

## Economy This Week (28th Aug to 3rd Sep 2021)

### TABLE OF CONTENTS

- [1. Economy grows 20.1% in Q1 \(TH 1/9/21\)](#)
- [2. RBI issues master directions for PPIs \(BL 28/8/21\)](#)
- [3. India's average tariff is more than thrice levied by UK \(BL 30/8/21\)](#)
- [4. India-Australia aim for early harvest trade pact by December \(TH 28/8/21\)](#)
- [5. Land mapping \(FE 30/8/21\)](#)
- [6. Finance ministry asks banks to increase access \(IE 29/8/21\)](#)
- [7. One district one product scheme gives India's exports edge \(BL 31/8/21\)](#)

### 1. Economy grows 20.1% in Q1 (TH 1/9/21)

- India's GDP grew at a rate of 20.1% in the Q1 of FY22, compared to a contraction of 24.4% in Q1FY21.
- The economic activities however have remained well below the pre-pandemic levels due to the second wave of covid.
- The overall GVA in Q1 was still 7.8% lower than the Q1FY20 at ₹ 30.47 lakh Cr and GDP remained 9.2% lower, indicating that the economy still has some way to go before it returns to activity levels of pre-pandemic times.
- The first-quarter GDP is lower than that of 2018-19.

### 2. RBI issues master directions for PPIs (BL 28/8/21)

- No entity can be set up and operate payment systems for Prepaid Payment Instruments (PPIs) without the prior approval of the central banker/RBI.
- PPIs
  - Small PPIs
    - Issued by banks and non-banks
    - They will have to get minimum details of the PPI holder
    - Shall be used for purchasing goods and services
    - Cannot be used for fund transfer and cash withdrawal
    - Cash loading will be limited up to ₹ 10000 per month not exceeding ₹ 1.2 lakh per year
  - Full KYC PPIs

- Will be issued by banks and non-banks after completing the KYC of the PPI holder
- Used for the purchase of goods and services, fund transfers or cash withdrawals
- Amount outstanding shall not exceed ₹ 2 lakh at any point in time
- The PPI issuers should have a board-approved policy for PPI interoperability
  - PPIs - mobile wallets - would be operable across PPIs through UPI
  - If the PPI is issued in the form of a card then it should be affiliated with the authorised card network
  - Gift PPI issuers will have the option to offer interoperability
  - Mass transit PPIs should remain exempted from interoperability
- Earlier the classification was
  - Closed
  - Semi-closed system
  - open system

### **3. India's average tariff is more than thrice levied by UK (BL 30/8/21)**

- The FTA between India and UK is expected to benefit the British industry by providing more market access as the average tariffs levied on their exports into India is more than thrice the average tariffs levied on Indian goods in the UK.
- In addition to this, the Indian govt has put in place multiple non-tariff barriers which have affected trade.
- The simple average of goods imported from India in the UK was 4.2%, India imposed an average of 14.6% on UK exports.
- About 66% of the product lines exported by India do not face any tariff, on the other hand, only 3% of the product lines from the UK enter India tariff-free.
- It's not that only the UK will be getting more access for its exports (automobiles, wines, spirits), Indian textiles and footwear are also expected to get benefits (as these are attracting higher tariffs in the UK now).

### **4. India-Australia aim for early harvest trade pact by December (TH 28/8/21)**

- The trade ministers of both countries have agreed to an 'early harvest' pact by December.
- This is expected to liberalise the bilateral trade i.e. flow of goods and services.
- This was decided during the discussion to decide on the roadmap for the Comprehensive Economic Cooperation Agreement (CECA).
- So far three rounds of negotiations have been held between both parties.

Also read: [India - Australia Relations](#)

### 5. Land mapping (FE 30/8/21)

- The Department for Promotion of Industry and Internal Trade ([DPIIT](#)) has facilitated the mapping of as much as 5.6 lakh hectares of land on the India Industrial Land Bank (IILB) portal.
- The portal provides a GIS-enabled database based on which the investors can make the choice of investing in various states.
- The DPIIT plans to integrate all states with the IILB portal by December 2021.
- Through IILB, the investors will be able to:
  - Locate the land
  - Access other details such as logistics, land, rail and air connectivity, tax incentives, drainage system, power supply and even raw material availability
  - This will help them in making informed decisions
- Land in large swathes in India is fragmented, disorganised; direct acquisition remains a critical challenge.

Know more about the [India Industrial Land Bank \(IILB\)](#) in the linked article.

### 6. Finance ministry asks banks to increase access (IE 29/8/21)

- Jan Dhan Yojana (JDY) has completed 7 years and has brought in transformational change in financial inclusion.
  - The number of accounts has risen to 43.04 Cr in August 2021 from 17.9 Cr in August 2015.
  - Of this 55.47% of the accounts are held by women and 66.69% holders are in rural and semi-urban areas.
  - Deposits have shot up to ₹ 1.46 lakh Cr from ₹ 22901 Cr.
  - The proportion of operational JDY accounts have risen to 85.6% (if there is customer induced transaction for two years then it is referred to as inoperative).
- The Finance Ministry has asked the banks to improve access of account holders in the scheme for micro-credit and micro-investment products such as flexi-recurring deposits.
- The banks have been asked to provide micro-insurance products to eligible account holders to improve safety nets.

## 7. One district one product scheme gives India's exports edge (BL 31/8/21)

- The Ministry of Commerce in collaboration with states has identified 106 items that are spread across 103 districts under ODOP (One District One Product). The idea behind this scheme is to select, brand and promote at least one product from each district.
- ODOP involves identifying, understanding, and solving problems associated with each of the chosen products at all points in their respective supply chains.
- The government has been focusing on the ODOP scheme to promote exports, foster balanced regional growth.
- A dedicated team has been set up to identify products from 739 districts and create a comprehensive plan on each of these products including product branding and scheme awareness, trade facilitation, e-commerce on boarding, creating backward and forward market linkages.
- Some of the items which have been chosen in the first phase are well-known items and some well-known agricultural products are also covered.