

## Economy This Week (05th Mar to 11th Mar 2022)

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#### 1. RBI unveils UPI for feature phones (BL 9/3/22)

- RBI has launched UPI facility for feature phones and 24\*7 helpline for digital payments
- This will benefit the 400 mn users with feature phones
- The UPI123Pay will materially improve the options for such users to access UPI
- Under this initiative multiple solutions on UPI for feature phones payments have been launched
  - Payment through IVR number
  - App functionality in feature phones
  - Missed call based approach
  - Proximity sound based payments
- With these features the users will be able to conduct financial and non-financial transactions such as P2P payments, utility bill payments, NETC FASTag recharge, mobile bills, DTH and mobile phone top up, linking bank account, setting UPI pin and account balance enquiry

#### 2. As wheat prices soar, India looks for export, markets (BL 5/3/22)

- With Russia – Ukraine conflict continuing the exports from the Black Sea route have come to a halt and India now is reaching out to the exporters and countries looking for wheat supplies
  - Russia and Ukraine together account for nearly 30% of the global supplies
  - The prices of the cereal has risen to \$13.5 a bushel (almost \$500 a tonne)
  - The prices have soared by almost 60% in the last one week
- In Asia only India has exportable stocks and India May emerge as food bowl of Asia
- APEDA is targeting countries from South Asia, west Asia, ASEAN and North African countries
- Indian wheat is also selling at \$10 to 15 per tonne discount compared to Russian and Ukraine supplies

- India has around 26 mt of stocks with FCI against a buffer of 4.4 mt of operational stock and 3 mt of strategic reserve. In addition to this India is likely to harvest a record 111.32 mt of wheat this year
- India is also considering exporting corn, rice which are seeing higher demand
- Other advantages
  - India is nearer to many of these buyers/countries
  - India sells in smaller lots compared to 50000 plus tonne shipments buyers have to make while purchasing from other countries

### **3. RBI's \$5 bn dollar swap auction seen buying rupee (BL 9/3/22)**

- RBI has accepted bids worth \$5.13 bn at two year USD/INR sell/buy swap auction against the notified amount of \$5 bn
- Under this RBI will be selling dollars and purchasing rupees from the banks, which will lead to increase of dollar supply and also reduced rupee supply
- Upon maturing RBI will be buying back the dollars from market participants
- With increased supply of dollars, the exchange of rupee is expected to cool down
  - Rupee has depreciated against the dollar by ₹2 /dollar in last 13 days
- This swap will withdraw liquidity of about ₹ 37500 Cr from the market
- Earlier the dollar rupee swap (buy/sell) was conducted (duration 3 years) in 2019 and will be maturing in March infusing about \$5 bn dollars into market

### **4. Three states allow free trade of agriculture produce outside the mandis without levy (BL 9/3/22)**

- Rajasthan, Gujarat and Karnataka are allowing free trade of agriculture/farm commodities outside the mandis and will not be imposing any such charges/levies on them for such transactions
- In most big states farm trade is regulated and in many of them the charges are imposed even when directly purchased from farmers
- This was one of the provisions of the farm laws announced by the centre
- Most of the states charge a cess or a user fee and it is uniform except in Gujarat and Maharashtra where the local APMC fix the rates
- In case of deregulated commodities such as fruits and vegetables the traders and companies are allowed to buy outside the mandis (if these are sold in mandis then the states collect 1% user fees from the buyers)
- The states impose and collect user fees when traders sell to the retailers (the deregulated items, as mandi fees cannot be imposed on them)

### **5. RBI extends interest subsidy scheme till march 2024 (BL 9/3/22)**

- RBI has extended Interest Equalisation Scheme (IES) for pre and post shipment rupee credit for MSMEs
  - Last year the scheme was extended
- Under the scheme exporters get subsidy

- The interest equalisation rates under the scheme have been revised to 2% and 3% for specified categories of MSME manufacturer exporters
- The extension will take effect from 1<sup>st</sup> October 2021 to 31<sup>st</sup> March 2024
- The benefits will not be available for the telecom instruments and entities availing benefits under the PLI scheme

#### **6. Lanka devalues rupee (BS 9/3/22)**

- Sri Lanka's central bank has devalued the domestic currency – rupee – by 15%
- This is one of the many steps that are needed to be taken in order to get assistance from the IMF
- The assistance from IMF loan programme will boost currency reserves and also help in negotiating the debt restructuring
- This devaluation will increase the remittances, which is a major source of foreign exchange in Sri Lanka and which has dropped to a 10 year low of \$5.49 bn in 2021 as a result of covid pandemic
- The forex reserves in Sri Lanka fell to \$2.36 bn at the end of January and it is due to repay \$4 bn in debt in rest of 2022
- The govt in addition to this needs to increase taxes to shore up the govt revenues and adjust fuel prices

#### **7. India targets 85% energy needs from green sources (ET 10/3/22)**

- Govt has published a 25 year vision document – Mission 2047
  - Replace coal based power generation capacity by stepping up installed renewable energy generation base to 85%
  - By 2047, the coal contribution would be brought down to 10.5% from the current level of 53%
  - The total investment proposed is ₹ 60 lakh Cr
  - The total capacity of renewable energy would be scaled up to 1125 GW (out of the total installed capacity of 1325 GW, 140 GW of coal and 10 GW of gas)
- Coal power capacity will rise to 267 GW by 2030 (from current level of 210 GW) and thereafter decrease to 140 GW by the 100th year of independence. It also means that India would be freezing any further addition to the coal capacity and thereafter retire as the infrastructure ages
- The installed nuclear energy capacity will be increased from current level of 7 GW to 50 GW

#### **8. Cabinet clears agency for land monetisation (IE 10/3/22)**

- Cabinet has approved setting up of National Land Monetisation Corporation (NLMC) to monetise surplus land and building assets of Central Public Sector Enterprises (CPSEs) and other agencies linked to the government
  - It will be completely owned by the central govt
  - Under administrative jurisdiction of the ministry of finance
  - Initial authorised capital will be ₹ 5000 Cr and paid up capital of ₹ 150 Cr

- NLMC will own, hold, manage and monetise surplus land and building assets of CPSEs under closure and surplus and non-core land assets of govt owned CPSEs under strategic disinvestment
- The authority will be monetising the underused and unused land assets
- Railways, telecom and defence are among key ministries holding surplus land while parcels of the several CPSEs are in prime areas with good potential
- In the National Monetisation Pipeline (NMP) the roadways, railways and power sector account for about 66% of the total estimated value of assets
- Challenges
  - Lack of identifiable revenue streams in particular land assets
  - Dispute resolution mechanism
  - Various litigations and lack of clear titles
  - Low interest among investors in remote land parcels
- There are many CPSEs which are undergoing strategic disinvestment or closure and land owned by these needs to be monetised