

Current Affairs search results for tag: economyfinance

1. Government of India's flagship programme 'Make In India' completes 8 years (Sept. 25, 2022)

The flagship program of the Government of India, 'Make in India' completed 8 years **on 25 September 2022**. The programme was launched by the Prime Minister Narendra Modi in 2014 to transform the country into a leading global manufacturing and investment destination.

The initiative is an effort of the government to attract foreign investors to invest in India.

Giving the accomplishment of the Make in India Initiative the Union Commerce Ministry highlighted the following accomplishment of the programme.

- Production Linked Incentive (PLI) scheme across 14 key manufacturing sectors, was launched in 2020-21 as a big boost to Make in India initiative. The PLI Scheme incentivises domestic production in strategic growth sectors where India has comparative advantage.
- Recognising the importance of semiconductors in the world economy, the Government of India has launched a USD 10 billion incentive scheme to build a semiconductor, display, design ecosystem in India.
- The Ministry highlighted that India's export of toys increased to Rs 2601.5 crore in 2021-22 as compared to Rs 1612 crore in 2018-2019, an increase of 61%.
- The [Foreign Direct Investment](#) has increased from US \$ 45.15 billion in 2014-2015 to record \$83.6 billion in 2021-22.

2. RBI felicitate banker's for making Leh achieves 100 percent digitization of banking operations (Sept. 25, 2022)

The Reserve Bank of India (RBI) has felicitated the bankers of the Leh district for achieving 100 percent digitization of banking operations.

Digital Banking refers to the electronic banking service provided by a bank for its financial, banking and other transactions through electronic devices online.

Leh is the capital of the union territory of Ladakh and is the highest located district of India.

In 2019 RBI put forward a proposal to make at least one district of every state in the country have 100 percent digitization of banking operations.

Thrissur district of Kerala became the first fully digital banking district of the country in August 2021.

Kerala is also the first state in India to achieve the target of **Financial Inclusion of having at least one bank account in a family.**

3. Commerce Ministry expects India to attract \$100 billion FDI in current fiscal year (Sept. 24, 2022)

The Union Ministry of Commerce and Industry expects India to attract \$100 billion Foreign Direct Investment (FDI) in 2022-23. The Commerce Ministry on 24 September 2022 said that continuing economic reform and Ease of Doing business in the country will help India in achieving this target.

According to the ministry, FDI in India was \$ 45.15 billion in 2014-2015 and it reached a record highest ever" foreign inflows of **\$83.6 billion in 2021-22**. This FDI has come from 101 countries, and invested across 31 UTs and States and 57 sectors in the country.

According to the Commerce ministry, the government has put in place a liberal and transparent policy wherein most sectors are open to FDI under the automatic route to attract global investment.

Union Minister of Commerce and Industry: **Piyush Goel**

Foreign Direct Investment (FDI)

What is Foreign Direct Investment (FDI)

Foreign Exchange Management act 1999(FEMA) which deals with Foreign exchange has defined Foreign Direct Investment.

Foreign Direct Investment is an investment through capital instruments by a person resident outside India in ;

- (a) an unlisted Indian company; or
 - (b) in 10 percent or more of the paid-up equity capital of a listed Indian company.
- **Unlisted Company** means that the Capital instrument of the company is not listed on any stock exchange and it cannot be bought and sold in the market.
 - **Listed Company means** that the Capital instrument of the company is listed on any stock exchange and it can be bought and sold in the market.
 - **Capital Instrument** means an instrument issued by a company to raise capital (money) from the market for business/investment purposes. It includes both Shares (equity) or debenture or bonds.

Routes through which FDI gets in india

There are two routes under which FDI is allowed in India. One is the automatic route and the other is the approval route. Government puts certain sectors in the Automatic list and Approval route.

Automatic route

The foreign investor needs no prior approval from the government of India or Reserve bank of India. For example Thermal power plants, electronic systems etc.

Approval route

The foreign investor needs permission from the government of India before they can invest in these sectors. For eg public sector banks, print media etc.

Sectors where FDI is prohibited in india

- Atomic Energy Generation

- Any Gambling or Betting businesses
- Lotteries (online, private, government, etc.)
- Investment in Chit Funds
- Nidhi Company
- Agricultural or Plantation Activities (although there are many exceptions like horticulture, fisheries, tea plantations, , animal husbandry, etc.)
- Housing and Real Estate (except townships, commercial projects, etc.)
- Trading in Transferable Development Rights(TDR's)
- Cigars, Cigarettes, or any related tobacco industry.

4. RBI directs Mahindra Finance to stop recovery of loans through third parties (Sept. 23, 2022)

The Reserve Bank of India (RBI) in an order issued on 22 September 2022 directing Mahindra & Mahindra Financial Services Ltd. (MMFSL), Mumbai, to immediately halt recovery of loans and repossession activity through third-party agents.

IMPORTANT FACTS -

- Mahindra & Mahindra Financial Services Ltd is a Non-Banking Financial Company (NBFC) promoted by Mahindra and Mahindra group.
- This direction was issued by RBI under section 45L (1) (b) of the Reserve Bank of India Act, 1934.
- The regulatory action comes in the wake of an incident in Hazaribagh, Jharkhand, where a recovery agent working on behalf of the non-banking financial company (NBFC) allegedly ran over a pregnant woman during the confiscation of her family's tractor.
- RBI has issued a code for the NBFC, mandating that lenders must not resort to undue harassment, persistently bother borrowers at odd hours or use muscle power for recovery of loans.

Important Points to remember :

- Banks in India are regulated by RBI under the **Banking Regulation Act 1949**.
- NBFC are regulated by RBI under the **Reserve Bank of India act 1934**.

5. Commercial Paper can be issued by REIT and InvIT: SEBI (Sept. 23, 2022)

Securities Exchange Board of India (SEBI) has on 22 September 2022, allowed Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT), to issue commercial paper (CP).

However, only those REIT and InvIT which have **a net worth of at least Rs 100 crore or more** are eligible to issue commercial paper.

SEBI also said that the eligible REIT and InvIT need to abide by the guidelines prescribed by Reserve Bank of India (RBI) for issuances of commercial papers.

IMPORTANT FACTS -***What is Commercial Papers ?***

- It is an unsecured money market instrument issued as a promissory note to borrow for a short term.

Who can issue it :

- It can be issued by **Companies**, including Non-Banking Finance Companies (**NBFCs**) ,**All India Financial Institutions** (AIFIs), Co-operative societies/unions, Government entities, Trusts, Limited Liability Partnerships (LLP) Firms and any other body corporate having presence in India with a net worth of ₹ 100 crore or higher .

What is time period of CP :

- The CP has a **minimum time period of 7 days** and a **maximum time period of one years**.

Feature of CP :

- The CP has a **minimum face value of Rs 5 lakh** and it is issued in multiple of 5 lakhs.
- It doesn't carry any interest rates and is always issued at a discount to its face value.

ADDITIONAL INFORMATION -***What is REIT :***

- They are like Mutual Funds who pool the money of the investor and invest into real estate like Malls, shopping complexes, office buildings etc. The money they earn through rents is distributed amongst the investors in the form of dividends. Also, if the value of the invested real estate's increases then the investors will also benefit.
- They help an investor invest in Real estate with as little as Rs 10,000-Rs15, 000.

Infrastructure Investment Trust (InvIT) :

- They are like Mutual Funds who pool the money of the investor and invest into Infrastructure, roads, pipelines, power plants etc. They offer regular dividends and the benefit of capital appreciation.

Both REIT and InvIT are regulated by SEBI.

Money market is regulated by RBI while the Capital market is regulated by SEBI.

6. India and 4 other South Asian countries set up Asian Palm Oil Alliance (APOA) (Sept. 23, 2022)

The five palm oil importing countries of South Asia, India, Pakistan, Bangladesh, Sri Lanka and Nepal have announced the setting up of Asian Palm Oil Alliance (APOA) at Agra, to strengthen their bargaining power and make oil imports sustainable.

IMPORTANT FACTS -

First chairman of the APOA :

- **Atul Chaturvedi**, President, Solvent Extractors' Association of India (SEA) has been appointed as the first chairman of the APOA.

Aim of the APOA :

- Elaborating the aim of the APOA, Chaturvedi said that "we aim at safeguarding the economic and business interests of the palm oil consuming countries and will work towards increasing the consumption of palm oil in member countries,"
- He said that membership of APOA would be further expanded to include companies or industry bodies associated with production or refining of palm oil across the continent.
- The next meeting of the APOA is expected to be held in **Indonesia** early next year.
- India is the **largest importer of palm oil in Asia and in the world**, accounting for 15% of global imports, followed by China (9%), Pakistan (4%) and Bangladesh (2%).

Palm Oil and India :

- Palm oil is used in a wide variety of products from cooking to making shampoos, breads, Ice creams etc.
- India imports about 8.3 million tonnes of palm oil including crude palm oil (CPO), Palmolein and PFAD (Palm Fatty Acid Distillate),
- Around 4 million tonnes of palm oil comes from **Indonesia** with Malaysia being the second largest source of palm oil (3.8 million tonnes) and Thailand accounting for the remaining half-a-million tonnes.
- **Indonesia and Malaysia** jointly produce 84 % of world palm oil.
- The largest producer of palm oil in India is **Andhra Pradesh** followed by **Telangana**.

7. ICICI Prudential mutual fund launches India's first Nifty auto Index (Sept. 22, 2022)

The ICICI Prudential Mutual Fund has launched the country's first auto index fund, the ICICI Prudential Nifty Auto Index Fund.

The fund will track the Nifty Auto Index which has been designed to reflect the performance of the automobiles sector. The index comprises 15 listed companies and represents auto-related sectors such as auto ancillaries and tyres too.

Nifty is an Index of the National Stock Exchange.

Mutual Funds are regulated by Securities Exchange Board of India (SEBI).

IMPORTANT FACTS -***ICICI Prudential Mutual Fund :***

- ICICI Prudential mutual fund is one of the largest Asset management Company in India.
- It is a joint venture of **ICICI Bank** and United Kingdom's **Prudential Company**.
- Chief executive officer: **Nimesh Shah**
- Headquarters: **Mumbai**

8. REC becomes the 12th 'Maharatna' CPSE (Sept. 22, 2022)

The Department of Department of Public Enterprises, under the Ministry of Finance has issued an order on 22 September 2022, granting the status of a 'Maharatna' Central Public Sector Enterprise (CPSE) to the Rural Electrification Corporation (REC). REC is the 12th CPSE to be granted Maharatna status.

Vivek Kumar Dewangan, CMD, REC said that REC achieved this feat owing to its adaptability, resilience, and consistent performance even during the global covid-19 pandemic

IMPORTANT FACTS -***About REC :***

- Rural Electrification Corporation is a Non-Banking Finance Company (NBFC) under the **Union Ministry of Power**.
- It was set up in 1969 and it focuses on Power Sector Financing and Development across India. Its headquarters is in **New Delhi**.

What is Maharatna CPSE ?

- The Maharatna Scheme was introduced for Central Public Sector Enterprises (CPSEs) by the government of India in **2010** , in order to empower mega CPSEs to expand their operations and emerge as global giants.
- Central Public Sector Enterprises (CPSEs) are those **companies which are owned by the government of India**.

Eligibility Criteria for grant of Maharatna status :

The CPSEs meeting the following criteria are eligible to be considered for grant of Maharatna status.

- Having Navratna status;
- Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations;
- An average annual turnover of more than Rs. 25,000 crore during the last 3 years;
- An average annual net worth of more than Rs. 15,000 crore during the last 3 years;

- An average annual net profit after tax of more than Rs. 5,000 crore during the last 3 years;
- Should have significant global presence/international operations.

Benefits of being a Maharatna :

- Maharatna status grants a company considerable financial and administrative autonomy.
- The Board of a 'Maharatna' CPSE can make equity investments to undertake financial joint ventures and wholly-owned subsidiaries and undertake mergers and acquisitions in India and abroad, subject to a ceiling of 15% of the Net Worth of the concerned CPSE, limited to ₹5,000 crores in one project.
- The Board can also structure and implement schemes relating to personnel and Human Resource Management and Training.
- The company can also enter into technology Joint Ventures or other strategic alliances.

ADDITIONAL INFORMATION -***Maharatna CPSE (as on 22 September 2022) :***

1. Bharat Heavy Electricals Limited
2. Bharat Petroleum Corporation Limited
3. Coal India Limited
4. GAIL (India) Limited
5. Hindustan Petroleum Corporation Limited
6. Indian Oil Corporation Limited
7. NTPC Limited
8. Oil & Natural Gas Corporation Limited
9. Power Finance Corporation
10. Power Grid Corporation of India Limited
11. Rural Electrification Corporation
12. Steel Authority of India Limited

9. Sequoia Capital Rajan Anandan appointed as the new chairman of Venture Capital Council (Sept. 22, 2022)

Sequoia India Managing Director Rajan Anandan has been appointed as the chairman of the eight member VC Council for 2022-24 by the Indian Venture & Alternate Capital Association (IVCA), on 21 September 2022.

IMPORTANT FACTS -

- The Indian Venture & Alternate Capital Association (IVCA) is apex body of the Venture fund and Alternate capital fund in India.
- The council was formed to strengthen governance practices for VCs and start-ups and continue working with government and its agencies to improve the environment for venture capital in India.
- **The Venture Capital and Alternate Investment Fund is regulated by Securities Exchange Board of India (SEBI).**

10. ADB reduces India's growth forecast to 7% for 2022-23 (Sept. 22, 2022)

The Asian Development Bank (ADB) in its **Outlook 2022 Supplement** report released on 21 September 2022 has reduced India's GDP growth forecast to 7% for the financial year 2022-23 from 7.2% projected in July 2022.

The reasons cited by the bank for the lower GDP forecast are the rising inflation and tight monetary policy to be followed by RBI and sluggish global growth.

ADB is the latest financial organization which has reduced the growth prospect of India in the current financial year.

Recently [Fitch Ratings](#) also reduced India's growth rate to 7% from earlier projection of 7.8%

The Asian Development Bank also reduced the overall growth projections for Asia and the Pacific regions due to global challenges.

The report expects China to show an economic growth of 3.3 per cent in 2022.

IMPORTANT FACTS -**Asian Development Bank**

- It was set up in 1966.
- Its headquarters is at **Mandaluyong City, Manila, Philippines**
- Total member countries : **68**
- President of ADB : **Masatsugu Asakawa of Japan**