

Economy This Week (12th Feb to 18th Feb 2022)

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1. Green hydrogen policy (BL 17/2/22)

- Govt is set to notify first part National Hydrogen Policy to promote its manufacturing
 - The entities will be given freedom to set up the RE capacity anywhere in India by themselves or through a developer
 - Govt will be providing them open access, banking (energy storage with discom) for 30 days and free transmission if that capacity is set up before 2025
 - There will also be a feature of dollar denominated bids, offer of land in RE parks and land allocation near ports for creating bunkers for green hydrogen/ammonia
- Govt wants India to become a major green hydrogen exporter
- The second part of the policy will be focused on the issue of viability gap funding and setting up mandates for replacing grey hydrogen
- Govt last year had announced that green hydrogen will be brought under renewable purchase obligation (RPO) which essentially means that bulk buyers will have to buy a certain amount of renewable energy out of total requirement. A similar mechanism will be created for hydrogen and it will be called Hydrogen Purchase Obligation (HPO), which are likely to become operational from 2023
- Green hydrogen can be produced using RE and electrolysis to split water and is distinct from grey hydrogen and is distinct from grey hydrogen which is produced from methane and releases green-house gases
- Govt is planning to blend 15% green hydrogen with piped natural gas for domestic, commercial and industrial consumption

2. Fear of imminent hike spooks market (BL 13/2/22)

- Sensex and Nifty have declined 1.3% along with the global markets, and the rupee fell sharply against dollar as the news of 40 year inflation was reported for US
 - Retail inflation for January was 7.5% and core was 6%
- The stock markets now are worried about the emergency meeting of the Federal Reserve on Monday and fear of 50 bps hike in key interest rates and massive scaling down of liquidity

- Fed may signal immediate rate hike and stop bond buying programme

3. Chip woes keep auto sales subdued in Jan (ET 13/2/22)

- There has been a global chip shortage and this has affected the sales of passenger vehicles
- As per Society of Indian Automobiles Manufacturers (SIAM) as many as 2.5 lakh passenger vehicles were sold in January which is 8% lower compared to 2.76 lakh units sold a year earlier

4. RBI accepts plea for penalty waiver (BL 12/2/22)

- RBI in August 2021 – Monitoring Availability of Cash at ATMs – had announced a flat penalty of ₹ 10000 per ATM on the ATM operator if an ATM runs out of cash for more than 10 hrs in a month
- The ATM operators (White Label ATM operators – WLAOs and Brown Label ATM operators – BLAOs also referred and Managed service providers) feared that they would be penalised even in cases where they are unable to replenish cash due to situations beyond their control
 - The downtime at ATMs in rural areas can be high because of issues of logistics
 - As per MHA guidelines, movement of cash for banks and ATMs is prohibited
 - after 6 pm in rural areas
 - Before 9 am and after 4 pm in districts notified by the centre as left wing extremism affected areas
 - After 9 pm in urban areas
 - RBI has agreed to not penalise them in case of situations beyond their control
 - If it was not done then deployment of rural and semi-urban ATMs would have been affected
 - The operators would have shut those ATMs which are leading to penalties for them

5. New CSR mandate (BL 14/2/22)

- Companies act 2013, requires companies with net worth of at least ₹ 500 Cr or turnover of ₹ 1000 Cr or a net profit of ₹ 5 Cr or more during the immediately preceding three years should spend 2% of their average net profit on CSR activities
- Govt has asked the companies to report on its CSR activities specifying a 11 page form (CSR-2) for the purpose
- It will be providing govt the clear picture of CSR funds spent and also the type of activities carried out
 - It will help out the MCA to undertake data mining and analytics, helping in rolling out of improved policies
- The form, is supposed to be submitted to Registrar of Companies
- Information to be provided in the form
 - Whether the CSR Committee is constituted, has the company disclosed details about its CSR committee, CSR policy etc in its website
 - Has the company conducted impact assessment of CSR projects as per CSR policy rules 2014
 - Detailed investment information of CSR projects etc

6. Trading on e-NAM surges to record high (BL 16/2/22)

- The portal has been launched in 2016-17 and in this year the transactions under it have increased to record levels
 - In 2020-21 it recorded ₹ 31366 Cr worth of transactions (had dropped by 10% compared to previous year – ₹ 34940 Cr)
 - For 2021-22 so far it has recorded ₹ 42163 Cr worth of transactions
- This is a reflection that the stakeholders are moving towards usage of this platform
- Rajasthan, Haryana and Andhra Pradesh continue to be top performers accounting for 73% total transactions
- Way forward
 - Govt needs to focus on the inter-state trading by providing third party guarantees on the quality of produce transacted on the platform
 - Govt should focus on providing support to the existing mandis and improve their performance under e-NAM rather than being focused only on bringing more mandis under the system
 - As per the portal out of 1000 mandis integrated under e-NAM, online trading takes place on 571 mandis
 - Competition amongst these mandis must be promoted and the officials must be awarded to motivate them

7. How a Bengaluru startup helps small farmers avoid distress sales (BL 18/2/22)

- A agri startup named Ergos provides grain bank facility to the small and marginal farmers
- It has provided the facility to the Bihar farmers and now is entering into Karnataka, Maharashtra
- The company has bought on board around 1 lakh farmers in Bihar and has set up warehouses at about 240 locations since 2012
- The company hires warehouses at rural parts on long term leases and explains the concepts of storage to the farmers
- The company converts the grains stored into digital inventory and a passbook is issued to the farmers containing details such as quantity and type of grains
- The company is providing the services for six crops – maize, paddy, soyabean, tur and ragi and charges a very affordable price of 40 paise for every quintal per day