demand for certain clerical jobs.
Such technological shifts create structural unemployment unless workers are re-skilled.
Statement 3: Incorrect. Seasonal unemployment and structural unemployment are different concepts.
Example:

- Agricultural workers unemployed between crop seasons – This is an example of Seasonal unemployment.
- Engineers unable to find jobs because industry demands different skills – This is a case of Structural unemployment.

Practice Questions and answers

Q. Consider the following statements regarding the India–UK Comprehensive Economic and Trade Agreement (CETA):

1. It provides zero-duty access to most Indian exports entering the UK.
2. Labour-intensive sectors such as textiles and footwear are expected to benefit.
3. It is a multilateral agreement negotiated under WTO.

Which of the above are correct?

a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Answer: (a)

Statement 1 is correct - The India–UK CETA provides zero-duty access on about 99% of Indian exports, covering nearly the entire value of bilateral trade.
This significantly improves market access for Indian exporters.

Statement 2: Correct

Major beneficiaries include labour-intensive sectors:

- Textiles
- Apparel
- Leather
- Footwear
- Marine products
- Processed food
- Engineering goods

These sectors previously faced tariff disadvantages in the UK market.

Statement 3: Incorrect The India–UK CETA is a bilateral trade agreement, not a multilateral agreement.

Q. Which of the following sectors are considered labour-intensive export sectors?

1. Textiles
2. Leather
3. Marine products
4. Apparel

Select the correct answer:

a) 1 and 2 only
b) 3 and 4 only
c) 1, 2 and 4 only
d) 1, 2, 3 and 4

Answer: (d)

A labour-intensive sector is one where production depends heavily on human labour rather than machines or capital.
All four sectors listed are recognised labour-intensive sectors in India.

Textiles - One of India's largest employers after agriculture.

- Significant participation of MSMEs.
- High export potential.

Leather - Generates large-scale employment.

- Important source of exports.
- Particularly significant for small and medium enterprises.

Marine Products - Supports fishermen, processing units, logistics and export chains.

- Labour-intensive throughout the value chain.

Apparel/Garments - Requires extensive manual labour in stitching, finishing and packaging.

- Major employer of women workers.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

Q. Consider the following statements: (2022)
1. Gujarat has the largest solar park in India.
2. Kerala has a fully solar powered International Airport.
3. Goa has the largest floating solar photovoltaic project in India.
Which of the statements given below is/are correct?
a) 1 and 2
b) 2 only
c) 1 and 3
d) 3 only

Ans : b
Statement 1: Gujarat has the largest solar park in India. This statement is incorrect. Gujarat does have a large solar park, but Kurnool in Andhra Pradesh currently has the largest solar park in India, called the Pavagada Solar Park.
Statement 2: Kerala has a fully solar-powered International Airport. This statement is correct. Cochin International Airport in Kerala is the world's first fully solar powered airport, which is a significant achievement in renewable energy.
Statement 3: Goa has the largest floating solar photovoltaic project in India. This statement is incorrect. While Goa has a floating solar project, the largest floating solar project in India is in Telangana at the Srisailam Reservoir.

Q. Consider the following: (2024)
1. Battery storage
2. Biomass generators
3. Fuel cells
4. Rooftop solar photovoltaic units
How many of the above are considered "Distributed Energy Resources"
a) Only one
b) Only two
c) Only three
d) All four

Ans : d
Distributed Energy Resources (DERs) refer to small-scale units of local generation or storage connected to the grid. These resources are located close to where energy is used, and they can operate independently or in conjunction with the grid. Here's the explanation for each:

1. **Battery storage**: It stores energy locally, often from renewable sources, and can be used to provide power when demand is high or generation is low.
2. **Biomass generators:** These convert organic material into energy and are considered DERs as they generate power locally.
3. **Fuel cells:** They generate electricity through electrochemical reactions and are typically used in distributed systems.
4. **Rooftop solar photovoltaic units:** These generate electricity from solar power on-site, which can be used locally or fed into the grid.

PYQ Compass

UPSC questions previously asked from the themes discussed on this page.

PYQ COMPASS

Q. With reference to Indian economy, consider the following statements: (2015)
1. The rate of growth of Real Gross Domestic Product has steadily increased in the last decade.
2. The Gross Domestic Product at market prices (in rupees) has steadily increased in the last decade.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans : b
While growth of Real Gross Domestic Product declined during the last three years of the decade, GDP at market price increased steadily due to rising prices even when growth rate was small during the last three years of the decade.

Q. Consider the following statements: (2016)
1. The International Solar Alliance was launched at the United Nations Climate Change Conference in 2015.
2. The Alliance includes all the member countries of the United Nations.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Answer : a) 1 only.
Statement 1: The International Solar Alliance (ISA) was launched at the United Nations Climate Change Conference (COP21) in Paris in 2015. This is Correct. ISA was initiated by India and France to promote solar energy adoption and combat climate change.
Statement 2: The Alliance includes all the member countries of the United Nations. ➢ Incorrect. Initially, ISA was open to countries located between the Tropic of Cancer and the Tropic of Capricorn. Later, it was expanded to include all UN member countries, but this was not the case in 2015.

Q. 'Net metering' is sometimes seen in the news in the context of promoting the: (2016)
a) production and use of solar energy by the households/consumers
b) use of piped natural gas in the kitchens of households
c) installation of CNG kits in motor-cars
d) installation of water meters in urban households

Ans : a
Net metering is a system that allows consumers who generate their own electricity (often through solar panels) to feed the surplus electricity back into the grid. In return, they receive credit for the electricity they supply. The credits can be used to offset the cost of the electricity they consume from the grid when their own generation is insufficient (for example, at night or on cloudy days). This system promotes the production and use of solar energy by households and consumers because it makes it more financially attractive to invest in solar panels. Consumers can generate their own electricity, reduce their bills, and potentially earn money from excess energy production.