

INDIAN ECONOMY AND INTERNATIONAL ORGANISATIONS

Time Allowed: 3 hrs.

Max. Marks: 250

Q.	Marks	Instructions to Candidate
1.		<ul style="list-style-type: none">• There are 20 questions.• All questions are compulsory• The number of marks carried by a question is indicated against it.• Answer the questions in NOT MORE THAN 200 words each. Contents of the answer is more important than its length.• Answers must be written within the space provided. <p>Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.</p>
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		

1. Invigilator Signature _____

2. Invigilator Signature _____

Name

Pooja Ranawat

Roll No.

1733

Mobile No. _____

Date

1/08/17

Signature

P. Ranawat

REMARKS

GS SCORE
GS MAINS TEST SERIES 2017

--	--	--



Roll No. _____

Q1. High logistics cost is one of the major reasons for uncompetitive of Indian goods in global markets. In this reference, discuss the significance of having multimodal logistic approach in India. What are challenges in present logistics sectors? Also discuss some of the major trans-boundary multimodal projects of India. (12.5 Marks)

Ans. The development of infrastructure is the road to economic prosperity for India.

① The lack of efficient infrastructure and transportation channels has continued to mar the development. A study by Mckinsey found that the 'cost of doing business' in India is six times higher than other countries like Singapore, Korea, etc.

Mention evolution of logistic

⇒ Problems:

② High cost of transportation due to multiple clearances issue, inadequate storage and handling capacity; bureaucratic red tapism etc.

③ The multimodal logistic approach

— It incorporates the transfer by multiple means of transport — connectivity through rail, road & waterway.

→ benefits

④ Such an approach will

- a) help reduce cost
- b) reduce travel time
- c) save the resource and increase

Remarks

resource use efficiency.

- d) increase trade potential,
- e) contribute to economic growth.

⇒ Major projects :

⑤ The India Myanmar Thailand Trilateral Highway connects Kolkata to Sitoune via a combination of rail → road → boat and waterway.

⑥ Another example is the Kaladan Multimodal highway project.

Thus, such projects not only increase trade potential between countries but also lead to social and cultural prosperity through increased connectivity.

③
 Formulation
 Revision
 INSTC
 cross-border
 forum

Remarks

Q2. What do you understand by the term Industries 4.0? How it is going to impact the employment generation in India? What possible steps can be taken to avoid any adverse effects on employment generation from Industries 4.0? (12.5 Marks)

A2. The recent WEF summit discussed the coming of the 4th generation of economic transformation.

- ① The term Industries 4.0 refers to the onset of the ^{automation} age with increased use of Artificial Intelligence in all sectors. *Smart factories*
- ② It refers to the taking over of jobs by automatic robots and customised machines, thus substituting the manpower of an industry.

⇒ Impact on employment generation

- ① The Indian economy is already suffering from the problem of jobless growth. The rising demographic dividend coupled with an ailing manufacturing industry is a big challenge for the growth of the country.
- ② At such a juncture, the automation of jobs will lead to immense unemployment, increase the pressure on economy, etc.

Remarks

Good Answer

⇒ Steps to avoid adverse impact :

- ① Harnessing on the agriculture dependant economy, such a job cannot be directly replaced by machines.
- ② Attempt to create gainful livelihood opportunities must be enhanced.
- ③ Sector specific measures to delineate capital and labour intensive sectors and substitute with appropriate technology.

Thus, although the concept is still in its fledgling stage, we must be prepared for any impact on the job and livelihood scenario of the people.

Remarks

Q3. This Question contain 2 parts and both are compulsory:

- (a) Analyze the recommendations of Bibek Debroy committee. How this would impact the development of Railway infrastructure in India?
- (b) Indian Government recently established the Rail Development Authority. What is the objective of this authority? Will the setting up of the authority will help in tackling the challenges faced by Indian railways? (12.5 Marks)

Ans 3a) The Bibek Debroy committee was brought to recommend a complete restructuring of the Rail infrastructure and suggest measures for its growth.

⇒ The suggestions deal with a range of issues - right: from finances to the delineation of regulatory and developmental goals.

⇒ The recommendations if implemented:

a) would bring in an element of competition in the monopolistic nature.

b) increase efficiency by streamlining logistics and other channels.

c) would expand the capacity to cater to the huge population.

Thus, it would help the Railways maintain a significant place in the era of cheaper airfares.

12

Analysis
Submitted
99

Remarks

A3b) → Rail Development Authority

It is primarily designed to deal with the oversight functions and suggest ways to optimise the tariff without reducing profitability.

① It will deal with the security and safety issues along with the sectors that are reducing efficiency.

② It will mainly perform developmental functions and help optimise freight and passenger tariff.

Competitive Pricing
The setting up of this body will delineate the oversight and regulatory functions. It will thus help the authority to solely focus on Development.

However, being recommendatory in nature, its impact depends on how much it is adhered to in principle and spirit.

more dimensions

① ②

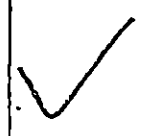
Remarks

Q4. What do you understand by Universal Basic income? What is the estimated fiscal impact of this scheme and assess its feasibility in Indian purview? (12.5 Marks)

A4. The idea of Universal Basic Income was recently proposed in the Economic Survey.

- ① It proposes a minimum basic level of income to each individual.
- ② Thus, the government can explore and take away the burden of subsidy and support.
- ③ Every individual will be entitled to this basic minimum every month irrespective of the employment status.
- ④ In the Indian content, the impact of this scheme shall not be very favourable. The government subsidises to the tune of 60,000 cr.
- ⑤ Along with the Welfarist state functions, such a minimum would become a huge burden on the exchequer.
- ⑥ There are various other concerns:
 - a) promoting a culture of laziness or
 - b) money not utilised for targeted purpose

define



Remarks

9 inflation and fiscal deficit pressures.

This, before implementing this idea which has found favour in the developed countries, emphasis should be also laid on:

- i) huge population
- ii) poverty in the country
- iii) the inflationary impact on such money distribution
- iv) the cost of delivery of service and development targets.

UBI is an idea in its nascent form. Its applicability in the Indian context needs thorough debate and deliberation.

Remarks

Q5. Government has in recent launched the Regional Connectivity Scheme. How this is going to transform the civil aviation sector? What are the likely challenges it is going to face? (12.5 Marks)

A5. Ude Desh ka Aam Nagrik -- UDAN is the regional connectivity scheme of the Government to connect under-served and unserved remote regions of the country.

- ① This schemes not only focusses on connectivity but also efficiency.
- ② The government has capped fares for distances less than an hour to ₹ 2500.
- ③ The establishment of a Regional Connectivity Fund will help to compensate for the states avenues of lending.
- ④ Maharashtra has recently declared the first connectivity flight.

Impact :

- ① It will lead to a turnaround of the civil aviation sector by increasing profits.
- ② The utilisation of under-served airports will add to the revenues.
- ③ The provision of Viability Gap funding to

Problem of Aviation sector

Remarks

the states will increase their fiscal balancing.

④ Challenges:

The very first hurdle is the states' interest to take this project forward.

The other challenges pertain to the spirit of fiscal federalism - finances and the profitability ratio of operating airlines.



Remarks

Q6. This Question contain 2 parts and both are compulsory:

- (a) Indian service sector, especially IT sector, has been the main anchor of growth and employment in the 21st century. However, in recent past, the Indian IT sector has been in news for lay-offs and not for job creation. What are the reasons for this? What corrective steps needs to be taken in this regard?
- (b) Indian IT sector has been beneficiary of H1B visa allowances and liberal visa policy of USA in case of highly skilled employees. Examine how Indian IT industry is going to be affected following the strict visa policy under Trump regime.

(12.5 Marks)

A6a) The Indian IT sector is considered to be one of the main engines of growth in the country.

⇒ It has one of the largest share — contributes around 52% to GDP.

⇒ It is related to the software and services industry which is also one of the major export features.

⇒ Reasons:

⇒ The recent global economic churning, Chinese slowdown and fall in markets worldwide has led to a slowing down of this sector too.

⇒ Corrective steps:

- ① Skill development of existing population
- ② Creative alternative employment opportunities in other sectors

Not Satisfactory

1

Remarks

A6b)

The H1B visa policy permits Indian skilled labour to immigrate to US for jobs.

⇒ The strict visa policy of the Trump regime is geared towards more hiring of national labour than outside.

⇒ Secondly, this policy will impact the job prospects of the many skilled workers who are applying for a job in the US.

⇒ There are also apprehensions about layoffs in the already employed workforce.

Thus, the strict visa regime not only impacts livelihood but also the remittances that the country receives.

Remarks

Q7. In recent there has been a spurt in digitization. Can digitization help in bringing inclusive growth in India? What steps should be taken to realize the goal of inclusive growth in digital economy? (12.5 Marks)

A7. The digitisation of the economy is one of the important component of the Indian growth story.

⇒ Digitisation is the use of the electronic mode of communication using the internet - for transactions, service delivery, preservation and maintainance of records etc.

⇒ Digitisation and Inclusive Growth

- ① The e-format of governance can enhance and multiply the service delivery time.
- ② It helps in reducing physical cost of transaction.
- ③ It will enhance transparency and accountability thus allowing all the sections to take benefit of services.
- ④ It helps to bring in the minorities, women, senior citizens - in the financial net - with a simple linkage of Aadhar - using mobile.
- ⑤ It makes universal banking efficient through the use of JAM trinity.

Remarks

→ Steps to be taken:

① The Government has already launched the flagship Digital India programme with its 9 pillars of governance.

② Schemes like Digi Dhan Yojana, linking of PAN with Aadhar, m-governance will help increase or expand the digital connectivity.

③ On the infrastructural front, the Government has implemented the National Optic Fibre Network.

Thus, additional steps must focus on awareness creation, information dissemination and digital empowerment especially through Jan Dhan - Aadhar - Mobile trinity.

Remarks

Q8. A decision of merging five associate state banks to State Bank of India was taken recently. Discuss the prudence of this move and critically analyze the need of bank consolidation for Indian financial sector. (12.5 Marks)

A8. A whole is greater than the sum of its parts — says Gestalt psychology. This rings true in the case of the merger of SBI associates with its parent bank.

⇒ The Bank merged together its entities — Bank of Baroda, ~~and~~ thus consolidating the entire structure.

⇒ Advantages:

- ① The creation of one large bank helps to pool the accumulated capital assets of the daughter banks.
- ② This strengthens the balance sheet in an already ailing NPA scenario.
- ③ The credibility and sovereign rating also increases with the capacity and reach.
- ④ The customer base of the previous banks can be utilised as a potential ~~open~~ client base.

⇒ Indian scenario

The Indian banking sector is facing a

Remarks

critical NPA issue amounting to the tune of 11,000 cr.

→ At such a time, the consolidation helps to absorb the weaknesses of the daughter banks, pools capital to strengthen lending capacities and works as a bulwark to the ailing banking sector.

thus, although consolidation may not always lead to benefits and assets, the decision must be taken on a case to case basis keeping in mind the demands of the sector and the economy.

WV

Consolidation of banks

Remarks

Q9. RBI has been issuing banking licenses under differentiated bank system Wholesale and Long-Term Finance (WLTF) banks. What is the need of such specialized banks? Discuss the scope and benefits of having WLTF banks. (12.5 Marks)

A9. The RBI is the apex monetary and banking institution of the country which also regulates the opening and merger of banks.

The creation of Wholesale and Long Term Finance (WLTF) banks is the recent move.

Such banks cater to the objective of providing wholesale banking services or multiple services right from the basic lending and deposit functions to the insurance fold.

Such banks dealing with a wide range of services can prove beneficial as:

- i) they provide all services at one place
- ii) they have wider lending capabilities and can therefore cater to such specialised segments.

These banks have the scope of changing the face of banking by providing one-stop banking services on the go.

Q9 model answer

2 1/2

Remarks

⑤ With a different model and designed to cater to specialised segment, those with long term gestation projects can avail of quick funds.

⑥ Thus, they benefit the targeted clients, improve the inclusion of the sector and also contribute to development of such niche segments.

Thus, specialisation and creation of need based institutional structures can strengthen the credit availability and cater to consumer needs.

Remarks

Q10. Government launched Pradhan Mantri Fasal Bima Yojana (PMFBY) to reduce the vulnerability of farmers from natural calamities and ensure sustainable farm income. While highlighting its major provisions, also discuss the performance and challenges it is facing while implementation. (12.5 Marks)

A10. Agriculture, dancing to the tunes of monsoon forms the backbone of the Indian economy.

⇒ The Government implemented the Pradhan Mantri Fasal Bima Yojana to deal with the vagaries of monsoon and protect the agricultural income of farmers.

① It aims to provide insurance coverage due to natural calamities including post harvest losses.

② The amount has been decided at 3% for Rice, 2% for Wheat and 5% for horticultural crops.

③ Performance: The scheme with no cap on government subsidy in case of a loss has helped to prevent income and crop loss for farmers.

④ It has provided a sustainable support to the farmers, reducing pressures of an uncertain monsoon or natural calamities.

Remarks

⑤ Challenges

Though the scheme aims to protect farmers, it has not been able to cover man-made, infestation and pest loss.

⑥ The lack of awareness of farmers has also caused a hurdle to its implementation.

The delay in transfer of funds and government approval is also hampering the successful implementation of the scheme.

Assignment

Remarks

Q11. India is progressing on path of cashless economy. In this reference what are the major initiatives by the government to facilitate cashless economy? Also discuss the critical challenges Indian economy is facing to adopt cashless transactions. (12.5 Marks)

A11. Digitisation and the transition to a cashless economy are the tools to create a prosperous India.

⇒ The Government has facilitated various initiatives to take this agenda forward:

1) RuPay card scheme

2) IMPS

3) BHIM app

4) UPI (Universal payment interface)

5) JAM trinity

6) Lucky Dhan Aahale yojana

Digi Dhan Vyapar yojana

7) Vittiya Saksharta Abhiyan

⇒ The above are initiatives taken by the Government to:

[incentivise citizens to use the cashless mode of payment & transaction.
create awareness about the benefits and use of cashless transaction]

Remarks

⇒ challenges faced by the economy.

- ① The cash mode of transaction is efficient and cheaper for smaller amounts
- ② There are issues of portability and accessibility in case of cards.
- ③ Integration of services with cashless mode of payment.
- ④ Not enough POS terminals at merchant counters.
- ⑤ Digital illiteracy.

This, cashless economy though a novel idea, needs the requisite infrastructure and ease of accessibility to become successful.

4

Functionary
illiteracy

Remarks

Q12. Tourism is the one of the major economic activity in many advanced nations, though India is catching up in the sector, however, its potential is still untapped. Discuss why India's tourism potential still largely untapped? (12.5 Marks)

A12. Tourism is the one of the under-utilised and under-explored sector of the country.

⇒ The tourism potential remains untapped due to :

- ① Insufficient government focus.
- ② State neglect
- ③ Connectivity infrastructure is lacking. It is estimated that only 29% surface roads exist in the North-east.
- ④ Sustainable models of investment - lacking - meagre private sector participation
- ⑤ Capital inadequacy for maintenance & refurbishing
- ⑥ Dilapidated structures and inadequate conservation measures

⇒ In comparison, in advanced nations like Switzerland, France, Netherlands, the region's econom economy is run by the tourism potential with subsequent job & employment. lack of professional law & order is possible VISA

Remarks

opportunities created.

→ The Government's recent measures to develop theme based circuits, Swadesh Darshan, PRASAD, HRIDAY schemes reflect the renewed focus on cultural heritage and its significance in contributing to economic growth of the country.

~~various schemes to promote guide training and information~~

Thus, with the above measures, an attempt can be made to bring about Sustainable & Eco-friendly tourism along with focus on areas like Medical tourism, etc.

Suggestion to help the potential of tourism

4/2

Remarks

Q13. Niti Aayog recently projected a compound annual growth of about 8% of Indian Economy and its transformation by 2031-32. In this light discuss, what policy actions are required for attain and sustaining this level of growth? (12.5 Marks)

A13. The NITI Aayog has enumerated a 3yr strategic vision and 4yr framework to enable India to achieve optimal growth.

⇒ The various actions required are:

⇒ Primary sector

- focus on agricultural productivity, increasing farmer's income
- alternate livelihood opportunities, export potential of allied food industry.

⇒ Secondary sector

- focus on reviving the manufacturing industry
- creating formal as well as unskilled jobs to deploy the demographic dividend productively.
- creating a greater export potential and improving the ease of doing business.

⇒ Tertiary sector

- focus on maintaining the contribution of

Infraconnect
labour - skill
social sec
Capital
FDI, FII
diversify
resources

Remarks

this sector towards GDP.

- creating other employment opportunities.
- diversifying the basket of services.

Thus, the crucial policy actions lie with increasing productivity and generate sustainable livelihood options for the population.

Remarks

Q14. "Sabka Saath, Sabka Vikas" is not possible without sustainable development of agriculture sector of economy. In this reference government's Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) is flagship scheme to reduce vulnerability of Indian agriculture toward failure of monsoon. While highlighting its major objective, discuss the performance of the scheme since its launch. (12.5 Marks)

Ans. The Government has tried to address the issues of the agriculture sector with a holistic focus.

⇒ One such flagship scheme is the Pradhan Mantri Krishi Sinchayee Yojana.

It has two components:

a) Har khet ko pani

b) Per drop more crop. *micro irrigation*

⇒ The scheme basically focusses on improving the water use efficiency along with improved methods of irrigation like micro, sprinkle, drip ~~etc~~ irrigation.

⇒ It tries to incorporate newer approaches to enable the most effective utilisation of water and reduce the dependancy on the monsoon.

Thus, it forms an important component of the Saabka Saath, Sabka Vikas as the agriculture sector has ~~to~~ 60% of the Indian population dependant on it.

Remarks

(B) Assessment &
the scheme
99

Remarks

Q15. Indian manufacturing products are uncompetitive in global market due to their low quality and standards, especially the exports from MSME sector. Discuss the issues pertaining to low quality of Indian manufacturing. Also discuss the significance of Zero Defect - Zero Effect (ZED) scheme in this regard. What else can be done to improve the quality and standards? (12.5 Marks)

A15: The recent focus on the MSME sector has been due to its sustained neglect and immense potential to transform the manufacturing scenario of the country.

⇒ Issues pertaining to low quality:

- ① Lack of advanced machinery and tools.
- ② Ancient practises of production with declining efficiency.
- ③ Lack of sustainable funds to invest in new technology.
- ④ Infrastructural inefficiencies.
- ⑤ Small size - thus cannot benefit from small scale production.

Thus, compared to the global market, Indian industries cannot benefit on economies of scale, funds and capital availability and remain under developed.

Obsolescence
more R&D

Remarks

⇒ The Zero Defect: Zero effect scheme has
 a major focus on - improving productivity
 - retaining quality
 - environment friendly.

⇒ It pertains to the manufacturing in the
 micro, small and medium enterprises to
 improve its export competitiveness.

(5) Thus, as a pillar of the Make in
 India Scheme, ~~so~~ schemes like these will
 help revive productivity of the sector along
 with global competitiveness.

Remarks

Q16. India has been facing twin balance sheet problem with Indian characteristics. What are Indian characteristics and what steps should be taken to find out the solution? How the recently passed ordinance, empowering RBI, is going to tackle the situation?

(12.5 Marks)

A16. The Economic Survey has highlighted the issue of Double Financial repression in the banking industry.

⇒ It includes the twin balance sheet problem with compulsory priority sector lending targets combined with low credit availability.

⇒ This has further aggravated the NPA problem of the banks.

⇒ The ~~loss~~ ^{loose} ~~made~~ NPA problem with the corporate financial crunch along with banks compulsory lending obligations - forms the Indian chunk of the problem.

⇒ Steps to be taken:

1. The PSL targets of banks should be liberalised.

2. Easier exit for corporates - ^{assistent} enacting of Insolvency & Bankruptcy code will help.

Remarks

3. Capital infusion in banks with targeted payback mechanisms may help.

→ The recently passed ordinance helps create a structure to deal with the unsustainable and weak situation.

~~It establishes~~ Thus, the problem of twin balance sheet can be dealt with adequate policy and support measures.

Analyse
the provisions

3

Remarks

Q17. This Question contain 2 parts; both are compulsory:

- (a) World Bank has been changing its spending pattern from infrastructure to healthcare. How does this change augment the efforts toward achievement of SDG and improved welfare?
- (b) The funding available with the international humanitarian spending agencies, like World Bank, UNCTAD, etc. is far less than optimum. Examine the reasons for such shortfall and suggest how spending deficit can be overcome.

(12.5 Marks)

A17.a) The world Bank is one of the two Brettonwoods twins endowed with the task of providing finance to the needy countries of the world.

⇒ It was originally mandated to provide long term and short term loans to member countries to reconstruct from the falling economy.

⇒ There has been a shift towards spending on healthcare recently.

Benefits:

1. Being an international institution, the availability of funds to different regions will help faster achievement of SDG's.
2. Monitoring mechanisms at such a level can help prevent mismanagement & misutilisation of funds.

Handwritten note: *World Bank Answer*

Remarks

A176)

The international agencies like UNCTAD, WB etc. are all formed with a specific mandate and function.

→ Reasons for less than optimum funds.

- ① Membership of all institutions varies and is not universal.
- ② Significant reforms have prevented these institutions from raising the member states' contribution.
- ③ The representation on these bodies reflects the 20th cent world order.
- ④ The credibility and legitimacy of these institutions have eroded over a period of time.

Thus, keeping in mind the NIED, the representatives and contributions of member countries must be increased. Along with this, creating greater public faith can help restore credibility and thus help attracting funds.

See model answer 1

Remarks

Q18. The emergence of China-led Globalization is the biggest challenge to the uni-polar world, that is in existence for almost 25 years. Elucidate. (12.5 Marks)

A-18. Globalisation is simply defined as the free flow of goods, capital and services across borders.

- ① The China led globalisation is the phenomenon of penetration of markets with Chinese products, capital and services.
- ② This penetration - reflected in the \$25^{US} treasury bonds that China holds - holds a mirror to the transforming world order.
- ③ This is also seen when the Chinese markets took a dip in early 2016, the domino effect was reflected across all countries of the world - especially USA, Europe, etc.
- ④ The geo-strategic dominance of China seen in the OBOR project, BIM corridor, CPEC and other assertions in South China Sea reflect the interlinking of issues around a multipolar world order.
- ⑤ USA's Asia pivot is the biggest example of the threat to the status quoist uni-polar world.

Remarks

(6) Increasing Chinese assertion, along with rise of regionalism and regional partnerships eg:- TTIP, RCEP etc, erosion of borders and threat of ISIS - show that the unipolar world order has had a significant shift in the ~~balance~~ balance of power.

Thus, multi ~~polarity~~ polarity is seen to be the next stage in the changing international global order.

Remarks

Q19. IMF faces legitimacy crisis, if it can't solve the grievances of the developing countries regarding unequal representation and lack of leadership role. Critically analyze.

(12.5 Marks)

Ans 19. IMF is the apex institution at the global level dealing with balance of payment crisis and monetary instabilities of member countries.

⇒ It mainly monitors the stability of the international monetary system and provides fund facilities to meet liquidity mismatches.

⇒ There is an allegation of a neglect towards developing countries.

⇒ Current Reforms

- | | |
|------------------------|--|
| Positives
Negatives | 1. The IMF recently carried out quota and member country reforms. |
| | 2. In case of India it thus increased the vote share as also the quota. |
| Negatives | 3. The elections held however were claimed to be biased towards the developed countries with no Asian to have ever headed the institution. |
| | 4. There are also allegations that the institution is not fairly representative in its membership of the developing world. |

Remarks

⑤ There are also claims that the IMF is unfairly biased while imposing austerity measures ~~in~~ in lieu of structural ~~and~~ adjustment requirements for bailouts.

Thus, the role of IMF has increasingly been questioned as biased towards the western - developed countries. The New Development Bank and AIIB are seen as possible substitutes in near future.

Good
⑤
Remarks

Q20. BRICS and AIIB has been two emergent institutions, which can challenge the hegemony of Bretton Woods institutions. However, for that to happen, China requires cooperation of the other developing countries rather than establishing hegemony over the new institutions. Critically analyze. (12.5 Marks)

A20.

The two Brettonwoods twins - IMF and WB came into being in 1945 with a view to provide credit and capital availability and monitor the global system effectively.

① However, in recent times the BRICS led New Development Bank and Asian Infrastructure Development Bank have emerged as regional competitors to these institutions.

② The (NDB) has the contribution of all BRICS member nations in varied ratios & highest by China.

③ The headquarters of both are located in China. Therefore despite the larger monetary contribution and the country of the headquarter, China needs to seek co-operation of the developing countries.

④ Any conflict within these countries due to China's assertive and hegemonic nature will prevent the development of these institutions as credible sources of finance.

Remarks

Word

8

- ⑤ Co-operation between the countries will lead to:
- a sustainable source of credit for infrastructural development
 - create an alternative to hegemony of IMF & WB
 - contribute to regional economic prosperity through greater partnerships.

⑥ Conflict and hegemonic status of China will hamper the source of credit, make the institutions futile and decrease the capacity of the banks.

Thus, a co-operative and collaborative effort between the developing countries can help create a credible alternative source of funding.

Remarks