

ETW 21st to 27th Jan 2019

➤ All mandis to be linked with e-NAM by 2022 (BL 24/1/19)

- All the 7500 APMC mandis, weekly and bi-weekly mandis to be connected with the e-NAM by FY22
- Currently only 585 APMCs are linked with e-NAM. By 2020, another 400 will be added taking the number to over 1000
- There are another 14500 temporary mandis dealing with agri and non-agri goods across the country which will be linked with the e-NAM
- This will aid the objective of the government to double the income of farmers by 2022

➤ RBI, NPCI and retail payments (BS 22/1/19)

- RBI has sought comments on the monopoly of NPCI (National Payments Corporation of India) in the payment space
- It is done in order to reduce the concentration risk and promote innovation and competition
- NPCI is the sole operator of the various retail payments systems such as NFS (National Financial Switch), Immediate Payment Service (IMPS), Unified Payments Interface (UPI) etc.
- The paper states that Indian payments space has evolved into a few operators against a wide array of payment systems. This has raised concerns related to concentration
- Other payment systems such as debit card, credit card, ATMs have multiple operators
- A single operator would provide
 - Standardisation
 - Economies of scale
 - Better oversight and governance
- On the other hand, issue of concern are
 - Systemic and operational risk issues
 - Lack of innovation and upgradation
 - Other inefficiencies

➤ India, e-commerce, WTO and Davos (BL 26/1/19)

- As per a WTO report, the value of e-commerce in 2016 at \$27.7 tn
- A group of 75 countries have announced their decision to launch negotiations on trade aspects of e-commerce at the WTO
- India has decided to stay away from these negotiations

- Apart from India, other countries such as South Africa, Argentina etc. have decided not to be part of the talks
- India earlier was deliberating if it would be an observer in the negotiations but has decided even against this
- Indian delegation has reportedly stated to the WTO that, developing countries need policy space in the use and flow of data in sunrise sectors such as cloud computing and data storage

➤ **KALIA - Krushak Assistance for Livelihood and Income Augmentation - explained (BL 26/1/19)**

- Has been launched by Odisha government
- Will be implemented for a period of three years i.e. till FY22
- Allocation has been ₹ 10180 Cr
- Financial assistance will be provided for cultivators and landless agricultural labourers
- As per the government, it would benefit 92% of the cultivators (from landless cultivators to big farmers)
- All the farmers will be provided with an assistance of ₹ 10000 per family (₹ 5000 each during rabi and kharif season) for five cropping seasons between FY19 to FY22
- It will target 10 lakh landless households and specifically SC/ST families. They will be supported with a unit cost of ₹ 12500 for activities such as goat rearing, beekeeping, poultry farms, mushroom cultivation etc
- It is going to be an area-specific assistance i.e. input support for any of the above trades such as mushroom cultivation etc will be provided only if it is prevalent in the surrounding locality. This will promote aggregation of these trades
- Another component will be provide ₹ 10000 for the elderly, sick and differently abled population for sustenance (this will not be implemented immediately)
- It includes life insurance cover of ₹ 2 lakh and personal accident cover of ₹ 2 lakh for 57 lakh households
- Crop loans up to ₹ 50000 are interest free

➤ **Debt to GDP ratio of the states (TH 23/1/19)**

- The centre's debt has come down from 47.5% to 46.5% (between March 31, 2014 to 2017-18)
- The debt of the states has increased from 24% to 24.3% (FY18 to FY19). This is worrying as the states do not have access to financial

resources like that of the centre. If the debt goes beyond certain limit then it may lead to a debt trap situation

- The surge in the debt situation has been contributed to by the issuance of the UDAY bonds in FY16 and FY17
- The combined fiscal deficit of the states would be 3.2% of GDP for FY20, which is higher than the prescribed limit of 3%, this also puts into doubt if the states can achieve the target of reducing the debt to 20% of the GDP
- The finances of the centre are on the path to meet the recommendations of the N K Singh Committee
 - It has recommended a consolidated debt ratio of 60% for centre and state. It would be consistent with the best international practice and would help in getting a better credit rating from the agencies
 - The debt of the centre would be 40% and 20% for the states respectively by 2023

➤ **Time to rationalise State PSUs (BL 21/1/19)**

- The philosophy related to PSUs has undergone a huge change with the government shifting from being a producer to the facilitator. This has led to PSUs being trapped between the state and the market
- The centre has invested ₹ 15 lakh ₹ in 444 PSUs and states have an investment of ₹ 14.6 lakh Cr in 1136 PSUs (SPSUs), of which 319 are dysfunctional
- In FY17
 - The CPSEs have earned a profit of ₹ 1.3 lakh Cr and contributed ₹ 3.86 lakh Cr in tax revenues, cess and dividends, while providing employment to 11.3 lakh people.
 - On the other hand in case of the 1136 SPSUs
 - Have incurred a cumulative loss of ₹ 84000 Cr and employed 17.3 lakh people in the same time period
 - The accumulated losses of SPSUs have increased to ₹ 4.65 lakh Cr
 - Only 531 earned profit of ₹ 18000 Cr
 - 292 SPSUs have negative net worth
 - 319 dysfunctional SPSUs have ceased operations for more than 25 years

- The SPSUs at the state level are set to manage a huge array of activities and it doesn't make sense as the state cannot manage such an array of activities
 - Of 103 SPSUs in UP, 38 are non-functional
 - Of 74 SPSUs in UP, 40 are non-functional
 - In case of welfare SPSUs they give loans to members belonging to various communities, which are again refinanced by the state. This would have been done through the banking system itself rather than having a SPSU
- The states must withdraw from such unviable sectors and revamp the structure of the remaining ones
- Many a times these SPSUs exist only for posting of senior bureaucrats
- There is a need of depoliticising the PSUs which has been done in Sweden, Singapore, Malaysia etc.