

## Economy This Week (14th Aug to 20th Aug 2021)

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#### 1. SEZs may get freedom to sell at home, forex condition to go (BL 14/8/21)

- The central govt is considering giving full flexibility to [SEZ](#) units to sell their products either in the domestic or in the international market.
- This is expected to be done by removing the net foreign exchange earning obligation. The SEZs have an NFE (Net Foreign Exchange Earnings) obligation i.e. they will have to earn higher foreign earnings compared to their expenditure.
- Another reform being considered is to allow the denotification of vacant land/areas within SEZs which can be used by the domestic units.
- Many of these reforms are recommendations of the Baba Kalyani Report submitted in 2018. These reforms are being considered with the sunset clause kicking in which will end the income tax exemption clause.
- If the NFE is relaxed, the SEZs will not be compelled to export if they find a good market in India.

#### 2. Modi 2.0 is paying for fuel reduction by UPA govt (BL 17/8/21)

- Finance Minister has stated that the current govt is paying for the price reduction by the UPA govt. The burden of repaying oil bonds has prohibited the govt from reducing the taxes that it has imposed on the fuels.
- UPA govt had issued oil bonds worth ₹ 1.44 lakh Cr to oil marketing companies between 2005 and 2010.
  - These are the bonds bearing a fixed coupon rate issued by the govt to the oil marketing companies (OMCs)
  - The last principal repayment was done in FY15

- As of now bonds worth ₹ 1.31 lakh Cr are still to be repaid
  - Govt has so far paid interest of ₹ 70000 Cr and another ₹ 38000 Cr is still to be repaid
- Govt has collected ₹ 2233868 Cr in the last seven years under excise on fuels. In FY21 alone, the govt has been able to collect ₹ 4.53 lakh Cr under this.

### 3. Exporters to get duty relief as part of Jan 1 RoDTEP scheme (TH 18/8/21)

- Govt has notified the rates under the [RoDTEP scheme](#).
- RoDTEP was implemented replacing the earlier MEIS as the latter was in violation of WTO norms.
- Govt has allocated ₹ 12454 Cr for FY22 and it covers 8555 tariff lines accounting for 75% of traded items and 65% of India's exports.
- To ensure that the exports are zero-rated, all taxes at central, state and panchayat levels which have been embedded will be refunded under the scheme.
- The rebates under the scheme will range from 0.5% to 4.3% and are WTO compliant.
- Steel, pharma and chemicals have not been included as they have done well (exports) even without incentives.
- This scheme will be valid till 31st March 2024.

### 4. RBI unveils first financial inclusion index (TH 18/8/21)

- RBI has announced the formation of a composite Financial Inclusion Index (FI-Index).
- This will help in capturing financial inclusion across the country.
- The FI-Index for the period ending March 2021 stood at 53.9 compared to the period ended March 2017.
- The annual FI-Index will be published in the month of July every year.
- The index considers details of the banking, investments, insurance, postal, pension sectors in consultation with the govt and respective sectoral regulators.

Read more on the [Financial Inclusion Index](#) in the link.

### 5. DICGC can now fix risk based premium (BL 20/8/21)

- The govt has amended the DICGC Act which allows the Deposit Insurance and Credit Guarantee Corporation (DICGC) to have a differential premium system (DPS) for banks.

- The DPS will be based on the risk profile of the banks.
- As per the amendment, DICGC with the approval of the RBI can raise the premium of 15 paise per annum for every hundred rupees.

#### 6. Vision 2047 - PM emphasises on green hydrogen (BS 16/8/21)

- India annually spends about ₹ 12 tn on energy imports.
- For further progress, there is a need to make the country energy independent.
- Earlier the govt (in 2015) had set a target of reducing the import dependence on crude oil by 10 percentage points by 2022, which is unlikely to be met.
  - Domestic oil production has fallen down to 30 MT (in 2015-16 it was 35.5 MT).
  - Imports have increased to 226 MT.
- The Railways has set a target of becoming a Net Zero Carbon Emitter by 2030.
- Govt has announced the National Hydrogen Mission (NHM) to make India a global hub for the production and export of Green Hydrogen.

Also read: [National Hydrogen Energy Mission](#)

#### 7. Infra-building plans to get booster from Gati Shakti (BS 16/8/21)

- Govt, to speed up economic recovery, has put forward the idea of Gati Shakti, which aims at economic recovery through infrastructure building.
  - The government's ambitious plan of ₹ 113 lakh Cr could be generating demand for a host of other sectors such as cement, metal, power in addition to generating employment.
  - More than 70% of the investments under Gati Shakti will have to come from the government and the plan is to leverage private investments in the remaining.
    - GDP projections will have a bearing on the viability of these projects
    - Finances of centre and states will also determine the limits of their funding
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