

Current Affairs search results for tag: economyfinance

1. Ministry of Corporate Affairs notifies changes in the definition of 'Small Companies' (Sept. 16, 2022)

The Union Ministry of Corporate Affairs has notified changes in the definition of the Small Companies through a notification issued on 15 September 2022.

It has increased the paid capital limit of the company and the turnover limit.

IMPORTANT FACTS -

Definition of Small Companies :

- The Companies Act 2013, introduced the concept of small companies in India.
- The Act defines a small company as a company that is not a public company and has:
 - (i) Paid up share capital of the company shall not exceed Rs 4 crores (Rs 2 crore)
 - (ii) The turnover of the company shall not exceed Rs 40 crore (earlier Rs 20 crore) during the immediately preceding financial year.
- However the concept of Small Companies does not apply to the following companies:
 - (i) Public Companies
 - (ii) Holding company or a subsidiary company
 - (iii) A company registered under section 8 of the Companies Act.
 - (iv) A company or body corporate government by any special act.
- Union Minister for Corporate Affairs : **Nirmala Sitharaman**

2. RBI allows NRI to pay utility bills through Bharat Bill Payment System (Sept. 16, 2022)

The Reserve Bank of India (RBI) has allowed the Non Resident Indian (NRI) to pay their utility bills in India through the Bharat Bill Payment System (BBPS) from 15 September 2022.

Till now only **resident Indians** were allowed to use the BBPS.

It means that the Non-Resident Indians (NRI) will be able to make utility, education and other bill payments for their families in India by using the Bharat Bill Payment System (BBPS).

The circular was issued by the RBI on 15 September 2022.

IMPORTANT FACTS -

What Is BBPS :

- It is a wholly owned subsidiary of the NPCI (National Payment Corporation of India).
- It offers interoperable and accessible bill payment service to consumers via digital (bank channels) as well as through a network of agents & bank branches.
- These banks or agents are called as operating units of the Bharat Bill Payment System.

- Bharat Bill Pay offers all recurring payments like electricity, telecom, DTH, Gas, water bills, Insurance, Loan repayments, Education fees, FasTag Recharge, Municipal taxes, Housing society, Subscription fees etc. at one single window.
- "National Payments Corporation of India (NPCI) has been authorised by the Reserve Bank of India (RBI) as the Bharat Bill Payment Central Unit (BBPCU).
- The BBPCU undertakes clearing and settlement activities related to transactions routed through BBPS."

3. Global Rating agency 'Fitch' reduces India's expected growth rate to 7% in 2022-23 (Sept. 16, 2022)

Global Credit rating Agency Fitch has reduced the expected growth rate of the Indian economy in the current fiscal year (2022-23) to 7% from its earlier June estimates of 7.8%.

It has also reduced the expected growth rate of the Indian economy in **2023-24 to 6.7%.**

The revision in the Indian GDP growth rate comes after the Indian grew by **13.5% in the first quarter of the current financial year (April -June)** 2022 way below the RBI projected growth rate of 16.2%.

IMPORTANT FACTS -

Reason for reducing Indian Growth Rate :

- According to Fitch, the growth rate in India is expected to slow down due to the uncertainty in the global economy, mainly due to the fear of recession in Europe and the United States and continuing Russia-Ukraine war.
- It expects RBI to continue its tight monetary policy and expects its to increase its policy rates (Repo rate) to control Inflation which is likely to affect economic growth.

World Economic Growth :

- Fitch expects the world economy to grow by **2.4% in the 2022** calendar year (January-December) and **1.7% in 2023.**
- It expects the **Eurozone** and the United States to enter into recession later this year.

Forecast for Indian Economy Growth Rate by Various agencies (till 16 September 2022) :

Agency /Institutions	Forecast for 2022-23
RBI	7.2%
World Bank	7.5%
International Monetary Fund	7.4%
Asian Development Bank	7.2%

SBI	6.8%
Moody Investor Service	7.7%
India Rating	6.9%
Standard and Poor (S&P)	7.3%
United Nations	6.4%
OECD	6.9%

ADDITIONAL INFORMATION -***Concept Clearing :******Recession :***

- When there is a negative growth in the economy for the two consecutive quarters then the economy is in recession.

EURO ZONE :

- It refers to those **19 European countries** which have abolished their national currency and adopted Euro as their common currency.
- Euro as a common monetary unit was introduced **on 1 January 1999**.
- Member countries of Eurozone : **Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland, Slovenia, Cyprus, Malta, Slovakia, Estonia, Latvia, and Lithuania.**
- **The European Central Bank is the monetary authority of the Euro Zone countries.**

4. 25th Energy Technology meet held in Mumbai (Sept. 15, 2022)

The 3 day (15-17 September 2022) , 25th Energy meet organised by the Centre for High Technology (CHT), under the aegis of Ministry of Petroleum & Natural Gas ,Government of India, in association with Hindustan Petroleum Corporation Ltd is being held in Mumbai .

The Energy meet was earlier called the Refining and Petrochemicals Technology Meet.

IMPORTANT FACTS -

- Theme of the 25th Energy meet: **Refining in the new Energy era**
- The 25th Energy meet was addressed by the Union Minister for Petroleum and Natural Gas Hardeep Singh Puri and Union Minister of State for Petroleum and Natural Gas, Rameshwar Teli on 15 September 2022.
- Speaking on the occasion Rameshwar Teli said that the Government is committed to raise the share of Natural Gas in the country's **energy mix to 15% by 2030 from its current share of just above 6%.**
- He added that the Government has decided to set up **18 thousand Compressed Natural Gas (CNG) stations in the country by 2030.**

5. South Korea fines Google and Meta for violation of privacy law (Sept. 15, 2022)

South Korea's Personal Information Protection Commission has fined Google 69.2 billion won (\$50 million) and Meta (earlier called Facebook) 30.8 billion won (\$22 million) for violation of privacy law violation.

Both the companies were found guilty of collecting and analysing behavioural information of the customer without obtaining their prior consent.

IMPORTANT FACTS -***Republic of Korea (South Korea) :***

- It lies in the Korean peninsula in East Asia.
- The Korean peninsula was divided into communist Democratic People's Republic of Korea (North Korea) and Republic of Korea (South Korea) after the Korean War in 1953.
- Capital: **Seoul**
- Currency: **South Korean Won**

6. 26th meeting of FSDC held in Mumbai (Sept. 15, 2022)

The Union Finance Minister Nirmala Sitharaman chaired the 26th meeting of the Financial Stability and Development Council (FSDC) in Mumbai on 15 September 2022.

The meeting, which was attended by the chief of various financial sector regulators, discussed important financial issues which can affect the country's financial sectors and its stability.

IMPORTANT FACTS -***Financial issues discussed :***

- It discussed the Early Warning Indicators for the economy and India's preparedness to deal with them, improving the efficiency of the existing Financial/Credit Information Systems, issues of governance and management in Systemically Important Financial Institutions including Financial Market Infrastructures, strengthening cyber security framework in the financial sector, etc.

The meeting was attended by :

- Dr. Bhagwat Kishanrao Karad, Minister of State for Finance ;
- Pankaj Chaudhary, Minister of State for Finance ;
- **Dr. T. V. Somanathan**, Finance Secretary and Secretary, Department of Expenditure, Ministry of Finance;
- Shri Ajay Seth, Secretary, Department of Economic Affairs, Ministry of Finance;
- Shri Tarun Bajaj, Secretary, Department of Revenue, Ministry of Finance; Shri Sanjay Malhotra, Secretary, Department of Financial Services, Ministry of Finance;
- **Dr. V. Anantha Nageswaran**, Chief Economic Adviser, Ministry of Finance;

Head of Financial Sector Regulators :

- **Shaktikanta Das**, Governor, Reserve Bank of India;
- **Ms. Madhabi Puri Buch**, Chairperson, Securities and Exchange Board of India;
- **Debasish Panda**, Chairperson, Insurance Regulatory and Development Authority of India;
- **Supratim Bandyopadhyay**, Chairperson, Pension Fund Regulatory and Development Authority;
- **Ravi Mittal**, Chairperson, Insolvency and Bankruptcy Board of India, Shri **Injeti Srinivas**, Chairperson, International Financial Services Centers Authority, and the
- Secretary of the FSDC, Department of Economic Affairs, Ministry of Finance.

Financial Stability and Development Council (FSDC) :

- **It was set up on the recommendation of the Raghu Ram Rajan committee on "Financial Sector Reform".**
- FSDC was set up by the Government of India in 2010.

Function of the FSDC :

- The Council monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues.
- It also focuses on financial literacy and financial inclusion.

ADDITIONAL INFORMATION -***Sub-Committee of FSDC :***

- **The FSDC Sub-committee has also been set up under the chairmanship of Governor, RBI.**

- All the members of the FSDC are also the members of the Sub-committee.
- All four Deputy Governors of the RBI are also the members of the Sub Committee.

Full Form :

- ***Financial Stability and Development Council***

7. DBS bank to fund startups with Billionaire Venture (Sept. 15, 2022)

DBS Bank India limited has signed a Memorandum of Understanding (MoU) with the Chennai based Billionaire Venture Incubation to set up a Special Purpose Vehicle (SPV) to fund startups in India .

The SPV with \$200 million capital will fund around 150 startups in Tamil Nadu, Karnataka and Maharashtra.

The Joint Venture will focus on funding startups in fintech, edtech and other critical areas. It will also provide technology and education support to startups.

IMPORTANT FACTS -***DBS Bank India Limited :***

- DBS Bank India limited is a wholly owned subsidiary of DBS bank Singapore Limited.
- Headquarter : **Mumbai**, Maharashtra
- Tagline : **Live More, Bank Less**
- Managing Director and Chief Executive Officer : **Surojit Shome**

8. Saudi Arabia, regains No.2 Oil supplier status to India in August 2022 (Sept. 15, 2022)

According to a Reuters report, Saudi Arabia has become the second largest crude petroleum oil supplier to India in the month of August 2022. For the past three months, Russia was the second largest supplier of crude oil to India while Iraq is still the largest supplier of crude oil to India.

IMPORTANT FACTS -***Reason for Rise in Purchase of Russian Oil :***

- India started buying the Russian crude oil after the Russians started offering its crude oil at a heavy discount. This was done by Russia after heavy sanctions were imposed on it by the Western countries after its invasion of Ukraine in February 2022.
- India which never condemned Russian action started buying Russian oil as it was very cheap compared to the Saudi and other traditional suppliers.

- India during the March-July period became the second largest buyer of Russian oil after China.

Why Russian oil import has now declined ?

- There are mainly two reasons for Saudi Arabia regaining its second spot.
- One, the Russians have considerably reduced the discount on its oil which has made its oil less attractive to India.
- Secondly, India has a contractual obligation to buy oil from Saudi and it has to honour the contract.
- Indian purchase of Russian oil was a short term opportunity for India to buy cheap oil in a market where the international prices were high.

Top oil supplier to India in August month 2022 :

The top supplier of crude oil to India were as follows;

1. Iraq
2. Saudi Arabia
3. Russia
4. United Arab Emirates
5. Kuwait

ADDITIONAL INFORMATION -

- India is the world's **third biggest oil importer and consumer**.
- Largest **importer** of crude oil in the world was **China** followed by the **United States**.
- Largest **consumer of oil** in the world was the **United States** followed by China and India was at the third spot.

9. No TDS on one time settlement of loans: CBDT (Sept. 14, 2022)

The Central Board of Direct Tax (CBDT) has clarified in a circular issued on 13 September 2022 that the banks are not required to deduct 10 per cent Tax Deduction at Source (TDS) on one-time settlement (OTS) or loan waivers.

- The CBDT said OTS on loan waiver by a bank will not be treated as a benefit or a perquisite and not face Tax Deduction at Source (TDS) as they would have to bear the additional cost of tax deduction along with the haircut.

IMPORTANT FACTS -***Who will benefit ?***

- This exemption from TDS includes public financial institutions, scheduled banks, cooperative banks, rural development banks, state financial corporations, and state industrial investment corporations.

Others who are exempted from TDS :

- The CBDT also clarified that the TDS provisions will not apply to the issuance of **bonus/rights shares** issued by a company, where bonus/rights shares are issued to all shareholders of such a company.

Concept clearing :***One time Settlement :***

- It is a scheme which is offered to the defaulters who are unable to repay their loans and does not seem in foreseeable future to generate enough resources to pay back the loans.
- In these types of loan settlements banks often take Haircuts on the loan.

Haircut on loan settlement :

- Haircut simply means that banks are willing to accept less than what is their due. For example if the person owes Rs 100 to the bank the bank accepts Rs 80 from the borrower and closes the loan. Here the bank is taking a haircut of 20%.

Tax Deduction at Source (TDS) :

- It was introduced under the Income Tax Act 1961 to stop tax evasion. The concept of TDS was introduced with an aim to collect tax from the very source of income.
- As per this concept, a person (**deductor**) who is liable to make payment of specified nature to any other person (**deductee**) shall deduct tax at source and remit the same into the account of the Central Government.
- The deductee from whose income tax has been deducted at source would be entitled to get credit of the amount so deducted on the basis of Form 26AS for TDS certificate issued by the deductor.
- For example a person opens a fixed deposit with a bank and deposits an amount. If the interest income on the deposit is more than Rs 5000 per year then the bank will deduct 10% TDS on the interest amount. So if the interest income is Rs 6000 per year then the bank will deduct $1000 \times 10\% = \text{Rs } 100$.
- Here the bank is the deductor while the depositor is the deductee.

The TDS rates are different for different financial transactions.***Bonus issues :***

- When a company issues new shares of the company to its existing shareholder in the form of dividend then it is called as Bonus issues.

Right Issue :

- When a company issues new shares to its existing shareholders at a price, it is called Right Issues.

ADDITIONAL INFORMATION -***Central Board of Direct Taxes (CBDT) :***

- The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963.
- The CBDT is a part of the Department of Revenue in the Ministry of Finance.
- On one hand, CBDT provides essential inputs for policy and planning of direct taxes in India, at the same time it is also responsible for administration of direct tax laws through the Income Tax Department.
- Chairperson: **Nitin Gupta**

10. Honda motorcycle to launch fully ethanol run two wheelers in 2025 (Sept. 14, 2022)

World's largest motorcycle manufacturer company Honda has announced that it will introduce ethanol-only motorcycles in India in the year 2025.

The Japanese company is the **first company** in the world to introduce a bike powered by an eco-friendly fuel mixed with bio-ethanol and petrol. It was first introduced in **Brazil in March 2022.**

IMPORTANT FACTS -

Ethanol fuel based Bike :

- Initially Honda will introduce E 20 fuel bikes having a fuel content of 20 percent ethanol mixed with petrol in 2023.
- It will introduce an E100 fuel bike having a fuel content of 100 percent ethanol in 2025.

Biofuels in India :

- Bio fuel is the fuel obtained by mixing hydrocarbon based fuel with agricultural produce. In India, Ethanol obtained from molasses (produced during the production of sugar from sugarcane) is mixed with Petrol.

Target set by government of India :

- Under the national Biofuel policy 2018 as amended in 2022, the government of India has set a target of:
- 10% blending of petrol with ethanol by **2022**
- 20% blending of petrol with ethanol by **2025-26**
- 10% blending of ethanol with diesel or biodiesel by **2030.**