



# **1st WEEK NOVEMBER 2022**

## **CURRENT AFFAIRS**

# WEEKLY CURRENT AFFAIRS

---

**FIRST WEEK NOVEMBER 2022**

# METAVERSE

## 1. Context

Investors rushed to dump Meta Platforms Inc's stock after hours, pushing it down 20% and wiping \$67 billion off its market value as Wall street increasingly loses patience with Mark Zuckerberg's Metaverse bid.

## 2. Metaverse

- The term "metaverse" is a combination of the words "meta" and "universe". The term meta means 'beyond'. So the metaverse is a universe that exists beyond the known universe. It exists in the virtual realm but has the same sense of reality.
- The metaverse is a virtual reality that combines elements of social media, online gaming, augmented reality (AR), virtual reality (VR), and cryptocurrencies. Augmented reality enhances the user's experience by superimposing visual elements, sound, and other sensory input onto real-world settings. Virtual reality, on the other hand, is entirely virtual and enhances fictional realities.
- As the metaverse expands it will create online spaces with also more multidimensional user interactions than the current technology it can support. The users in the metaverse will be able to immerse themselves in a space where the digital and physical worlds converge rather than just viewing digital content.

## 3. Understanding the Metaverse

- Facebook has been talking about the metaverse for a while, stating in a press release dated October 17, 2021, that the metaverse is "coming soon". "A new era of interconnected virtual experiences enabled by the technologies such as virtual and augmented reality at its core is the idea that by enhancing one's 'virtual presence', interacting online can become much more similar to interacting in person."
- The proponents of the metaverse see it as the next step in the evolution of the Internet. Facebook, for example, has already made significant investments in AR and VR, developing hardware such as its Oculus VR headsets, and AR glasses and wristband technologies are in development.
- According to Zuckerberg, who believes AR glasses will one day be as common as smartphones, Facebook will "effectively transition from people seeing us as primarily begin a social media company to begin a metaverse company" over the next several years.

## 4. Origin of Metaverse

The term "metaverse" that was first used in Neal Stephenson's 1992 science fiction novel "snow Crash". The Novel is set in a dystopian world where governments have ceded power

to private corporations and contain references to many modern-day aspects of life such as virtual reality, digital currency, and so on. Many films, including 'The Matrix,' 'Ready Player One, and The Tron Legacy,' have explored this concept.

## 5. What is the Facebook Metaverse?

There is no single creator of the metaverse, it is not something that Facebook owns or is solely responsible for developing. Nonetheless, Facebook has already made significant investments in the metaverse through its Oculus VR headsets, and it is working on AR glasses and wristband technologies. The company announced a \$50 million investment in global research and program partners in September 2021 to ensure that metaverse technology is developed responsibly.

## 6. Metaverse Potential

- **Hardware sales:** According to Facebook CEO Mark Zuckerberg, augmented reality glasses will eventually be as common as smartphones. If this is true, this will be a massive market.
- **Software sales:** There is a lot of room for growth in the development of software applications to support the metaverse ecosystem.
- **Gaming:** Facebook's Oculus VR gaming platform is expected to be the portal into the metaverse.
- **Physical Sales:** In the future, physical goods and services will be linked to virtual ecosystems.
- **Immersive Learning:** Immersive learning is a training methodology that employs Virtual reality (VR) to simulate real-world scenarios and train students in a safe and engaging immersive training environment.
- **Decentralized Commerce:** Peer-to-peer transactions in the real world.

## 7. Expensive Transition

In June, Zuckerberg briefly spoke about the challenges in building a VR headset as it required addressing retinal projection, depth perception, and high dynamic range (HDR) imaging. He moved on to note that Meta would soon roll out a headset capable of projecting holographic images. Three months later, on October 11, he unveiled a \$1,500 VR headset that was nowhere close to his idea of a virtual world-seeing gadget.

## 8. A solution waiting for the Problem

- Meta investors are unhappy as they see the company's boss diving deeper and deeper into the metaverse without a clear path for return on investments. This has already sent the stock down by over 60% this year. The company's market value has collapsed by a whopping \$676 billion, removing it from the ranks of the 20 largest U.S. companies.
- The real challenge with Zuckerberg's idea of the metaverse is that it remains a niche offering, unlike his foray into social media, which was a problem waiting to be solved.
- With the metaverse, it feels like a solution looking for a problem. In parallel to the dail-up modern days, the metaverse is buffering, and it is unclear in what shape or size the page will load.

# KALANAMAK RICE

## 1. Key Points:

- India rules the global scented rice trade through basmati. In the last 15 years, the area under its cultivation has remained at 0.5-0.6 million hectares.
- Production has stagnated at 1-1.5 million tonnes.
- This scented rice variety cannot be grown beyond stipulated tracts in Haryana, Punjab & Uttaranchal.
- The global scented rice market is growing at 12% per annum, but India seems to have few aromatic varieties to offer.
- The undivided Uttar Pradesh region has already lost the germplasm of 20 non-basmati scented varieties after the onset of the Green Revolution.
- Only 8 such varieties are cultivated & are protected through scientist-farmer participation.
- The prominent one is "Kalanamak".
- Outshining basmati Kalanamak, a non-basmati scented rice variety grown in UP is so named because of its black husk.
- Kalanamak easily outclasses the top variety of Basmati for the primary trait of aroma.
- Its elongation after cooking, a trait that is the major determinant of prices in the international market is also greater.
- Kalanamak's elongation to pre-elongation ratio is 2.2-2.7, in different basmati rice, it is 1.8-2.0.
- The great head rice recovery after polishing adds to its profitability.
- This recovery rate in Basmati is 40-45% whereas in Kalanamak it is 65%.
- Salt, alkalinity Kalanamak outclasses Basmati in agronomical abilities. It's a successful adapter to soils characterised by higher salt concentration & high pH.
- Kalanamak is highly resistant to notorious, common rice diseases like panicle blast, stem rot & brown rot. Bacterial blight is quite rarely observed.
- Drought tolerance Kalanamak is normally grown under rain-fed conditions & in uplands.
- The water requirement is quite low compared to Basmati. It doesn't need standing water during transplantation, it goes through a unique process of double transplantation.
- The first transplanting of a 30-35 day-old seedling is done in a bunch of 5-6 seedlings.
- After 25-30 days, these seedlings are uprooted, separated from each other & again transplanted.
- During drought, when rice yield decreased up to 50% in almost all varieties, Kalanamak is unaffected.





## 2. Advantages:

- Kalanamak is traditionally grown using no fertilizer, herbicide, or pesticide, making it suitable for organic cultivation.
- The global organic rice market is growing at a compound annual rate of 30%.
- Improved cultivars of Kalanamak easily outperform Basmati. The input & labour cost is meagre, while the yield is almost 40-50% higher.
- The net return amount of Kalanamak is ₹22,447 per hectare which for Basmati is ₹12,564/per hectare. This calculation is based on the lowest possible price estimates.
- Kalanamak is grown in the Tarai belt which comprises Siddharthnagar, Sant Kabir Nagar, Maharajganj, Basti, Gonda, and Gorakhpur.
- The total area under Kalanamak's cultivation is about 4,000 hectares.
- If proper care is not taken at this stage, this rice could soon lose its germplasm.

General studies II: Governance

# IT RULES-2021

## 1. Context

The Ministry of Electronics and IT (MeitY) has notified amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (IT Rules, 2021) on October 28.

## 2. Key points

- In June 2022, MeitY put out a draft of the amendments and solicited feedback from the relevant stakeholders.
- The draft generated considerable discussion and comment on the regulation of social media in India.

## 3. IT Rules, 2021

- World over, governments are grappling with the issue of regulating social media intermediaries (SMIs) in shaping public discourse, the impact of their governance on the right to freedom of speech and expression, the magnitude of information they host and the constant technological innovations that impact their governance.
- Governments need to update their regulatory framework to face emergent challenges.
- In a bid to keep up with these issues, India 2021, replaced its decade-old regulations on SMIs with the IT Rules, 2021 which was primarily aimed at placing obligations on SMIs to ensure an open, safe and trusted internet.

## 4. Reasons to amend the IT Rules, 2021

The objectives of the amendments were threefold.

1. There was a need to ensure that the interests and constitutional rights of netizens are not being contravened by big tech platforms
  2. To strengthen the grievance redressal framework in the Rules and
  3. Compliance with these should not impact early-stage Indian Startups.
- This translated into a set of proposed amendments that can be broadly classified into two categories.
  - The first category involved placing additional obligations on the SMIs to ensure better protection of user interests while the second category involved the institution of an appellate mechanism for grievance redressal.

## 5. Additional obligations

The notification of the final amendments carries forward all the amendments that it had proposed in June 2022.

### 5.1 The original IT Rules, 2021

The SMIs merely inform their users of the "**rules and regulations, privacy policy and user agreement**" that governed its platforms along with the categories of content that users are prohibited from hosting, displaying, sharing etc. on the platform.

- This obligation on the SMIs has now been extended to ensure that its users comply with the relevant rules of the platform.
- Further, SMIs are required to **"make reasonable"** efforts to prevent prohibited content from being hosted on its platform by the users.
- To a large extent, this enhances the responsibility and concomitantly the power of SMIs to police and moderate content on their platforms.
- This has been met with scepticism by both the platforms and the users given the subjective nature of speech and the magnitude of the information hosted by these platforms.
- While the SMIs are unclear on the extent of measures they are now expected to undertake, users are apprehensive that the increased power of the SMIs would allow them to trample on freedom of speech and expression.

## 5.2 Protecting the rights

- A similar concern arises with the other newly introduced obligation on SMIs to "respect all the rights accorded to the citizens under the Constitution, including in the articles 14, 19 and 21.
- Given the importance of SMIs in public discourse and the implications of their actions on the fundamental rights of citizens, the horizontal application of fundamental rights is laudable.
- However, the wide interpretation to which this obligation is open by different courts could translate to disparate duties on the SMIs.
- Frequent alterations to the design and practices of the platform, which may result from a case-to-case-based application of this obligation, could result in heavy compliance costs for them.

## 5.3 Prohibited content

- SMIs are now obligated to remove information or a communication link about the six prohibited categories of content as and when a complaint arises.
- They have to remove such information within 72 hours of the complaint being made.
- Given the virality with which content spreads, this is an important step to contain the spread of the content.

## 5.4 Accessibility

- SMIs have been obligated to **"take all reasonable measures to ensure accessibility of its services to users along with the reasonable expectation of due diligence, privacy and transparency"**.
- While there are concerns that ensuring **"accessibility"** may obligate SMIs to provide services at a scale that they are not equipped to, the obligation is meant to strengthen inclusion in the SMI ecosystem such as allowing for participation by persons with disabilities and diverse linguistic backgrounds.
- In this context, the amendments also mandate that **"rules and regulations, privacy policy and user agreement"** of the platform should be made available in all languages listed in the eighth schedule of the Constitution.



## 6. Grievance Appellate Committees

- The cornerstone of empowering users of social media platforms is to design a robust grievance redressal mechanism that can effectively and efficiently address their concerns.
- Before the IT Rules, in 2021, platforms followed their mechanisms and timelines for resolving user complaints.

The IT Rules uniformed this by mandating that all social media platforms should have a grievance officer who would acknowledge the receipt of a complaint within 24 hours and dispose of it within 15 days.

### 6.1 GAC Composition

- The Committee is styled as a three-member council out of which one member will be a government officer (holding the post ex officio) While the other two members will be independent representatives.
- Users can file a complaint against the order of the grievance officer within 30 days.
- Importantly, the GAC is required to adopt an online dispute resolution mechanism which will make it more accessible to the users.

## 7. Appropriate Tools

- However, the performance of the current grievance redressal mechanism has been sub-optimal.
- As evidenced by the transparency reports of SMIs, such as Facebook and Twitter, there is no common understanding of what is meant by the resolution of the complaint.
- For example, Facebook records only mention the number of reports where "**appropriate tools**" have been provided.

These "**appropriate tools**" could just mean automated replies pointing out the tools available on the platform that have been sent to the complainants.

As opposed to this format, Twitter records outline the number of URLs against which action has been taken after the receipt of a complaint.

- Furthermore, transparency reports show that the number of user complaints continues to be quite low when compared to the content against which the platform acts proactively or is obligated to remove due to governmental or court orders.
- This may be because users are either not aware of this facility or find it futile to approach the platform for complaint resolution.
- It might also be because, even in cases where action has been taken on the content, there is no way to assess whether the complainant has been satisfied with the resolution of the complaint.

## 8. Extant framework

- Moreover, the extant framework does not provide for any recourse if the complainant is dissatisfied with the grievance officer's order.
- Possibly, the only course available to the complainant is to challenge the order under the writ jurisdiction of the High Courts or Supreme Court.
- This is not efficacious given that it can be a resource and time-intensive process.
- To remedy this, the government has instituted Grievance Appellate Committees (GAC).

## 9. Unclear provisions

- Interestingly, it is unclear whether this is a compulsory tier of appeal or not, that is will the user have to approach the grievance appellate committee before approaching the court?
- The confusion arises from the fact that the press note expressly stated that the institution of the GAC would not bar the user from approaching the court directly against the order of the grievance officer.
- However, the final amendments provide no such indication.
- While this makes the in-house grievance redressal more accountable and the appellate mechanism more accessible to users, appointments being made by the central government could lead to apprehensions of bias in content moderation.

## 10. Conclusion

Further, the IT Rules, 2021, do not provide any explicit power to the GAC to enforce its orders.

Lastly, if users can approach both the courts and the GAC parallelly, it could lead to conflicting decisions often undermining the impartiality and merit of one institution or the other.

General studies II: Governance

# EWS QUOTA

## 1. Context

On September 27, a constitutional Bench led by CJI U.U.Lalit heard multiple petitions against reservations based solely on economic criteria introduced by the Constitution (103rd) Amendment Act, 2019. After extensive hearings, the Bench reserved its judgment in the case.

## 2. Types of Reservations:

**Vertical reservation:** Reservation for Scheduled Castes, Scheduled Tribes, and other Backward classes is referred to as vertical reservation. It applies separately for each of the groups specified under the law.

**Horizontal Reservations:** It refers to the equal opportunity provided to other categories of beneficiaries such as women, veterans, the transgender community, and individuals with disabilities, cutting through the vertical categories.

### 3. The Application of Reservations:

- The horizontal quota is applied separately to each vertical category, and not across the board.
- For Example, if women have a 50% horizontal quota, then half of the selected candidates will have to necessarily be women in each vertical quota category-i.e., half of all selected SC candidates will have to be women, half of the unreserved or general category will have to be women, and so on.
- The interlocking of the two types of reservation throws up a host of questions on how certain groups are to be identified. For example, would an SC woman be put in the category of women or SC? since quotas are fixed in percentages, what percentage of quota would be attributed to each?

### 4. Special measures provided by the 103rd Constitutional Amendment Act

- Article 15 stands amended enabling the state to take special measures (Not limited to reservations) in favor of EWS generally with an explicit sub-article on admission to educational institutions with a maximum 10% reservation.
- The amendment to Article 16 allows 10% reservation (and not special measures) for Ews in public employment and does so in a manner that is different from reservation for scheduled caste/Scheduled Tribes and other Backward Classes.
- The amendment leaves the definition of 'Economically Weaker Sections' to be determined by the state based on 'family income and other economic indicators.
- Also critical to this amendment is the exclusion of SC/STs, OBCs, and other beneficiary groups under Articles 15(4), 15(5), and 16(4) as beneficiaries of the 10% Ews reservation.

### 5. Indra Sawhney Case

- To start the constitutional examination of the recent amendment let us take the supreme court's view on reservation based purely on economic criteria.
- Eight of the nine judges in Indra Sawhney (November 1992) held that the Narasimha Rao government's executive order (and not a constitutional amendment )providing for 10% reservations based purely on economic criteria was unconstitutional.
- Their reasons include the position that income/property holdings cannot be the basis for exclusion from government jobs, and that the constitution was primarily concerned with addressing social backwardness.

### 6. 103rd Amendment will be tested against the Basic structure doctrine

- However, the decision in Indra Sawhney involved testing an executive order against existing constitutional provisions. In the current situation, we are concerned with a constitutional amendment brought into force using the constituent power of parliament.

- The fact that we are not concerned with legislative or executive power means that the amendment will be tested against the 'basic structure and not the constitutional provisions existing before the amendment.
- The pointed question is whether measures based purely on economic criteria violate the 'basic structure of the constitution.
- Experts believe, it is a sufficient answer to say that 'backwardness' in the constitution can only mean 'social and educational backwardness.
- It is difficult to see an argument that measures purely on economic criteria are per se violative of the Basic structure.
- EWS reservations might not be able to alleviate poverty but that is not the nature of 'basic structure' inquiry. Economic criteria form the basis for differential treatment by the state in many ways and it would be a stretch to suddenly see it as constitutionally suspect when it comes to 'special measures; and reservation in education and public Employment.
- Poverty inflicts serious disadvantages and the prerogative of the state to use special measures/ reservations as one of the means to address it (however misplaced it might be as a policy) is unlikely to fall foul of the 'basic structure doctrine.

## 7. Challenges to the amendment

- A challenge to the amendment may lie in the context of Article 16 by shifting how reservations can be provided in public employment.
- Under Article 16(4), reservations for the backward classes (SC/STs, OBCs) are dependent on beneficiary groups not being 'adequately represented' but that has been omitted in the newly inserted Article 16(6) for EWS.
- The amendment through Article 16(6) ends up making it easier for the state to provide reservations in public employment for EWS than the requirements to provide reservations for 'backward classes' under Article 16(4).
- Supreme court might have its views on this. On the one hand, it is confronted with the reality that 'backward classes' like SC/STs and OBCs are disadvantaged along multiple axes.
- On the other hand, it is now far more difficult for the state to provide reservations to these groups than the EWS. The response might well be that 'representation' is not the aim of EWS reservation and questions of 'adequacy' are relevant only in the context of representation claims like those of the backward classes under Article 16(4).

## 8. Breaching the 50% Ceiling

- In many of the responses to the amendment, breaching the 50% ceiling on reservations has been cited as its greatest weakness. It is hard to see the merit of that argument because the amendment by itself does not push the reservation beyond 50%
- While it might be a ground to challenge the subsequent legislative/executive actions, the amendment itself is secure from the challenge. But even beyond this narrow technical response, the 50% ceiling argument is far from clear.
- In Indra Sawhney, the majority of judges held that the 50% ceiling must be the general rule and a higher proportion may be possible in 'extraordinary situations. Fundamentally this argument stems from an unresolved normative tension in Indra Sawhney.

## 9. The Saurav Yadav versus the State of Uttar Pradesh 2020 Case:

The court ruled against the Uttar Pradesh government, holding if a person belonging to an intersection of the vertical-horizontal reserved category had secured scores high enough to qualify without the vertical reservation, the person would be counted as qualifying without the vertical reservation, and cannot be excluded from the horizontal quota in the general category.

A similar question had arisen in the case of vertical reservation in the past, and the law had been settled similarly: If a person in the SC category secures a higher score than the cut-off for the general category, the person would be counted as having qualified under the general category instead of the SC quota.

## 10. The Government's argument:

The government's policy was to restrict and contain reserved category candidates to their categories, even when they had secured higher grades. The court said this amounted to ensuring that the general category was 'reserved' for upper castes.

## 11. The Court's reasoning:

If both vertical and horizontal quotas were to be applied together-and consequently, a high-scoring candidate who would otherwise qualify without one of the two reservations is knocked off the list-then the overall selection would have candidates with lower scores. On the other hand, if a high-scoring candidate is allowed to drop one category, the court found that the overall selection would reflect more high-scoring candidates. In other words, the "meritorious" candidates would be selected.

## 12. Reservations are not an 'exception' but a 'facet' of equality

- While committing to the constitutional position that reservations are not an 'exception' but a 'facet' of equality, the majority in Indra Sawhney also invokes the idea of balancing the equality of opportunity of backward classes 'against' the right to equality of everyone else.
- When the governments implement the EWS reservations and push quotas beyond 50%, the supreme court will be forced to confront this normative tension.
- If reservations further equality, what then are the justifications to limit it to 50% when the identified beneficiaries constitute significantly more than 50%?
- The answer to that question might lie in Indra Sawhney's position that the constitutional imagination is not one of 'proportional representation' but one of 'adequate representation.'
- However, as discussed above, if abandoning the 'adequacy' requirement per se is upheld for EWS reservations, the basis for a 50% ceiling becomes unclear.

## 13. Conclusion

Reservation is a form of positive discrimination, created to promote equality among marginalized sections and to protect them from social and historical injustice. The ruling will give clarity on the reservation and make it easier for governments to implement and apply reservations. More needy scheduled castes, scheduled tribes, and other backward-class



candidates will be benefited if high-scoring candidates are recruited under the general category.

General studies III: Economy

## RBI SURVEYS

### 1. Context

The Government of India released India's trade data and the RBI unveiled its latest monetary policy review as well as seven surveys that help it ascertain how the economy is doing.

### 2. Trade Deficit

- The trade data details what goods (only goods and not services) India imported and exported in July.
- It presents this in value terms (in Indian rupees or US dollars).
- In March this year the government celebrated India's exports breaching the \$400 billion mark a record in the 2021-22 financial year.
- The government had asserted that this jump in exports was a result of "**a detailed strategy**" which targeted specific countries for specific exports and made the necessary "**course correction**".

In short " between the pincer effect of lower (Global) growth and higher inflation (Which reduces people's purchasing power), the global demand for Indian goods is most likely to suffer in the coming year".

- Here's what has happened in the four months since then.
- Barring April, in each of the last three months May, June and July India's trade deficit (that is, the excess of imports over exports) hit an all-time high in each passing month (See Chart 1).

The trade deficit has risen so sharply that just in the first four months of the current financial year, it is already equal to the full-year trade deficit of 2020-21 and more than half of the trade deficit in 2021-22 (see Chart 2).

- Many analysts now expect India's Current Account Deficit (CAD).
- The link between the trade deficit and CAD is to balloon from 1.2 per cent of GDP in 2021-22 to around 4 per cent of the GDP in 2022-23.
- This spike in the trade deficit has been one of the key reasons why the rupee has lost value against the US dollar (See Chart 3).

### 3. RBI Monetary Policy Review

- Since mid-May, when the Monetary Policy Committee (MPC) was forced to hike interest rates in an off-cycle meeting, the RBI has reprioritised its focus from boosting growth to containing inflation.
- Following in the same path, RBI raised the repo rate the interest rate at which it lends money to the banking system by 50 basis points (bps).
- Since May, repo rates have gone up by 140 bps (or 1.4 percentage points).

#### 3.1 RBI expectation

- RBI expects inflation to be 6.7 per cent for the current financial year (April 2022 to March 2023), and most analysts expect another 50 bps hike in the repo rate in the year.
- At 5.4 per cent, already the repo rate is at the per-pandemic level.
- Another 50 basis points would take it close to 6 per cent.

#### 3.2 Base Rate

- Since this is the base rate, expect borrowing rates of all kinds to go up by the same degree or more.
- Consumers will have to shell out more as EMIs for their home and car loans.
- Producers will have to pay more to borrow money for new investments.
- Understandably, these moves by the RBI will create a drag on India's economic recovery.

#### 3.3 Inflation

- But this is the most curious bit of the RBI policy, RBI still expects India to grow at 7.2 per cent in the current year.
- But this is the same GDP estimate that it had in April.
- At that time, RBI's inflation estimate for the current year was 4.5 per cent.
- Now, it expects inflation to be 6.7 per cent.
- Moreover, since April, repo rates have gone up by 140 bps, with another 50 to 60 bps in the offing.

### 4. RBI's Surveys

- Speaking about the state of the Indian economy, the RBI also released the results of seven surveys that it conducts.
- Each of these surveys throws light on some aspect or the other of the Indian Economy.

#### 4.1 Consumer Confidence Survey (CCS)

- The CCS asks people across 19 cities about their current perceptions (Vis-a-vis a year ago) and one-year ahead expectations on the **general economic situation, employment scenario, overall price situation and own income and spending.**
- The latest round of the survey was conducted from July 07 to July 14, 2022, covering 6, 083 responses.

Based on the responses, the RBI comes up with two indices:

1. The Current Situation Index (CSI) and
2. The Future Expectations Index (FEI).
  - To read either index it is important to first understand that the value of 100 is the neutral level.
  - An index below the 100 mark implies people are pessimistic and a value higher than 100 conveys optimism.
  - As the CSS Chart shows, the CSI (red dotted line) has been recovering since falling to a historic low in July last year.
  - However, despite the improvement, the CSI stays firmly in the negative territory suggesting consumer confidence is still considerably adrift from the neutral territory.

### **CCS chart: India's Current Situation Index (CSI) and the Future Expectations Index (FEI) from March 2018 to July 2022.**

The FEI is in the positive territory but even now it stays below the pre-pandemic levels.

### **4.2 Inflation Expectations Survey (IES)**

- It tracks people's expectations of inflation.
- The biggest worry during phases of rapid inflation is that if inflation is not controlled soon, it can lead to people getting into the habit of expecting high inflation
- Which in turn, alters people's economic behaviour.
- Often central bank heads can be found saying they want to prevent people's inflation expectations from becoming "unanchored".
- This survey provides an answer to whether that is happening in India or not.
- As the IES charts show, household inflation perception for the current period has moderated by 80 bps to 9.3 per cent in the latest survey round.
- Their three-month and one-year ahead median inflation expectations also declined by 50 bps and 60 bps, respectively, from the May 2022 round of the survey.
- The IES chart shows the three months and one-year ahead median inflation expectations.

### **4.3 OBICUS Survey**

- OBICUS stands for "Order Books, Inventories and Capacity Utilisation Survey".
- This survey covered 765 manufacturing companies in an attempt to provide a snapshot of demand conditions in India's manufacturing sector from January to March 2022.
- The key variable here is Capacity Utilisation (CU) shown in the blue line in the OBICUS chart.
- A low level of CU implies that manufacturing firms can meet the existing demand without needing to boost production.
- That, in turn, has negative implications for job creation and the chances for private-sector investment in the economy.

### **OBICUS chart: The Capacity Utilisation (CU) is above per-pandemic levels.**

The CU is well above the pre-pandemic level suggesting India's aggregate demand is recovering steadily.

### **4.4 Industrial Outlook Survey (IOS)**

- Just like the CCS tries to suss out consumer confidence, this survey tries to track the sentiments of businessmen and businesswomen.
- The survey encapsulates a qualitative assessment of the business climate by Indian manufacturing companies for Q1: 2022-23 (April, May and June) and their expectations for Q2: 2022-23 (July, August and September).
- As the IOS chart shows, businesses were optimistic (above the 100 level) in Q 1, although not as much as they were in the recent past.  
But, they do expect things to improve as the months roll by.
- This tallies with the steadily improving capacity utilisation from the OBICUS.

### **The IOS chart shows the business expectations index from FY 16 to FY 23**

### **4.5 Services and Infrastructure Outlook Survey (SIOS)**

- Again, much like the CCS and IOS above, this survey does a qualitative assessment of how Indian companies in the services and infrastructure sectors view the current situation and prospects.
- This round of SIOS surveyed 758 companies on their assessment for Q1: 2022-23 and expectations for Q2: 2022-23.
- The questions were on parameters relating to demand conditions, price situations and other business conditions.
- As SIOS charts 1 and 2 show, the companies in the services space are far more optimistic than the companies in the infrastructure sector.

**SIOS chart 1: The chart maps the responses of 758 companies on their assessment for Q1: 2022-23 and expectations for Q2: 2022-23**

**SIOS chart 2: The chart maps the responses of 758 companies on their assessment for Q1: 2022-23 and expectations for Q2: 2022-23**

But the important thing is that the net responses that are, the difference between the percentage of respondents reporting optimism and those reporting pessimism is positive for both sectors.

#### **4.6 Bank Lending Survey (BLS)**

- This survey captures the mood qualitative assessment and expectations of major scheduled commercial banks (SCBs) on credit parameters (Viz., loan demand and terms and conditions of loans) for major economic sectors.
- The BLS found that the banker's assessment of loan demand in Q1: 2022-23 remained positive for all major sectors though the sentiments were somewhat toned down from the level reported in the previous quarter.

Sentiments on overall loan demand in the second, third and fourth quarters also remained upbeat (See BLS Chart).

**The BLS found that the banker's assessment of loan demand in Q1: 2022-23 remained positive for all major sectors.**

#### **4.7 Survey of Professional Forecasters (SPF)**

- There is a survey of 42 professional forecasters (Outside the RBI) on key macroeconomic indicators such as GDP growth rate and inflation rate in the current year and the next financial year.
- India's real GDP is expected to grow by 7.1 per cent in 2022-23 projections revised down by 10 basis points from the last survey round and it is expected to grow by 6.3 per cent in 2023-24.
- As shown in the SPF chart, it is noteworthy that while the highest probability is that GDP growth will range between 7 -7.4 per cent, the second most probable outcome is that the growth rate will decrease to the 6.5 -6.9 per cent range.

**The Survey of Professional Forecasters shows that the highest probability is that GDP growth will range between 7-7.4 per cent.**

**General studies II: Polity**



# STATE POLLUTION CONTROL BOARDS

## 1. Context

In the fight against air pollution in the Indo-Gangetic Plain, there are several important protagonists, none more so than India's frontline environment regulators, the State Pollution Control Boards (SPCBs), and the pollution control Committees (PCCs) in the Union Territories.

## 2. Introduction

Their primary role is to regulate emissions from point sources such as industries and power plants that contribute substantially to ambient air pollution in Urban and rural areas. More recently, they have also been tasked with guiding cities in meeting targets under the National Clean Air Programme and spending Finance Commission grants for air quality improvements. In short, there is no future with clean air in which the SPCBs do not perform at the highest level possible.

## 3. State Pollution Control Boards

The SPCBs were initially constituted under the Water (Prevention and Control of Pollution) Act, of 1974.

Under the Air (Prevention and Control of Pollution) Act, of 1981, the SPCB mandate was expanded to include air quality management.

Subsequently, several new environmental regulations were added to their roles and functions. Unfortunately, this enhanced mandate has not been matched with increased capacity and capability in the Boards.

## 4. Composition and selection of members

The members of the State Pollution Control Boards are nominated by respective state governments.

Apart from the above-said acts, the Board is also enforcing the following Rule and Notifications framed under Environment (Protection) Act, 1986:

1. Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
2. Environmental Impact Assessment Notification, 2006.
3. Bio-Medical Waste Management Rules, 2016.
4. Plastic Waste Management Rules, 2016.
5. The Noise Pollution (Regulation & Control) Rules, 2000.
6. Construction & Demolition Waste Management Rules, 2016.
7. The Public Liability Insurance Act, 1991.
8. Fly Ash Notification, 1999 and 2008.

## 5. Issues faced by SPCBs

## **5.1 Shortage of staff**

- As an illustration, the Haryana State Pollution Control Board has been operating with a 70 percent staff shortage.
- What this means practically is that a single officer is tasked to handle the demands of pollution control for an entire district without any subordinate technical staff.
- This comes at the cost of not being able to do inspections and other core pollution control work.

## **5.2 Lack of specialization**

- The officers at the SPCBs do not get to develop any specialization.
- The CPCB has a decent workforce and robust laboratories, where scientists once reunited get to work, and excel in a particular area.
- On the other hand, SPCBs don't have such a stratified system, and the same officer is in charge of all these pollution categories, making it impossible to gain expertise and excel in any one area.

## **5.3 Lack of legal skills to take on polluters**

- SPCBs lack the necessary legal skills to take on polluters.
- While a legal cell may exist at the head office of an SPCB, they have few full-time public prosecutors there.
- As a result, engineering graduates in district SPCB offices- have to play the role of lawyers and develop legal paperwork that often falls short of holding polluters to account.
- Clerks and superintendents at courts often refuse to file cases, pointing at flaws that someone not trained in law would naturally make.

## **5.4 Lack of funds**

- SPCBs are chronically underfunded.
- For instance, the funds of several SPCBs such as Haryana's largely come from "No Objection Certificates" and "Consent to operate" that the boards grant to industries and projects, rather than budgetary allocations by the government.
- Owing to this, SPCB officials are unable to spend on critical functions

## **5.5 Additional Duties**

- SPCB officials are at times given additional responsibilities that are unrelated to pollution control, Air (Prevention and Control of Pollution) Act, of 1981,
- Haryana's SPCB, for instance, has poultry farms under its ambit.

## Previous Corner

1. Consider the following statements

1. There are regions on the Sun's surface from where fast solar wind gushes out into space
2. Coronal holes cover 6-8% of the total solar surface

Which of the above given statement is/ are correct

A.1 Only   B.2 Only   C.Both 1 and 2   D.Neither 1 Nor 2

2. Consider the following statements

1. The SPCBs were initially constituted under the Air (Prevention and Control of Pollution) Act, of 1981
2. Under the Air (Prevention and Control of Pollution) Act, of 1981, the SPCB mandate was expanded to include air quality management.

Which of the above given statement is/ are correct

A.1 Only   B.2 Only   C.Both 1 and 2   D.Neither 1 Nor 2

3. Consider the following statements

1. Article 16 stands amended enabling the state to take special measures (Not limited to reservations) in favor of EWS generally with an explicit sub-article on admission to educational institutions with a maximum 10% reservation.
2. The amendment to Article 15 allows 10% reservation (and not special measures) for Ews in public employment and does so in a manner that is different from reservation for scheduled caste/Scheduled Tribes and other Backward Classes

Which of the above given statement is/ are correct

A.1 Only   B.2 Only   C.Both 1 and 2   D.Neither 1 Nor 2

4. Which was the first State to enact a law to prevent witchcraft, identification of a woman as a witch and “eliminate torture, humiliation and killing of women”?

A. Kerala   B. Bihar   C. Mizoram   D. Jarkhand

5. The Sardar Sarovar dam in Gujarat is built on which river?

A. Tapi   B. Sabarmati   C. Mahanadi   D. Narmada

## **Mains Corner**

- 1. Explain the implications of the EWS Quota and What do you mean by Horizontal and Vertical Reservation? Discuss in light of the recent supreme court judgment. (250 words)**
- 2. Explain the concept of the metaverse. What are the challenges and opportunities associated with Metaverse in India? (250 words)**
- 3. What is the pincer effect and discuss its impact on the Indian Economy (250 Words)**
- 4. What are Grievance Appellate Committees and discuss their composition (250 Words)**
- 5. What are Social Media Intermediaries and discuss their obligations (250 Words)**

## **Prelims Key**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>C</b>	<b>B</b>	<b>D</b>	<b>B</b>	<b>D</b>