

ECONOMY
1. Corporate layoffs:

❖ **CONTEXT:** Over the past two months, a slew of U.S. multinational companies including tech giants Amazon, Meta, Intel, Twitter and financial behemoths like Citi and Morgan Stanley, announced massive layoffs.

- According to a global placement and coaching firm, the layoffs crossed 60,000 in September and October.
- These developments are bound to have an impact, on India's export prospects, especially in the information technology (IT) sector.

❖ **Why are layoffs becoming common?**

- Alphabet CEO Sundar Pichai had warned of a coming winter in the tech sector earlier this year. In an all-hands meeting in September this year, one of his responses to staff queries on budget cuts was: "We don't get to choose the macroeconomic conditions always." A potential economic recession is a big red flag.
- With inflation soaring in most parts of the world, central banks have been scrambling since March this year to rein it in by increasing rates so as to make it more costly to borrow and consume. This will eventually affect economic growth and jobs.
- The International Monetary Fund (IMF) has cited forecasts for global GDP growth in both 2022 and 2023 as gloomy, given the pandemic and ongoing Russia-Ukraine war. Setting aside the 2008 financial crisis numbers, estimates for this calendar and the next by the IMF are the weakest since 2001.

❖ **What do U.S. CEOs saying feel about the coming months?**

- The Conference Board measure of CEO confidence showed top honchos in the West haven't been this downbeat since the 2007-2009 recession. The survey asked 136 CEOs what economic conditions they are preparing to face over the next 12-18 months. An overwhelming majority— 98% — said they were preparing for a U.S. recession; while 99% said they were preparing for an EU recession.

❖ **What is the outlook for the Indian IT industry?**

- The Indian IT services firms are among the largest employers in the organised sector and any global economic trend is bound to have an impact on their growth projections. Managements look at headcount numbers critically when they want to cut costs and protect profit margins as they are accountable to investors. Though there isn't a discernible trend yet, there are a few signs which may signal what is to be expected in the next few months. All top companies except Wipro saw a rise in revenue and net profit. Wipro's net profit slid 9% from a year earlier for the quarter ended September.
- The attrition rates, or the number of employees per 100 quitting on their own, of the top two firms, TCS and Infosys, show that these rates are still high, which means that there is enough business for the sector for competitors to draw away employees with promise of higher salaries. At Infosys, the attrition rate declined marginally to 27.1% in July-September 2022 from 28.4% in the previous April to June quarter; at TCS, the attrition rate crept up to 21.5% in the July-September quarter from 19.7% between April and June. As for operating profit margins (OPM), Infosys saw its OPM improve to 21.5% in July-September from 20% in April-June, but both 3-month and 6-month OPMs had dipped compared to a year earlier; TCS saw its OPM rates rise to 24% in the three months ended September compared to the last quarter (23.1%).

- Media reports have said that Infosys aims to pay out 65% of the variable pay to employees for the July-September quarter, compared with 70% in the April-June quarter, because of 'pressure on margins'.

❖ **What about start-ups?**

- News of layoffs in the Indian start-up front is predominantly in EDtech, or the educational technology front.
- A lesser share of internet users visiting educational websites since the decline of the pandemic is cited as one reason.
- The Indian start-up layoff tracker by Inc42 showed that more than 15,700 employees had been laid off in 2022 given tightening funding conditions. Byju's, Chargebee, Cars24, Ola, Innovaccer, Udaan, Unacademy and Vedantu are names that have been in the news for layoffs, according to Inc42. The tracker showed that the edtech sector has laid off the most employees – 14 start-ups had laid off 6,900 employees in 2022.

❖ **Are jobs being added in the U.S.?**

- When layoffs take place in some parts of the U.S. economy, job additions also take place simultaneously in other parts. In the U.S., as per the Bureau of Labor Statistics data, as of November 4, employment in healthcare saw the healthiest increase at 53,000. Manufacturing added 32,000 jobs. Despite the U.S. heading into the holiday shopping season, October saw only moderate gains in retail job additions of 7,000.
- For Indian IT firms, roughly about one-third of revenue comes from financial services — over the past six months, this sector has seen little change in terms of job additions in the U.S. economy.

❖ **What happened in India during earlier global recessions?**

- During earlier global recessions, while companies seldom publicly announced layoffs, they would all look to ease out staff who were lower down the performance ladder. Companies that were in a particularly bad patch cut bench strength. Then again, if a person was about a month old on the bench (i.e., without projects), he or she may have been asked to sign up for some training courses etc. If the professional spent more than three months on the bench and had not landed a project, the system itself would ease him or her out. What happened in the aftermath of the 2008 recession that stretched well beyond 2-3 years is that companies would start slowing down headcount addition. Planned additions from campus would decline or offers would be made but absorption into the company could well take 9-12 months from the time of offer.
- A slew of U.S. multinational companies including tech giants Amazon, Meta, Intel, Twitter and financial behemoths like Citi and Morgan Stanley, announced massive layoffs.
- The Indian IT services firms are among the largest employers in the organised sector and any global economic trend is bound to have an impact on their growth projections.
- The Indian start-up layoff tracker by Inc42 showed that more than 15,700 employees had been laid off in 2022 given tightening funding conditions.

2. **RBI's Digital Lending Norms**

❖ **Context: The modified guidelines on digital lending by the Reserve Bank of India (RBI) have come into effect from 1st December, 2022.**

❖ **About Digital Lending:**

- Digital lending involves giving and recovering loans through web platforms or mobile apps.
- It facilitates speedy disbursement and helps lower costs.
- Lending Service Providers (LSPs) operate in collaboration with Non-Banking Financial Companies (NBFCs) who disburse credit to customers using the LSPs platform.
- These platforms often resort to reckless practices by lending beyond a borrower's repayment capacity.

❖ **About Digital Lenders:**

- RBI has categorised digital lenders into three groups:
- Entities which are regulated by the RBI and are allowed to carry out lending business. E.g.: All Commercial Banks, Primary (Urban) Co-operative Banks, State Co-operative Banks, District Central Co-operative Banks; and Non-Banking Financial Companies.
- Entities that are authorised to carry out lending as per other statutory or regulatory provisions but are not regulated by the RBI. E.g. : merchant bankers, stock brokers, bankers to issues, debenture trustees, portfolio managers, DPs, registrars to issues, share transfer agents, etc.
- Entities lending outside the purview of any statutory or regulatory provisions .E.g.: Informal lenders

❖ **About new guidelines issued by RBI:**

- The digital lending modified guidelines aim to protect customers from exorbitant interest rates and keep a check on unethical loan recovery practices.
- The regulatory framework is basically focussed on the digital lending ecosystem of RBI-regulated entities and the lending service providers.

❖ **Loan disbursements and repayments:**

- These are to be executed only between the bank accounts of the borrowers and the regulated entities such as the banks and the NBFCs.
- There will be no pass-through/pool account of the Lending Service Providers (LSPs).
- **Fees and Charges:** Any fees or charges payable to Lending Service Providers (LSPs) in the credit intermediation process shall be paid directly by Regulated Entities and not by the borrower.
- **Applicability:** Instructions are only applicable for the existing customers availing fresh loans and to new customers getting onboarded.
- **Data collection:** Data collected by digital lending apps must be need-based, with the borrower's prior consent, and can be audited if required.
- **Increase in credit limit:** Borrower's consent on the increase in the credit limit is must and an automatic credit increase without the consent would be prohibited.

❖ **Grievance redressal officer:**

- A nodal grievance redressal officer will also be deployed.
- Such grievance redressal officers shall also deal with complaints against their respective Digital Lending Apps (DLAs).
- Digital Lending Apps (DLAs) are mobile and web-based applications with user interfaces that allow a borrower to borrow from a digital lender.
- **Ombudsman:** The borrower can complain to the Integrated Ombudsman Scheme of the RBI if their grievance is not resolved by the bank within 30 days.

❖ **Credit Information Companies (CICs):**

- Regulated Entities are required to ensure that any lending carried out through digital lending apps has to be reported to **Credit Information Companies (CICs)**.
- Lending through the **Buy Now Pay Later (BNPL)** mode also needs to be reported to the CICs.

❖ **Advantages of new norms:**

- **Financial inclusion:** with new innovations underway, digital lending has enabled many Financial Service Providers a way to offer much better products to the masses at a much faster rate which is even more cost-efficient.
- **Reaching to the remotest area:** Digital lending can prove to be a tool acting towards the growth of higher quality financial services to underserved businesses and people.
- **Tackling concerns:** The guidelines aim to tackle concerns like unscrupulous lending practices and involvement of third parties, mis-selling and data privacy.
- **Regulated market:** Licensed and compliant players will have an advantage over fintech's with other NBFC partnerships and are likely to see rising market share in the future.
- **Avoiding delay:** Online lending has played a pivotal role in evading cumbersome red-tapism usually involved while availing loans offline in a traditional setting.

❖ **Issues associated with the new norms:**

- **Unregulated apps:** There were about 1,100 lending apps available for Indian android users of which about 600 were illegal. They were either unregulated by the RBI or had NBFC partners with an asset size of less than 1,000 crore, prompting doubts on its operability.
- **The space is largely dominated by NBFCs:** Its customers particularly include small borrowers without a documented credit history and thus, not served by traditional financial institutions.
- LSPs often resort to reckless lending practices by endowing credit beyond a borrower's repayment capacity. The risk is mitigated by spreading it to all users by charging higher interest rates. There is absence of standardised disclosure and regulatory norms which made it cumbersome to assess a participant's operational legitimacy.
- **Others:** The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices.

The need of the hour is competent systems and processes that would further strengthen data privacy and security of confidential information shared between customers and regulated entities. This regulation would also address concerns emanating from TechFin which are companies that are primarily tech-based service providers, say e-commerce, and also offer financial services.

ENVIRONMENT & ECOLOGY

❖ **State of finance for Nature Report**

❖ **Context:** According to a new United Nations (UN) report, **Financing for nature-based solutions (NbS) needs to be doubled to deal with multiple global crises of climate change, biodiversity loss and land degradation.**

❖ **About the report:**

- The report was released by the UN Environment Programme (UNEP) along with the Economics of Land Degradation initiative of the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany, the United Nations Convention to Combat Desertification (UNCCD) and the European Commission.
- The report comes 10 days after the end of the UN Framework Convention on Climate Change (UNFCCC) Conference of Parties 27 (COP27) and a week before the start of the UN Conference on Biodiversity (COP15 CBD) in Montreal.

❖ **Key findings of the report:**

- The key focus should be on doubling finance flows to NbS and reducing it for activities that increase greenhouse gas (GHG) emissions.
- According to the report, the current global investments in NbS are around \$154 billion (Rs 12,49.44 crore) per year, which needs to be increased to \$384 billion by 2025.
- On the other hand, investments in economic activities that release GHGs into the atmosphere are currently three to seven times larger than the investments in NbS.
- "Harmful subsidies are highest in the energy sector, estimated to range from \$340 billion/ year to \$530 billion/year and in the agriculture sector, estimated around \$500 billion/year," estimated the report. The report recommended the phase-out of these investments.
- Another highlight of the report was the need for private investments in nature-based solutions, which currently stands at only 17 per cent. Private actors can combine Net Zero with nature positive, the report suggested.

PRELIMS

1. Digi Yatra

- ❖ **Context:** The government has introduced paperless entry at select airports to make air travel hassle-free. Under this initiative, airports will use a facial recognition software called 'DigiYatra' for entry. This means, passengers won't need to carry their ID card and boarding pass.
- ❖ **What is DigiYatra and how will it work?**
 - DigiYatra envisages that travellers pass through various checkpoints at the airport through paperless and contactless processing, using facial features to establish their identity, which would be linked to the boarding pass.
 - With this technology, the entry of passengers would be automatically processed based on the facial recognition system at all checkpoints – including entry into the airport, security check areas, aircraft boarding, etc.
 - For availing the service, a passenger has to register their details on the DigiYatra app using Aadhaar-based validation and a self image capture.
 - Once all the online process is done, the passenger can enter the airport through the e-gate.
 - The project is being implemented by the DigiYatra Foundation — a joint-venture company.

2. Exercise Agni Warrior

- ❖ **Context:** Joint Exercise Agni Warrior with Singapore Armed Forces Concludes at Devlali (Maharashtra)
- ❖ **Key details:**
 - Exercise Agni Warrior, involved showcasing joint firepower planning, execution and use of New Generation Equipment by the Artillery arm of both armies.
 - Exercise also included participation by both sides in a joint computer war-game as part of joint planning process.
 - Both sides utilised niche technology and Artillery Observation Simulators as part of joint training phase.

3. International Electrotechnical Commission (IEC)

- ❖ **Context:** India wins the International Electrotechnical Commission (IEC) Vice Presidency and Strategic Management Board (SMB) Chair for the 2023-25 term.
- ❖ **About IEC**
 - The IEC is a global, not-for-profit membership organization that brings together more than 170 countries and coordinates the work of 20 000 experts globally
 - It is an international standard-setting body that publishes international Standards for all electrical, electronic, and related technologies.
 - Standardization Management Board (SMB) is an apex governance body of the IEC responsible for technical policy matters.
- ❖ **Mission:**
 - It aims to achieve worldwide use of IEC International Standards and Conformity Assessment Systems to ensure the safety, efficiency, reliability, and interoperability of electrical, electronic and information technologies,
 - It aims to enhance international trade, facilitate broad electricity access and enable a more sustainable world.

4. Sangai Festival

- ❖ **Context:** Recently the Prime Minister of India addressed the Manipur Sangai Festival via video message.
- ❖ **About Sangai Festival:**
 - The festival is named after the state animal, Sangai, the brow-antlered deer found only in Manipur.
 - Sangai festival is an annual cultural festival organised by Manipur Tourism Department every year.
 - Many editions of this Festival has been celebrated over the past few years with the name of Tourism Festival, since 2010 this has been renamed as the Sangai Festival.
 - This festival is being celebrated to promote Manipur as a world class tourism destination.
 - It showcases the states contributions to:
 - ✓ art and culture,
 - ✓ handloom,
 - ✓ handicrafts,
 - ✓ fine arts,
 - ✓ indigenous sports,
 - ✓ cuisine,
 - ✓ music and adventure sports,
 - ✓ natural environment.

ANSWER WRITTING

Q: Discuss the factors required for the development of Tea industry in India. Explain how climate change can impact the tea industry of India.

The Tea industry has been introduced in India during the pre-independence era in the 19th century in Assam and is expanding since then spreading over several states of India. Currently, India is the second largest producer of Tea after China owing to its favorable growing conditions and is among the top five exporters in the world making about 10% of the total exports.

Factors responsible for the development of tea industry:

- Climatic conditions: favorable climatic conditions for the development of tea industry are warm weather (20-30degree Celsius) and moist conditions (150-300cm) and frost-free climate throughout the year. E.g., Darjeeling tea.
- Topography: tea is well grown in the areas of gradual slopes upto the height of 1800 meters. Waterlogging conditions are detrimental to the roots so good soil drainage is a pre-condition for tea cultivation.
- Soil requirement: virgin soil rich in humus and iron content along with huge proportion of potash and phosphorous gives a special flavor to the tea.
- Capital requirement: Tea cultivation and processing demands huge capital requirement. Tea plants take about four years to mature. Labour costs have accounted for around 45-60% of the total cost of production. Hence, formal banking and financing facilities is crucial in supporting the organized tea industry. For e.g., regional rural banks (RRBs) in tea producing areas.
- Labour: tea cultivation a labour-intensive industry that requires abundant, cheap, and skilled labour at every stage (from plantation to blending). High availability of female labourers in several Himalayan states such as Himanchal Pradesh, Assam, west Bengal etc. helps in growing tea in many areas.
- Port facility: India is among the five largest exporters of tea and export to more than 25 countries in the world. Thus, tea from Darjeeling is transported to Kolkata port which is then exported from there to several countries.

Affect of climate change on tea industry:

- Erratic weather conditions: the climate change has made the weather pattern uncertain and has also increased the frequency of droughts and floods which at one time makes the soil dry and at another time creates waterlogging conditions thereby making tea cultivation difficult. For e.g., long periods of drought and higher temperatures have reduced tea production in Assam by 6% in the past years.
- Reduced productivity: the rise in average temperature reduces the relative humidity of atmosphere which leads to longer dry periods and decrease in plant productivity. Reduced rainfall leading to poor plant health has reduced tea production by over 10% in the last year.
- Gender inequality: most of the tea producing areas employs female labourers. Climate change will reduce the availability of soil for tea cultivation and increase the vulnerability of women and make them unemployed.
- Reduced profits: the fall in productivity of tea due to climate change has also reduced the profits in tea industry.
- Increased possibility of pest attacks: Higher temperatures enable insects that attack tea plants to survive winter, giving them more time in which to reproduce. For e.g., plantation managers in Assam have noticed a greater number of insect pests on tea plants.

Ongoing impact of climate change in the world economy especially in the agricultural sector which is livelihood for majority section of people in developing and underdeveloped countries has increased the vulnerability and threatens their livelihood. There is a need to increase mitigation efforts along with preparing adaptation strategy to ensure sustainability. Rainwater harvesting, soil conservation practices, agroforestry etc. can be a promising steps to retain high productivity of tea and sustain livelihoods.

MCQs

1. Consider the following statements regarding definition of heat wave by Indian Meteorological Department (IMD). "Heatwave" is when the temperature of a station reaches
 1. 35 degree Celsius or more for hilly regions
 2. 37 degree Celsius or more for coastal regions
 3. 40 degree Celsius or more for plains
 How many of the above statements is/are correct?

| | | | |
|-----------|------------------|---------------|------------------|
| a) 1 only | b) 2 only | c) 1, 2 and 3 | d) None of these |
|-----------|------------------|---------------|------------------|
2. Consider the following statements regarding Manipur Sangai Festival:
 1. The theme of this year's Sangai festival is "Festival of oneness".
 2. Scientific Name of Sangai Deer is Rucervus eldii.
 3. Sangai deer is listed as Endangered on IUCN Red List
 Select the correct answer using the codes below:

| | | | |
|---------------|---------------|---------------|----------------------|
| a) 1 & 2 only | b) 2 & 3 only | c) 1 & 3 only | d) 1, 2 and 3 |
|---------------|---------------|---------------|----------------------|

3. Consider the following statements about DigiYatra Project:
1. It provides a centralized mobile wallet-based identity management platform which is cost effective and addresses privacy/data protection issues in implementation of Digi Yatra.
 2. Airports Authority of India (AAI) will identify their airports where Digi Yatra would be implemented in a phased manner.
- Select the correct answer using the codes below:
- a) 1 only **b) 2 only** c) Both 1 and 2 d) Neither 1 nor 2
4. Defence Exercise Country involved
1. AJEYA WARRIOR United States of America
 2. MITRA SHAKTI Sri Lanka
 3. YUDH ABHYAS United Kingdom
 4. Konkan Shakti Japan
- Which of the pairs given above is/are correctly matched?
- a) 1,3 and 4only b) 2,3 and 4 only **c) 2 only** d) 4 only
5. Recently vice president of India inaugurated the 23rd edition of Hornbill festival with reference to this Consider the following statements.
1. The Hornbill Festival is celebrated in Nagaland in the month of November.
 2. The festival is named after Great Indian Hornbill.
 3. Hornbill is the state bird of Nagaland.
- Which of the above statements is/are correct?
- a) 1 and 2 only **b) 2 only** c) 1 and 3 only d) 1, 2 and 3
6. Atal Innovation Mission is set up under the
- a) Department of Science and Technology
 - b) Ministry of Labour and Employment
 - c) NITI Aayog**
 - d) Ministry of Skill Development and Entrepreneurship
7. With reference to Central Adoption Resource Authority (CARA) consider the following
1. CARA is a statutory body of the Ministry of Women and Child Development
 2. It has been established under the provisions of the Juvenile Justice (Care and Protection of Children) Act, 2015
 3. It mandated to undertake the promotion of in-country adoptions and to facilitate inter-state adoptions in accordance with the Hague Convention on Protection of Children and Cooperation in respect of inter-country adoption.
- Which of the above statement/s is/are correct?
- a) 1 and 2 only b) 2 and 3 only c) 1 and 3 only **d) 1,2 and 3**
8. With reference to the "Mission Karmayogi", consider the following statements:
1. It has been designed to lay the foundations for capacity building for Civil Servants.
 2. The Programme will be delivered by setting up an Integrated Government Online Training-iGOT Karmayogi Platform.
- 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
9. Recently union minister for health inaugurated world AIDS day virtually, With reference to world AIDS day consider the following
1. World AIDS Day is globally observed on 1st December since 1988.
 2. The theme of World AIDS Day 2022 is End inequalities. End AIDS.
- Which of the above statement/s is/ are not correct?
- a) 1 only
- b) 2 only**
- c) Both 1 and 2
- d) Neither 1 nor 2
10. A rapid increase in the rate of inflation is sometimes attributed to the "base effect". What is "base effect"?
- a) It is the impact of drastic deficiency in supply due to failure of crops
 - b) It is the impact of the surge in demand due to rapid economic growth
 - c) It is the impact of the price levels of previous year on the calculation of inflation rate**
 - d) None of the statements (a), (b) and (c) 'given above is correct in this context