

Economy This Week (26th Mar to 01st Apr 2022)

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1. RBI sets geo-tagging rules for payment touch points (FE 26/3/22)

- It is to properly monitor the availability of payment acceptance infrastructure
- Geo-tagging refers to capturing the geographical coordinates (latitude and longitude) of payments touch points deployed by the merchants for the payments
- The payment acceptance infrastructure included the QR code and PoS terminals
- Digital payment transactions carried out by customers use two broad categories of physical infrastructure – banking infrastructure (like bank branches, ATMs) and payment acceptance infrastructure (like PoS and QR codes)
- As per the framework the banks/non-banks PSOs (payment system operators) would capture and maintain geographical coordinates for all payment touch points

2. Gujarat tops export preparedness (TH 26/3/22)

- Gujarat has been named India's top state in terms of export preparedness for a second year in a row as per the index released by NITI Aayog
- Maharashtra, Karnataka and Tamil Nadu were ranked 2nd, 3rd and fourth
- The rating is based on four major parameters
 - Exports promotion
 - Export facilitation
 - Business and export ecosystem
 - Performance in outbound shipments
- Challenges to India's export promotion efforts
 - Infra and inter regional differences in export infrastructure

- Weak trade support
- Growth orientation across the states
- Lack of R&D infrastructure to promote complex and unique exports

3. India said to restrict sugar exports to 8 mn tonnes (TH 26/3/22)

- India is planning to restrict the sugar exports for the first time in last 6 years to prevent surge in domestic prices
- It is likely to cap the exports to 8 MT
- The sugar output/production will be a record high but the stocks are depleting fast because of high exports
- Uncontrolled exports could lead to scarcity in the domestic market and cause price spike during festival seasons
- The govt may also impose levy on exports to discourage exports
- Lower output in Brazil and firm oil prices (encourages mills to produce more ethanol) have spurred global prices

4. Bharatmala phase – 1 to now cost ₹ 10.6 tn (FE 26/3/22)

- The 1st phase of Bharatmala Pariyojana (BMP) is likely to see a near 100% cost overrun
 - Initially the cost estimated was ₹ 5.35 lakh Cr and could be ₹ 10.63 lakh Cr
- So far only a fifth of the construction target has been achieved
- The first phase was supposed to be completed by FY22 and now will be completed by FY27
- The govt in October 2017 had approved the first phase of the highway construction (with a total length of 34800 kms) for an estimated ₹ 5.35 lakh Cr
- The deadline has been shifted to 2026-27 as only 20632 kms or 59.28% has been awarded and just 7375 kms or 21.19% of the target has been achieved till December 2021
- The higher cost is because of rise in cost of land and cost of commodity prices road

5. India looks to sign deal with Mercosur to import crude sunflower oil (BS 26/3/22)

- India is looking to sign long term contracts with Mercosur countries to import sunflower oil as the Russian invasion has disrupted imports
- For this India may have to reduce the import duty on sunflower oil originating from Mercosur countries and do away with the stringent testing requirements under the existing Preferential Tariff Agreement (PTA)
- India has signed a PTA with Mercosur in 2004

6. Over ₹ 2 tn Sagarmala projects to be completed by 2024 (BS 26/3/22)

- Celebrating seven years of the Sagarmala project, govt has set a target of ₹ 2.12 tn worth of projects to be completed by 2024
 - This is in addition to the ₹ 99000 Cr worth of projects which are already completed
 - So far 194 projects have been completed under the scheme

- Centre wants to develop 14 new ports under this
- Centre has identified 802 projects totalling ₹ 5.48 tn
 - Of the 218 development projects in the Sagarmala pipeline from 2024, there are 31 to be developed under PPP model and these will be costing ₹ 50000 Cr
 - Out of 802 projects, there are 123 under PPP
- The govt has been focusing on port led infrastructure development and de congestion at major ports and with this the turnaround time has come down from 44 hrs (in 2013-14) to 26.58 hrs
 - The govt wants to bring this down to below 20 hrs
- Recently water taxi service has been launched between Mumbai and Navi Mumbai

7. Industry worried as India opens doors to UAE firms, demands from other nations (BL 29/3/22)

- The govt has agreed to extend the national treatment to the UAE firms under the Comprehensive Economic Partnership Agreement (CEPA)
- The industry is apprehensive about allowing the UAE firms in government procurement
 - It may affect their sales
 - Other trading partners may seek the same access
 - There is a provision in India – Japan CEPA that if India opened up more to other countries then it will have to do the same for Japan
- Right now the govt does not allow foreign firms to enter into government procurement contracts but it does so on its own terms
- Once India starts allowing foreign firms into that the favourable treatment that India gives to its domestic firms will be gone

8. Govt to go for 2 stage review of PLI (NS 31/3/22)

- Govt will be undertaking a 2 stage review of the PLI scheme wherein its progress and implementation will be discussed
- This will be followed up by utilisation of unused funds and possibility of relocation to the govt departments and ministries, which need more amounts
- So far the savings under the scheme for the govt has been ₹ 11484 Cr which can be utilised or reallocated to any other govt departments which is need of funds
- Such a provision has been made while designing the PLI scheme
- Last year the Ministry of New and Renewable Energy (MNRE) had demanded additional allocations apart from the allocation of ₹ 4500 Cr. Govt in the budget made an additional allocation of ₹ 19500 Cr for solar manufacturing
- Similarly there has been a demand from the department of pharmaceuticals had also made a demand for additional allocation of ₹ 3000 Cr
- So far 14 PLI schemes have been notified and guidelines have been issued by the respective govt departments

9. In a first, India crosses \$ 1 tn goods trade (FE 31/3/22)

- India's annual merchandise has crossed \$1 tn mark for the first time ever
- Both the exports and imports have scaled high peaks and has surpassed \$844 bn achieved in FY19
- Last week govt ha announced that the exports have crossed \$400 bn and imports by March 21, had crossed \$589 bn (have jumped 37% compared to last fiscal)
- India accounts for 1.7% of the global exports and 2.6% of global imports
- The top five export destinations are – US, UAE, China, Bangladesh and Netherlands

