Indian Economy · GS - III

Demands by trade unions and farmers' organisations for a more equitable distribution of economic gains raise important questions about the relationship between growth, employment and social justice. Critically examine the role of fiscal and labour-market policies in addressing economic inequality in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 22/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Income inequality, corporate tax concessions, fiscal redistribution, employment generation, minimum wages, labour rights, MSP, agrarian distress, inclusive growth

Model Answer

Introduction

Economic growth does not automatically ensure equitable distribution of income and opportunities. India's policy challenge is to combine investment-led growth with decent employment, workers' protection and sustainable agricultural livelihoods.

Role of Fiscal and Labour-Market Policies

1. **Progressive taxation:** A fair tax structure and effective taxation of high-income groups can generate resources for education, healthcare and social protection.

2. **Corporate tax incentives:** Tax concessions may encourage investment, but their effectiveness should be assessed against employment generation, productivity and public revenue costs.

3. **Wage protection:** Effective implementation of minimum-wage provisions can improve workers' bargaining position and reduce income insecurity.

4. **Agricultural support:** Better access to markets, remunerative prices, irrigation and storage infrastructure can strengthen farm incomes.

5. **Social security:** Portable benefits, health protection and pension coverage can reduce vulnerability among informal workers.

Way Forward

- Link fiscal incentives with measurable developmental outcomes.
- Strengthen labour inspection and social-security delivery.
- Promote labour-intensive manufacturing and skill development.
- Improve agricultural diversification and market access.
- Use evidence-based fiscal transfers to address regional and social inequalities.

Conclusion

Inclusive growth requires balancing investment incentives with fair wages, productive employment and rural prosperity. Fiscal and labour-market policies must ensure that the benefits of economic development are widely shared.

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