

## Economy This Week (11th Sep to 17th Sep 2021)

### TABLE OF CONTENTS

- [1. India Singapore to link digital payment systems \(TH 15/9/21\)](#)
- [2. Profiteering cases may go to CCI \(BS 14/9/21\)](#)
- [3. Big textile parks near ports to boost exports \(BS 13/9/21\)](#)
- [4. Income losses force workers to opt out \(FE 13/9/21\)](#)
- [5. Lifeline for telcos as govt offers four year moratorium on dues \(TH 16/9/21\)](#)
- [6. Govt sets up bad bank to clear NPA mess \(TH 17/9/21\)](#)

#### 1. India Singapore to link digital payment systems (TH 15/9/21)

- The central banks from India and Singapore will be linking their digital payment systems, providing instant and low-cost cross border fund transfers.
- The linkage is expected to be operationalized by July 2022.
- This will incentivise more retail investors to get access to global markets and make the fund transfers easier and cheaper. This will prevent the requirement of the payers to first onboard the other payment system before making the payments.
- RBI and the Monetary Authority of Singapore have announced linking their UPI and PayNow respectively.

#### 2. Profiteering cases may go to CCI (BS 14/9/21)

- GST council will be deciding the fate of the National Anti-profiteering Authority (NAA), whose tenure will end in November.
- The council will decide whether to continue the tenure or the mandate will be given to the [Competition Commission of India \(CCI\)](#) or any other authority.
- The council will also deliberate whether to bring petroleum products under the ambit of GST.

#### 3. Big textile parks near ports to boost exports (BS 13/9/21)

- In the first phase, 7 mega parks will be set up.
- The central govt will be providing incentives to the investors who will be setting up mega textile parks with plug and play facilities over large areas of at least 1000 acres each.
- The objective through this is to build the textile sector and garment value chain that has remained fragmented.
- The exports from other countries such as Bangladesh, Vietnam have been increasing at a faster pace.
  - Bangladesh textile exports have been promoted by duty-free access in the US and EU as it is a least developed country.

- The parks will be located near ports and will consist of all the textile and garment firms including integrated facilities. The investors will build and also manage, maintain other related facilities.
- The investors will be allowed to operate the park for a period of 25 to 30 years and can collect the fees from the companies that would be setting up the units.
- The Centre is likely to release the incentives in two instalments – about 60% and 100% of the completion of the work.

#### 4. Income losses force workers to opt out (FE 13/9/21)

- The number of newer subscriptions under the [Atal Pension Yojana \(APY\)](#) has been rising during the pandemic. This is on account of the promotion undertaken by the govt and PFRDA.
- However, the income deficiency or loss of incomes is forcing an increasing number of workers to leave the scheme prematurely.
- A record number of 79 lakh workers (mostly from the unorganised sector) have joined the APY in FY21 and a record number of 10 lakh moved out of the scheme.
- APY is a govt-backed voluntary scheme, providing minimum assured pension ranging from ₹ 1000 to ₹ 5000 a month based on individual contributions.
- APY forms a bulk of the subscriber base under the fold of the NPS.

#### 5. Lifeline for telcos as govt offers four year moratorium on dues (TH 16/9/21)

- Cabinet has approved several measures which are expected to provide a lifeline to the telecom companies.
- The telecom minister has announced nine structural and five procedural reforms.
  - The AGR (Adjusted Gross Revenues) definition has been revised and the non-telecom revenues have been excluded.
  - A four-year moratorium has been announced for the players' dues to the government.
  - A calendar for spectrum auctions has been announced.
  - The tenure for the future spectrum allocation has been fixed at 30 years.
  - A mechanism for surrender and sharing of spectrum has been announced.
  - FDI up to 100% is allowed under the automatic route (from the current level of 49%).
- Issues:
  - The moratorium will provide only temporary relief as the players will have to later pay the dues (AGR dues, spectrum dues and interest payments) along with interest.
    - Interest on the dues will be compounded annually.
    - The rate of interest for this will be MCLR plus 2%.
  - Way forward
    - The tariff regime needs a reboot.
  - Last year, the SC had again upheld the AGR definition of the govt and had given a time frame of 10 years for the telcos to pay up. The change in the definition will provide relief to the telecom players.

- The moratorium on the AGR dues will be providing relief of ₹ 14000 Cr and that of spectrum dues another ₹ 32000 Cr annually.

#### **6. Govt sets up bad bank to clear NPA mess (TH 17/9/21)**

- Cabinet has cleared a ₹ 30600 Cr guarantee programme for securities to be issued by the newly formed bad bank.
- The bad bank will be taking over and resolving the NPAs amounting to ₹ 2 lakh Cr.
- RBI is in the process of granting a license for the NARCL (National Asset Reconstruction Company Limited).
- The govt will be providing guarantees for five years on the security receipts issued by the NARCL to the banks.
- Process:
  - NARCL will acquire assets by making an offer to the lead bank.
    - The NARCL would be paying 15% of the valuation amount and the remaining would be given in the form of security receipts.
    - The NARCL and IDRC will resolve the asset and then make the payment for the security receipts.
  - Private sector ARCs may be allowed to outbid the NARCL.
    - There are 28 ARCs in the private sector.
  - The public and private lenders would be setting up an Indian Debt Resolution Company (IDRC), which would be managing the assets and try to raise their value for final resolution.