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1. India's market correction, China's sub-par stimulus salvo**Introduction**

The unfolding "correction" in India's stock indices — the Nifty50 has shed a tenth of its end-September peak — has been linked to the build-up to the Chinese government stimulus to boost its flagging economy.

An index is said to be in a "correction" phase when it falls more than 10% from its last peak level. A more-than-20% fall signals a "bear market" phase.

After Beijing announced its first stimulus package in late September, foreign investors offloaded Indian shares to pick up Chinese equities that were trading at much lower price-earnings multiples (making Chinese stocks more attractive from a valuation perspective).

The slide in the bourses has persisted — even though domestic money has continued to pour into India's stocks. Last week, the Chinese government announced a second booster shot for its economy.

Some other global factors too, are responsible for the current selloff in the Indian markets — these include the anticipated protectionist turn in the United States under Donald Trump, the impact of high tariff barriers on the policy stance of the Federal Reserve, and the expected rate hike by the Bank of Japan in its December meeting, which has triggered an unwinding of yen carry-trade positions across markets.

However, the impact of the two Chinese stimulus packages on investors and markets has been underwhelming so far. So why this reaction by India's indices?

Chinese stimulus packages

On September 24, China's central bank, the People's Bank of China, unveiled measures to boost the economy, which included cutting the amount of cash banks must hold in reserve, smaller down payments for home purchases, and tax incentives for new home buyers. The FPI selloff in the Indian markets began soon afterward.

On November 8, the Chinese government approved a massive 10-trillion-yuan (\$1.4 trillion) plan to revive its domestic economy and enable provincial governments to refinance piled-up debt.

These measures appeared even more relevant after Trump's election last week — and have triggered anticipation of an even bigger stimulus package.

Should the President-elect follow through on his campaign promise of imposing a 60% tariff on Chinese goods, more than 2 percentage points could be shaved off China's growth over the next year, analysts believe.

A \$1.4-tn disappointment

The two economic stimulus measures announced in the space of six weeks, however, did little by way of offering direct support to catalyse consumer spending. A property downturn, surging government debt, and rising unemployment and falling consumption, have slowed down China's growth since the Covid-19 pandemic.

The plan announced on Friday is merely a form of debt relief for local governments. A lot of the growth in China in recent years has been driven by real estate sales, and the collapse of the property market a couple of years ago cut off that source of funds for local governments. Since these governments have traditionally invested heavily in infrastructure, they are struggling with the interest on the accumulated debt. Local authorities have now been allowed to create new bonds and consolidate their debts to bring down the servicing cost.

However, there has been no new measure to directly boost domestic demand so far. This has been a challenge for China's policymakers as consumers have become increasingly spending-averse. While the Chinese have traditionally had a very high savings rate, the returns on those savings, mostly tied up in property, have plummeted. Following crises such as the bankruptcies of real estate giants like Evergrande, consumers are now reluctant to spend. Boosting consumer sentiment would need more of a direct, spending-focused stimulus than the two packages announced so far.

Chinese stocks over India's

So why are FPIs dumping stocks in countries such as India and lining up for China? There could be three broad reasons.

MORE BOOSTERS LIKELY: China's Finance Minister Lan Foan said on November 8 that more stimulus was on the way, amid speculation that Beijing may not want to exhaust all its firepower before Trump enters the Oval Office in January. Nomura anticipates the eventual scale of China's fiscal stimulus package to reach 2-3% of GDP annually over the next several years.

According to a report by the Financial Times, Trump has asked trade hawk and protectionist Robert Lighthizer to return as US Trade Representative, the position from which he led the first Trump administration's trade war against China. The consolation for Beijing is that Elon Musk, Trump's choice to co-lead the new Department of Government Efficiency, is likely to be

something of a middleman for US-China business relations, given his significant exposure to the Chinese market through the operations of his company, Tesla, there.

POOR INDIA INC. EARNINGS: FPIs would also be looking at India's high stock valuations and the disappointing recent earnings season.

From higher prices of commodities to rising expenses on employees, operating margins of Indian companies have come under strain at a time of muted revenue growth. Revenues of a group of 424 companies (excluding banks, financials and oil marketing companies) that announced results for Q2FY25 grew at a modest 6% year-on-year. At the same time, total expenditure rose by 7%, leading to an 80-basis point fall in operating margins y-o-y.

Also, as interest costs increased by more than 10%, net profits were up just 4% y-o-y for these companies.

TRUMPONOMICS: Trump 2.0 could mean a challenge for India to balance its growth stability amid trade and tariff wars, supply-chain disruptions, and heightened forex volatility.

Trump's proposed tax-relief, tariff-hike, and immigration-control measures could stoke inflation in the US and disrupt the Fed's rate-cut agenda. This would impact the trajectory of India's monetary policy if the Reserve Bank of India decides to resolve the uncertainties before undertaking any significant action. Analysts have said a December rate-cut is pretty much ruled out — and the 14-month-high retail inflation in October could mean any such action could be pushed further into the next year.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

2. Supreme Court's order on mandatory accessibility standards, why it matters

Introduction



A bench of the Supreme Court last week ordered the Union government to frame mandatory rules for ensuring the accessibility of public places and services to persons with disabilities. Outgoing Chief Justice of India Justice DY Chandrachud headed the bench.

The apex court held that the provisions of the Rights of Persons with Disabilities (RPwD) Act and the rules notified under it were not being treated as mandatory. Thus, the judgment reaffirmed accessibility as a fundamental right. Here is what to know.

First, what is the Rights of Persons with Disabilities (RPwD) Act?

As a signatory to the United Nations Convention on Rights of Persons with Disabilities (CRPD), India is obligated to promote accessibility as an essential right. According to Article 9, "to

enable persons with disabilities to live independently and participate fully in all aspects of life, States Parties shall take appropriate measures to ensure to persons with disabilities access, on an equal basis with others, to the physical environment, to transportation, to information and communications... and to other facilities and services open or provided to the public, both in urban and in rural areas”.

Enacted in 2016, the RPwD Act draws on the CRPD and aims “to ensure that all persons with disabilities can lead their lives with dignity, without discrimination and with equal opportunities.” The RPwD Rules of 2017, framed under the Act, were to lay down specific accessibility standards.

The SC noted that while the RPwD Act created a mechanism for mandatory compliance, the 2017 rules created a mechanism which only prescribed self-regulatory guidelines. It referred to a report prepared by the National Academy of Legal Studies and Research (NALSAR)’s Centre for Disability Studies.

So far, 17 standards and guidelines have been notified across government ministries and departments. These include accessibility guidelines issued by Indian Railways for providing facilities at railway stations, as well as by the Ministry of Ports, Shipping and Waterways. The guidelines issued for the port sector state that they are illustrative in nature and not exhaustive, the SC pointed out.

The lack of uniformity across the different guidelines would create issues in enforcement, the SC noted. This, it said, is because they contain different standards for the same accessibility requirements.

What did the Supreme Court rule?

The judgement was passed over a writ petition filed in 2005 by Rajive Raturi, a visually challenged person, who sought directions on ensuring safety and accessibility in public spaces. The SC held that in its current form, the RPwD rules do not provide for “non-negotiable” compulsory standards but only persuasive guidelines. It said that Rule 15 (1) contravened the provisions and legislative intent of the RPwD Act and is thus ultra vires (beyond the powers of) the Act.

It said the guidelines prescribed under the rule were recommendatory and directed the Union government to frame mandatory rules, as required under the RPwD Act, within three months from the date of this judgment. The Union government was also directed to consult stakeholders and NALSAR’s Centre for Disability Studies in the process.

It added that once the mandatory rules are prescribed, the Centre, state governments and union territories would have to ensure that non-compliance with the accessibility standards is penalised. This can be done by withholding completion certificates and imposing fines.

What did the NALSAR report find?

The SC directed NALSAR-CDS in November 2023 to assess the ground situation vis-a-vis accessibility, after appraising the lack of progress by the Centre and the states. It considered views of the Centre, state governments, union territories, courts and prisons to collate details

on accessibility initiatives. Only 14 states and three UTs responded. It also gathered views from persons with disabilities and focussed on the lived experiences of people.

On access to transport systems, the report noted that it was key for access to education, employment and healthcare. It noted that in Delhi, 3,775 low-floor CNG buses were available for accessible travel whereas in Tamil Nadu, only 1,917 buses out of 21,669 were accessible. The report emphasised that the right to accessibility has to be viewed through other disadvantages such as caste, sex, religion and region and the intersection of disability with these factors. The report also listed some specific disadvantages, such as inaccessible job portals for visually impaired persons and lack of sign language recognition for those with hearing and speech impairments.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Indian Express

3. Why smog came early to Punjab, parts of north India this year

Introduction



As winter begins to set in across northern India, a familiar but troubling phenomenon is blanketing cities, towns, and villages: smog. This dense, choking layer of pollution has become an annual occurrence in the northern part of the country, including Punjab, Haryana, Delhi, and parts of Uttar Pradesh. However, this year, smog has appeared much earlier, right at the onset of winter, causing a sharp decline in air quality and impacting public health, travel,

and daily routines.

So, why has smog become so pervasive, especially at the very beginning of winter?

What is smog?

Smog is a type of air pollution that creates a hazy or foggy atmosphere, reducing visibility and affecting air quality. Originally used in the early 1900s to describe a blend of smoke and fog, the term “smog” referred to pollution from coal-burning, especially common in industrial areas. Today, smog is still prevalent in densely populated cities with high levels of industrial and vehicular emissions.

Smog forms when pollutants such as nitrogen oxides, volatile organic compounds (VOCs), and other harmful particles are released into the atmosphere from sources like factories, vehicles, and power plants. These pollutants react chemically in the presence of sunlight, creating a harmful mixture. When combined with fog or high humidity, this reaction produces a thick haze, further reducing visibility and posing risks to public health.

Does smog come every winter?

Yes, it comes every year, generally by the end of November or in December in the Northern plains. Winter brings lower temperatures and weaker sunlight, leading to atmospheric inversion—a phenomenon where a layer of warmer air traps cold air close to the ground. This inversion layer holds pollutants near the surface, preventing them from dispersing.

Is stubble burning responsible?

Stubble burning is widely cited as a major contributor to smog in northern India, particularly in states like Punjab and Haryana.

Experts note that smoke from burning stubble releases high levels of particulate matter, carbon monoxide, sulfur dioxide, and nitrogen oxides. However, stubble burning isn't the only cause of smog — it plays a part in intensifying pollution levels across the region.

What are the other pollutants that contribute to smog?

Beyond stubble burning, year-round sources, including vehicular emissions, industrial smoke, and construction dust, worsen during winter due to the trapped atmospheric conditions. Vehicle exhaust, in particular, releases nitrogen dioxide and fine particulate matter (PM2.5), which are significant contributors to smog. Thermal power plants and factories also emit a steady stream of pollutants, compounding the problem.

What led to the early smog this year?

Experts explain that specific meteorological conditions in northern India this year have created an environment more favourable for early smog. Prolonged slow wind speed — which is around one km per hour — at the onset of winters just after Diwali led to accumulation of the pollutants in the air, resulting in poor air quality which contributed to the early smog.

Surinder Kumar, Director of the IMD Chandigarh office, said that weak western disturbances (weather systems that bring rain to the western Himalayas), primarily active in the hills, have brought moisture into the plains, which is also responsible for the smog. Typically, this smog appears in the northern plains by late November or early December, he said. "Limited rainfall reduces the natural cleansing of the atmosphere, allowing pollutants to remain suspended for longer durations causing early smog," Kumar said.

Another factor is that Diwali was 12 days earlier this year than the last, and celebrated for two days by many because of astrological factors. Widespread bursting of firecrackers releases large amounts of particulate matter into the air. Fireworks release toxic metals and gases that contribute to the haze, creating immediate and harmful effects on air quality.

Experts also said that climate change is increasingly altering weather patterns, contributing to unseasonable smog and prolonged pollution episodes. The smog crisis in northern India is a complex issue rooted in seasonal patterns, agricultural practices, industrial emissions, and changing climate dynamics, they said, adding that some solutions—such as incentivising alternative stubble management techniques and tightening emission standards—show promise.

The average temperature of Punjab on Wednesday was below normal by -2.9°C , and it was below normal by -2°C in Haryana, also shallow moderate fog is expected till November 15.

Relevance: GS Prelims & Mains Paper III; Indian Express

Source: Indian Express

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