

UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.
Content of the Question is more important than length.
(Specimen Answer Booklet - For Practice Purpose Only)

उम्मीदवारों को इस हाशिए में नहीं लिखना चाहिए
Candidates must not write on this margin

3. Due to rise in investment, the rural segment is becoming a significant contributor to the manufacturing sector's output. Substantiate.

↳ The most visible trend in the manufacturing sector in India has been a shift of manufacturing Activity and employment from bigger cities to smaller towns and rural Areas.

↳ Rural Manufacturing shift

↳ Manufacturing plants in the formal sector are moving away from urban areas and into rural locations. While informal sector is moving from rural to urban locations. By World Bank Report 2012.

↳ Reason for rise in investment in rural segment.

1) Factory floor space supply constraints. When locations get more congested in urban, factories cannot be expanded as opposed to rural areas. Thus increased capital intensity of production.

2) Production cost Different. Many firms experiencing higher operating cost in cities than in rural Areas.

3) Possibility of Capital restructuring. - There is a tendency of growing capital accumulation and centralisation by large multi plant corporations. Here less skilled, less unionised & less costly rural labour.

↳ Advantages.

↳ It helped to maintain importance of manufacturing as a source of livelihood diversification in rural India.

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कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

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↳ helped to make up for the loss of Employment in some traditional rural industries. The growth of rural manufacturing, by generating new jobs thus provide an Economic base for the transition of out of Agriculture.

↳ Challenges.

↳ Firms reap the benefits of lower cost via low rents. The rural segment accounted for only 35% of the total rent paid, while it had 60% of total interest payments. The Benefits reaped from one source seem to be offset.

↳ Issue on 'skills shortage' in rural areas as manufacturing now needs higher skilled workers to compete in highly technological global new economy.

↳ Way Forward

↳ This suggest there is the most important is the Provision of more education and skilling for rural workers.

↳ A more educated and skilled rural workforce will establish rural areas comparative advantage of low wages, higher reliability and productivity and hasten the Process of the movement out of agriculture to higher earning livelihood.