

Economy This Week (17th to 23rd Sep 2022)

Economy is an important part of the [UPSC prelims](#) and mains exams; this series titled 'Economy This Week' has been initiated to address the need to read and analyse economic articles in various business-related newspapers. The round-up of the Economy/Business section news for 17th to 22nd Sep 2022 is given below. Business news is essential for IAS exam preparation.

TABLE OF CONTENTS

1. WTO dispute settlement reform (IE 19/9/22)
2. Banks seek wider priority sector ambit (FE 19/9/22)
3. Without PLI, Chinese firms top Made in India smartphone segment (BL 17/9/22)
4. With PLI of ₹ 19500 Cr sun shines on solar cell units (TH 22/9/22)
5. India - ASEAN panel to review free trade pact (BL 17/9/22)
6. IBBI soon to allow partial resolution of assets (BL 17/9/22)
7. RRB fund infusion hinges on viable strategy execution (BS 19/9/22)
8. To curb use of chemical fertilizers, govt to give nod to PM PRANAM (IE 19/9/22)
9. RBI removes central bank of India from PCA framework (IE 21/9/22)

1. WTO dispute settlement reform (IE 19/9/22)

- The US Trade Representative has convened a meeting of trade ministers of G20 countries in Bali to discuss the WTO dispute settlement reforms
- This meeting will be attended by commerce and industry ministry Mr Piyush Goyal
- The Geneva based 164 member body has a dispute settlement system where trading partners involved in disputes get them resolved
- Experts refer to the dispute settlement system as the Crown Jewel of WTO

2. Banks seek wider priority sector ambit (FE 19/9/22)

- Banks are expected to approach RBI requesting it to widen the ambit of priority sector and include the sustainable financing
 - It means the financing for green power, green hydrogen, electric vehicles or other sustainable projects would be covered under the PSL
- Govt and RBI provide the status to those sectors which they believe are important for development of the country
- Currently loans to MSME, agriculture, social infrastructure, housing, export, education, renewable energy etc qualify for the PSL tag

3. Without PLI, Chinese firms top Made in India smartphone segment (BL 17/9/22)

- The Chinese smartphone manufacturers are topping the made in India shipments despite not being covered under the PLI (Production Linked Incentives)
- The PLI scheme was introduced by the govt to promote local players to become exporters
 - Under the PLI scheme, the total production target is ₹ 10.5 lakh Cr in 5 years and of this 60% will be targeted to the external market
 - This would be reducing the trade deficit
- The Chinese manufacturers were excluded from the PLI. However they have ramped up their investment and set up the manufacturing base in India so that
 - They can save on import duties
 - Get nearer to the market
 - They are able to command the market share as the labour is cheaper in India and they are able to assemble and sell at lower costs
- Indian smartphone manufacturers either command a negligible market share or lost market share in the last one year
- The domestic companies have received the subsidies but they do not have a commanding market share

4. With PLI of ₹ 19500 Cr sun shines on solar cell units (TH 22/9/22)

- Cabinet has cleared PLI of ₹ 19500 Cr PLI for solar cell module manufacturers to reduce the import dependency
- This is second tranche after ₹ 4500 Cr was cleared in November
- With this the govt expected capacity of 65000 MW of PV modules to be fully or partially integrated solar module manufacturing in 5 years

5. India - ASEAN panel to review free trade pact (BL 17/9/22)

- India and ASEAN have activated the ASEAN-India Trade in goods Agreement joint committee to undertake the review of the pact
- India has been seeking the review of the pact because the sectors such as automobiles, agriculture etc have been facing non-tariff barriers in ASEAN markets and it wants these to be addressed

6. IBBI soon to allow partial resolution of assets (BL 17/9/22)

- Insolvency and Bankruptcy Board of India (IBBI) will soon allow resolution or sale of part assets / businesses of corporates facing insolvency proceedings
- In case the resolution plan is not decided within a deadline the resolution professional and creditors can go ahead with this approach
- This is expected to attract investors/bidders as they can now choose to bid on relevant business without having to purchase the whole company

7. RRB fund infusion hinges on viable strategy execution (BS 19/9/22)

RRBs have been asked by the government to prepare a viability plan (on parameters such as credit expansion, NPAs etc), based on this the centre will infuse ₹ 1361 Cr this year

- The centre has announced that ₹ 10890 Cr in FY22 and FY23 would be provided to RRBs which is more than total capital infusion done between 1975 to FY21
- The centre would be infusing ₹ 5445 and remaining would be coming from the state and the sponsor bank
- In FY22, ₹ 8168 Cr has been infused and the remaining ₹ 1361 Cr would be released after the RRBs have shown improvement in operational and governance reforms

The financially strong RRBs have been asked to explore the options of listing of their shares to raise capital

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- For this the RRBs with a minimum net worth of ₹ 300 Cr and minimum CRAR of 9% for the last three years will be chosen

The RRBs will have to prepare targets on various parameters and these will have to be set using march 2022 as the base year for the next three years

A steering committee headed by chairman will have to prepare a viability plan, this will then be reviewed by the Indian Bankers Association (IBA), NABARD and the DFS

8. To curb use of chemical fertilizers, govt to give nod to PM PRANAM (IE 19/9/22)

- The union government has planned to launch PM - PRANAM Scheme (PM Promotion of Alternate Nutrients for Agriculture Management Yojana) to reduce the use of chemical fertilizers by incentivising the states
- This is expected to bring down the subsidy burden on chemical fertilizers which is estimated to reach ₹ 2.25 lakh Cr (much greater than ₹ 1.6 lakh Cr for the last fiscal)
- As per sources the scheme will not be getting any additional allocation but will be financed through present savings
- The centre is considering passing on 50% of the subsidy saved to the states as a grant for asset creation

9. RBI removes central bank of India from PCA framework (IE 21/9/22)

- RBI has removed Central Bank of India from its Prompt Corrective Action (PCA)
- PCA is a supervisory tool and is imposed on the banks when they breach certain thresholds - Capital to Risk weighted Assets Ratio (CRAR), net NPAs and Return on Assets (RoA)