

## Economy This Week (21st to 27th Jan 2023)

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 14th to 20th Jan 2023 is given below. Business news is essential for IAS exam preparation.

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### 1. US Research firm alleges stock manipulation, Adani Group says malafide (IE 26/1/23)

- The shares of Adani Group of Companies lost over ₹ 80000 Cr in market capitalisation on Wednesday after a research firm Hindenburg accused it of brazen stock manipulation and accounting fraud scheme over the course of decades
    - The market capitalisation crashed to ₹ 18,37,978 Cr
  - This comes two days before the group is to for an FPO
  - Short sellers bet that the stock price of the companies will fall. They borrow stocks to sell and then buy back the stocks at lower price to return to the lender their making the profit
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## 2. HC quashes write off of Yes Bank AT1 bonds worth ₹ 8400 Cr (IE 21/1/23)

- The Bombay High Court has set aside the writing down of Yes Bank's Additional Tier -1 (AT-1) bonds worth ₹ 8400 Cr
  - Yes Bank was placed under moratorium by RBI in 2020 and was on the verge of collapse. RBI then RBI allowed the write off of AT-1 bonds
  - The Axis Trustee Services had approached the high court on behalf of all the investors in March 2020 over the RBIs move
    - RBI put Yes Bank under moratorium and then asked depositors and creditors to share their views on the draft reconstruction scheme
    - The petitioners have said that the three day period given for this was very short
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## 3. FCI installs AI based grain analysers (FE 24/1/23)

- FCI is installing 50 artificial intelligence (AI) based automatic grain analysers at their depots to assess the quality of the food grains received from the millers
  - This will reduce the discretionary decision making power at the ground level officials
  - It is also in the process of initiating digitisation of quality control laboratories at depot level for providing real time data
  - It has set up a quick response team to visit the spot where there is a dispute over the quality of rice. After procuring the rice is given over to millers for conversion into rice
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## 4. ECLGS saved 14.6 lakh MSMEs (BL 24/1/23)

- As per the analysis conducted by SBI's Economic Research Department, ECLGS scheme has saved 14.6 lakh MSMEs accounts
    - Around 12% of the MSME accounts have been saved from slipping into NPA because of the scheme
  - Under the scheme 100% guarantee is provided to the banks and NBFCs to enable them to give loans to the MSMEs with outstanding loans of ₹ 50 Cr and turnover up to ₹ 250 Cr
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## 5. Going fully T+1 from Friday, India will be the fastest market in the world (BL 25/1/23)

- Indian stock market is set to become the fastest in the globe to settle equity trades
- Starting from 27th January all blue-chip and large cap stocks (accounting for over 80% of market capitalisation) will be settled under T+1 (Today plus one) cycle
- Globally it takes around 2 days for settling
- With this the markets are expected to see more volumes of trade especially in cash market

- There is an appetite for such a settlement as investors want their cash to be freed soon. It will also help in reducing the systemic risk and counterparty risk
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#### **6. Govt eases norms under EPCG Scheme to help exporters (FE 21/1/23)**

- The commerce ministry has eased norms to offer a conditional one time relief to traders from select sectors from maintaining average export obligation
  - The exporters from three sectors - hotels, healthcare and education - are not required to maintain average export obligation under EPCG Scheme (Export Promotion of Capital Goods) for FY21 and FY22
    - Under the scheme the traders are allowed to import capital goods at zero duty if they abide by the export obligation
    - The extension is being provided without the payment of composition fees
      - Composition fees are imposed on traders who do not meet their re-export commitments
      - DGFT has already decide to slash composition fees for extension of re-export permits under the Advance Authorisation Scheme (AAS)
        - Under AAS exporters get to import inputs at zero duty after undertaking obligation to re-export finished products within a stipulated time period
  - The measure is aimed at promoting exports at a time when the exports have registered a decline of 12.2% YoY exports in December 2022
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#### **7. Land Monetisation stuck (FE 21/1/23)**

- Cabinet in March 2022, has approved setting up of National Land Monetisation Corporation (NLMC) for monetisation of the surplus land and building assets of CPSE
    - It is yet to have a CEO
  - NLMC
    - Was announced in the budget for FY22, incorporated in June 2022 as a wholly government owned company
    - Seed capital is ₹ 150 Cr
    - DPE is the administrative ministry for the NLMC
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#### **8. RoDTEP benefits to be extended to Green Hydrogen exports (IE 21/1/23)**

- Government will be extending the benefits under RoDTEP to green hydrogen to promote its exports
- India has approved a \$2.1 bn incentive plan so far to promote the local production of green hydrogen, which is expected to help govt meet its net zero carbon emission by 2070