

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

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#### 1. Card tokenization unlikely to take off by deadline (BL 14/12/21)

- Many of the merchants are unlikely to meet the deadline of 1<sup>st</sup> January for card tokenisation
- According to industry experts the merchants may require more time for tech integration
- The merchants will need express permission from the customers for card tokenisation and all of this requires time
- RBI has asked payment aggregators not to store any data
- From 1<sup>st</sup> January 2022, no entity in the transaction (except card issuers/card networks) or payment chain will be allowed to store the actual data, instead the cardholders will be issued with a digital token to complete their transaction. This is being done to prevent fraud

#### 2. 58% potential oil palm acreage in 5 states – ICAR (BS 11/12/21)

- Central govt last year has launched the National Mission for Edible Oil – Oil Palm (NMEO-OP), for which it has allocated over ₹ 11000 Cr
  - The centre wants to raise the oil palm cultivation to 1 mha by 2025-26 and 1.7 to 1.8 mha by 2029-30 from the current level of 3,40,000 ha
  - Domestic production to be increased by three times to 1.0-1.1 mt by 2025-26 and to 2.8 mt by 2029-30
- As per Solvent Extractors Association, the total demand for edible oils by 2025-26 will be 26 mt of which only 13 mt will be met through domestic supply
- This program might look to expand the area under oil palm cultivation in states such as Andhra Pradesh, Telangana, Assam, Arunachal Pradesh and Tripura
- An assessment has been done by ICAR-IIOPR has found that
  - Of the 2.8 mha of land identified, 58% is in these 5 states

- Oil palm requires less water than crops like rice, bananas, sugarcane
- It has spotted 284 districts in which oil palm can be taken up as an alternative
- Issues
  - As per the WWF report in 2013
    - A third of forest loss seen in oil producing regions of Indonesia, Malaysia was due to expansion of oil palm
    - With burning of forests trees after felling them, haze is created affecting the health of the people
    - With shrinkage of the forests, the space available for the endangered species will be coming down

### 3. India puts its best foot forward (BL 11/12/21)

- Department for Promotion of Industry and Internal Trade (DPIIT) has started developing Indian footwear system in consultation with Central Leather Research Institute (CLRI), Chennai
- Under this the footwear design, size, make etc will be done as per the anthropometric features (such as weight, height, colour etc) of Indians (essentially a new sizing system which is suitable or tailor made for Indian population will be developed)
- Currently we follow the Indian standard which is based on the footwear specifications of the Europeans (more specifically French) and the Indian anthropometric features are different compared to the Europeans

### 4. MFIs want ₹ 3 lakh as loan cut off (BS 13/12/21)

- Micro finance institutions want RBI to hike the qualifying threshold of inflation adjusted household income to ₹ 3 lakh per year so that it widens the scope eligible borrowers
- If this is agreed to by RBI, it will be widening the net of the eligible borrowers under MFI from the current level of 60 mn to 110 mn (will add 50 mn eligible customers)
- Earlier a consultative document on the MFIs has recommended keeping the income of the household to ₹ 1.25 lakh for rural and ₹ 2 lakh for semi-Urban and urban areas
- The MFI sector wants the
  - Differentiation between rural and urban to be done away with
  - The threshold limit to be increased to ₹ 3 lakh per annum and aligned to the definition of economically weaker sections under PMAY
  - They also want the loans under Self Help Group (SHG) – bank linkage model to be brought under the definition of micro finance
- The income thresholds were last revised through notification in November 2019

### 5. Phasing out kerosene is still a work in progress (BS 14/12/21)

- Central govt has been pushing to phase out usage of kerosene
  - Has not made any allocation for kerosene subsidy for this year
  - Has been rationalizing kerosene allocation to states

- It is being done by the govt since 2010-11, considering increased LPG connections
- In march 2021, centre had announced 10 states kerosene free
  - It causes high pollution when used to spike petrol
- However there has been higher demand for kerosene at ration shops and this demand is not being met
  - Though LPG connections have increased high cost of LPG cylinders is forcing the households to prefer kerosene
  - Same thing can be said regarding electricity (Saubhagya Scheme) – though implemented the households continue to use kerosene for lighting purposes

#### **6. WTO – Panel backs Brazil's complaint on India's sugar subsidies (BL 15/12/21)**

- India for five consecutive years i.e. from 2014-15 to 2018-19 has provided the non-exempt product specific domestic support to sugarcane producers
- The panel has found that India has been acting inconsistently with its obligations under Agreement on Agriculture (AoA)
- The panel has found that the challenged schemes are export subsidies under the art 9.1(a) of AoA and it has also found that India has provided subsidies which are inconsistent with the SCM Agreement
- Panel has recommended that India bring the measures at issue into conformity with the WTO agreements

#### **7. RBI ushers in corrective action scheme to better control of NBFCs (TH 15/12/21)**

- RBI has announced Prompt Corrective Action (PCA) Framework for the Non-Banking Financial Companies (NBFCs)
- This is expected to improve the supervision over the NBFCs
- The framework for the NBFCs is in line with the PCA framework for the banks
- PCA for NBFCs
  - Applicable to the deposit taking and non-deposit taking NBFCs
  - Applicable to the middle, upper and top layer of NBFCs
  - It has excluded the NBFCs which are not accepting or not intending to accept public funds, primary dealers and housing finance firms along with the government owned NBFCs
- The new framework will come into force from 1<sup>st</sup> October 2022

#### **8. Now detect soil health in just 90 seconds (FE 17/12/21)**

- IIT Kanpur has developed a portable soil testing device – 'Portable Soil Testing Device' or 'Bhu Parikshak' – which will be detecting the soil health in just 90 seconds through an embedded mobile app
- It will also provide recommendations on the dosage of the fertilizers
- The technology has been transferred to AgroNxt Services for commercial bulk production
- The device uses near infrared spectroscopy technology that provides real time soil analysis

- The device can detect six important soil parameters – Nitrogen, Phosphorous, Potassium, Organic Carbon, Clay contents and cation exchange capacity
- The app is accessible in different local languages
- The device can also test about 1 lakh soil test samples
- It merely requires 5 grams of dry soil sample

#### **9. Retail inflation surges to 3 month high (BL 14/12/21)**

- Retail inflation has reached a three month high of 4.9% in November compared to 4.48% in October
- However since the headline inflation is under the band of 2 to 6%, the experts feel that this will not lead to any interest rate revision
- The core inflation of 6.08% has led to rise in headline inflation
  - Though govt has cut excise duty on petrol and diesel, it has failed to provide much relief as inflation for 'transport and communications' and 'fuel and light' have declined but remained in double digits
  - Supply shortages in case of many of the products is aiding/fuelling inflation

#### **10. WPI rises as food and fuel prices surge (TH 15/12/21)**

- WPI has accelerated to a new high 14.2% for the month of November from 12.5% for the month of October
- This has been led by a rise in food prices and continued uptick in mineral, fuel and power, oil and gas prices
- This is for the straight eighth month that there has been a double digit inflation rate