

## Economy This Week (3rd to 9th Dec 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 3rd to 9th Dec 2022 2022 is given below. Business news is essential for IAS exam preparation.

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### **1. Iran halts imports of Indian tea, rice (LM 7/12/22)**

- Iran has abruptly stopped the imports of tea, rice from India as a retaliatory measure against India’s curbing imports of fruits (kiwis and peaches) from Iran
  - Iran blocking rice from India is unlikely as Indian rice is much cheaper
  - India stopped importing kiwis from December 2021 citing pest infested consignments
  - The government is trying to ascertain the actual reason
  - Another reason for tension between India and Iran is that the latter wants the former to restart oil purchases
  - Earlier the Vostro account set up for India - Iran trade ran out as India stopped sourcing oil from Iran
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## 2. By withdrawing senior citizen rebate railways saved ₹ 2500 Cr (BL 8/12/22)

- In march 2020, the Ministry of Railways issued a notification withdrawing the train ticket concession for various categories of people including senior citizens. This was done to prevent non-essential travel
  - The ministry between March 2020 to September 2022 has been able to save only around 2560 Cr by withdrawing concessions to the senior citizens
  - The data also shows that the number of senior citizens traveling by trains also has increased since 2021
  - Though there are demands for restoring the concessions, the centre is not in favour of it as it would add to the expenditure
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## 3. RBI - Maldives Monetary Authority sign swap pact (IE 9/12/22)

- RBI and Maldives Monetary Authority (MMA) under SAARC Currency Swap Framework (the framework has come into operation on 15th November 2012)
    - The agreement will be extending \$200 mn currency swap facility
    - It will enable the MMA to make drywall in multiple tranches up to a maximum of \$200 mn from RBI
    - It will provide foreign exchange liquidity requirements
  - Earlier in 2020, RBI had signed a similar pact of \$400 mn with Sri Lanka
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## 4. After toys, govt looks to curb China fan imports (BS 3/12/22)

- Government - Ministry of commerce - will soon be issuing the quality control orders (QCOs) to check the imports of electric fans and smart meters - especially from China
    - The value of imported ceiling fans has jumped 132% to \$6.2 mn and of this \$5.9 mn was from China
    - Smart meters imports were \$3.1 mn of which \$1.3 mn were imported from China
  - Govt earlier by imposing tough quality checks has been able to reduce the import of toys
    - After the quality controls were introduced, the imports dropped by 70% in last three years - from \$371 mn in FY19 to \$110 mn in FY22
    - In the same time period the imports from China have dropped by 80%
  - The concern however has been that the domestic industry opposes such QCOs as they have not been focused on the quality
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### 5. RoDTEP scheme extended (BL 8/12/22)

- Centre has decided to extend the scope of Remission of Duties and Taxes on Exported Products (RoDTEP) to cover chemicals, pharmaceuticals, iron and steel sectors
    - These were initially left out, there have been demands of including it in the scheme to improve their export competitiveness
    - This will be applicable till 30th September 2023 and depend upon the funds made available by the ministry of finance
  - This will increase the number of items covered from 8731 to 10342 items
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### 6. Discoms total FY22 AT&C losses slid to 17% (TH 6/12/22)

- The AT&C losses of the discoms have declined from 22% a year ago to 17% for FY22
  - This means the financial position of the discoms has improved and it will help them to better maintain the system and buy power as per the requirements and also benefit the consumers
  - The ACS-ARR gap and AT&C losses are two parameters to gauge the performance of the discoms
  - The reduction in the AT&C losses has helped in reducing the gap between ACS-ARR
    - It has declined from ₹ 0.69/kWh to ₹ 0.22/kWh
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### 7. Buying gold through ATM (BL 5/12/22)

- Hyderabad based Goldsikka Pvt Ltd has set up a gold ATM, which it says is the first such ATM in India to dispense gold in real time
  - The customers can use debit/credit card to buy gold coins through ATM
  - The coins are dispensed in tamper proof packs with 999 purity
  - The ATM machine can dispense gold coins in denominations ranging from 0.5 gms, 1 gram, 2 gram, 5 grams, 10 grams, 20 grams, 50 grams, 100 grams
  - The prices would be connected to real time market prices
  - There are such ATMs in Europe, West Asia, US etc
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### 8. NPCI extends the UPI market cap deadline by 2 years (BS 3/12/22)

- The NPCI has extended the deadline to comply with its 30% cap on market share of platforms operating on the UPI by two years
    - The deadline has been extended to 31st December 2024
    - The 30% would be calculated taking the volume of transactions processed in the preceding three months
    - This has been done in order to reduce the risk of concentration in the system and curb the dominance of two players and ensure that other players will also get chance to grow
  - This has been done in order to preserve the growth of the NPCI's flagship payment platform - UPI
  - The players in the sector had demanded
    - Review of the decision to impose market caps
    - The implementation be delayed by 5 years
  - PhonePe and Google Pay control around 81% of the market share
    - PhonePe and Google pay account for 47% and 34% of the transactions respectively
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### **9. RBI - monetary policy (TH 8/12/22)**

- RBI has increased repo rate by 35 bps to 6.25%
  - Earlier the rates were increased by 50 bps
- The GDP growth estimates have been scaled down from 7% to 6.8% for current fiscal