

Current Affairs search results for tag: economyfinance

1. India's manufacturing PMI hits 8-month high in July (Aug. 2, 2022)

India's manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, came at an eight-month high.

Important facts

- The S and P Global India Manufacturing Purchasing Managers' Index (PMI) rose to 56.4 in July, from 53.9 in June.
- The survey said that this jump was driven by a significant increase in trade orders.
- The PMI data for July points to an improvement in overall operating conditions for the 13th consecutive month.
- The Indian manufacturing industry recorded a welcome combination of fast economic growth and soft inflation during July month.
- Production increased at the fastest pace since last November, a trend that corresponds to a more forward-looking indicator of new orders.
- The readings are based on a monthly survey of businesses that are primarily engaged in manufacturing activities.
- Despite the solid performance of the manufacturing industry, overall job creation remained sluggish.
- Most firms (98 per cent) opted to leave workforce numbers unchanged amid lack of pressure on operational efficiencies.
- About 96 per cent of the manufacturers expect no change in production from current levels during the coming 12 months.

What is Purchasing Managers' Index (PMI)?

- It is a measure of the prevailing direction of economic trends in manufacturing.
- It is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activities.
- The price fluctuations of PMI and its components can provide useful insights to business decision makers, market analysts and investors.
- PMI is used by the central bank to set interest rates.

Purpose of PMI

- Providing information about current and future business conditions to the company's decision-makers, analysts and investors.

Calculation of PMI

- It is represented by a number from 0 to 100.
- A print above 50 indicates expansion while a score below 50 indicates contraction.
- If the previous month's PMI is higher than the current month's PMI, it shows that the economy is contracting.

Five major Survey Areas of PMI

1. Employment
2. New orders
3. Production
4. Inventory levels
5. Supplier deliveries

2. Govt launches 11th agricultural census 2021-22 (July 30, 2022)

Recently the Ministry of Agriculture and Farmers Welfare has started the "Eleventh Edition" of the Agriculture Census to be conducted every 5 years.

Eleventh Agricultural Census

- Agriculture census work will start in August 2022.
- For the first time, the data collection for Agriculture Census will be done on smartphones and tablets, so that the data is available in a timely manner.

It includes

- Use of digital land records such as land title records and survey reports.
- Collection of data through app/software using smartphone/tablet.
- Enumeration of all villages in non-land record states during Phase-I as done in land record states.
- Real time monitoring of progress and processing.
- Operating Authority: Agriculture Census is conducted by the Department of Agriculture and Farmers Welfare, Ministry of Agriculture.

Agricultural census

- Agriculture Census is conducted every 5 years, which is being conducted late this time due to the COVID-19 pandemic.
- The entire census is conducted in three phases and the operational ownership for data collection is viewed as a statistical unit at the micro level.

- Based on the Agriculture Census data collected in three phases, the department presents
- three detailed reports analysing trends on various parameters at all India and State/UT level.
 - District/Tehsil level reports are prepared by the respective States/UTs.
 - The first agricultural census was conducted in the year 1970-71.

3. Core sector output expands by 12.7% in June (July 30, 2022)

According to official data the output of eight core infrastructure sectors expanded by 12.7 per cent in June against 9.4 per cent in the year-ago period.

Important facts

- The output growth of eight infrastructure sectors – coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity – stood at 19.3 per cent in May 2022.
- Production of coal, refinery products, fertilisers, cement and electricity grew by 31.1%, 15.1%, 8.2%, 19.4% and 15.5%, respectively, in June.
- Crude oil production contracted by 1.7%.
- Growth in natural gas and steel production declined to 1.2% and 3.3%.

Core Sector Industries in India

- The core industries have a major impact on general economic activities and industrial activities.
- They significantly impact most other industries and represents the capital base of the economy.
- The combined share of these eight industries in the Index of Industrial Production (IIP) is more than 40%.
- These eight core sectors are - electricity, steel, refinery products, crude oil, coal, cement, natural gas and fertilizers.

About Index of Industrial Production (IIP)

- It is an index of India that details the development of various sectors such as mineral mining, power and manufacturing in an economy.
- The All India IIP is a composite indicator that measures short-term changes in the volume of production of a basket of industrial products over a given period.
- Base year of IIP is 2011-2012.
- NSO compiles the Index of Industrial Production (IIP) using secondary data received from 14 source agencies in various Ministries/Departments or their attached/subordinate offices.

What are Strategic Sectors?**• These are -**

1. Atomic energy, space and defence
2. Transport and telecommunications
3. Power, petroleum, coal and other minerals and
4. Banking, insurance and financial services

4. PM Modi inaugurates India's first international bullion exchange at GIFT city, Gandhinagar (July 30, 2022)

Prime Minister Narendra Modi on 29 July launched 'India International Bullion Exchange (IIBX)', the country's first international bullion exchange near Gandhinagar.

Important facts

- He visited India's first International Financial Services Centre (IFSC) at the Gujarat International Finance Tec-City (GIFT City) on 29 July.
- Gandhinagar's GIFT city is an international financial services hub set up by the Gujarat government outside the State capital.
- The exchange will facilitate efficient price discovery with responsible sourcing and quality assurance, besides promoting financialization of gold in India.
- India is the second largest consumer of gold in the world and the establishment of IIBX is seen as India's effort to bring transparency in the market for this precious metal.
- In addition, setting up of IIBX could lead to standard pricing of gold in the country and make it easier for small bullion dealers and jewellers to trade the precious metal.

India, a leading importer of bullion

- India is a major importer of the metal and imported 1,069 tonnes of gold in 2021, up from 430 tonnes in 2020.
- Currently, only designated banks and agencies approved by the Reserve Bank of India in the country can import gold and sell it to dealers and jewellers across the country.

Foundation stone of IFSCA

- PM Modi laid the foundation stone of the headquarters building of the International Financial Services Centres Authority (IFSCA).
- IFSCA is the country's first and only IFSC in line with those in UAE, Singapore and Hong Kong.

- IFSCA will support innovation and also act as a catalyst for growth opportunities in the financial services sector in the country.

5. India receives highest-ever FDI inflow in last financial year (July 29, 2022)

According to the Ministry of State for Commerce and Industry India has received the highest-ever Foreign Direct Investment inflow of over six lakh 31 thousand crore rupees in the last financial year.

Important facts

- The central government has formulated a liberal and transparent policy to attract foreign direct investment.
- FDI equity inflow into manufacturing sectors has also increased by 76 per cent in the last financial year as compared to 2020-21 to more than one lakh 58 thousand crore rupees.

What is FDI?

- Foreign direct investment or FDI is an investment made by a party of one country in a business or corporation operating in another country with the intention of earning long-term profits.
- Through FDI, foreign companies are directly involved in the day-to-day operations of another country.

Routes to gets FDI in India

- Foreign investment in India can be done mainly through two routes -
1. **Automatic Route** - Under this route, the non-resident investor or the Indian company does not require any approval from the Government of India for investment.
 2. **Government route** - Under this route, prior to investment, approval from the Government of India is required. Proposals for foreign direct investment under this route are considered by the respective Administrative Ministry/ Department.

6. Government initiates work on consumer spending survey (July 28, 2022)

The Centre has started the process of conducting the five-year Household Consumption Expenditure Survey (HCES) this month.

Important facts

- The questionnaire for the survey has been modified to capture data on items received free of cost from welfare programs of the government.
- Field work for the survey, which for the first time will involve three visits in a year to assess spending patterns in selected households, will begin soon.

- The survey was last conducted in 2017-18, but its findings were not published, citing data quality concerns.
- Therefore, the last official publicly available estimates on consumer spending are from the 2011-12 survey.

What is the Consumer Expenditure Survey (CES)?

- CES is traditionally a quinquennial survey conducted by the government's National Sample Survey Office (NSSO).
- It is designed to collect information about consumption expenditure patterns of urban and rural households across the country.
- The data collected in this survey reveals the average expenditure on goods (food and non-food) and services and helps in estimating the household Monthly per Capita Consumer Expenditure (MPCE).
- The survey is conducted between July and June and this year's exercise is expected to be completed by June 2023.

Need of CES

- There is no official estimate of India's per capita household expenditure.
- It provides separate data sets for rural and urban areas, and different spending patterns for each state and union territory, as well as for different socio-economic groups.
- It also helps to calculate the demand dynamics of the economy.

7. Rs 1.64 lakh crore revival package for BSNL gets Cabinet nod (July 28, 2022)

In a bid to revive state-owned telecom company Bharat Sanchar Nigam Limited (BSNL), the Union Cabinet on July 27 approved a ₹1.64 lakh crore package for its revival.

Important facts

- The package has a cash component of ₹43,964 crore and a non-cash component of ₹1.2 lakh crore for over four years.
- The package will include administrative allotment of 4G spectrum worth ₹44,993 crore.
- Bharat Broadband Network Ltd (BBNL), was set up to implement the ambitious BharatNet project, which will be merged with BSNL.
- The revival package will enable BSNL to improve services and generate net profit in 3-4 years.
- BSNL 5G services launch will happen in the next 1.5-2 years.
- Its 4G telecom services will reach the people in 1-1.5 years.

Other key components of the package

- Capex support of ₹22,471 crore
- Viability gap funding of ₹13,789 crore for rural wireline operations
- Debt structuring by raising of bonds with sovereign guarantee worth ₹40,399 crore
- Financial support for Adjusted Gross Revenue (AGR) dues worth ₹33,404 crore.

Capex support

- The Cabinet had approved the allocation of 900/1800 MHz band spectrum worth ₹ 44,993 crore to support 4G services of BSNL.
- This will allow BSNL to compete in the market and provide high speed data.
- The government will make a capital expenditure of ₹22,471 crore over the next four years to "promote development and deployment of self-reliant 4G stacks".

About BSNL

- BSNL was incorporated on 15th september 2000.
- It is a 100% Govt of India owned Public Sector Undertaking.
- It is a technology-oriented integrated telecom service providing company.
- It provides Wire line Services, GSM Mobile Services including 2G, 3G, 4G & Value added Services (VAS), Internet and Broadband services, Wi-Fi services, Data Centre services etc.

8. Establishment of cooperative bank run by women for the first time in Rajasthan (July 27, 2022)

A MoU was signed between Rajasthan Rural Livelihood Development Council (Rajivika) and Streenidhi Telangana for technical assistance in the establishment of the first and country's third "Women Financial Institute" in Rajasthan.

Important facts

- The MoU has been signed by Rajivika on behalf of Rajivika by State Mission Director Manju Rajpal and Telangana Managing Director of Women Fund G. Vidyasagar Reddy.
- The Rajasthan Women Fund in the state is being set up successfully on the lines of the women's fund model operated in Telangana.
- After the establishment of the Women's Fund, the economic empowerment of women of Rajivika's self -help groups will be strengthened and they will be able to receive loans for their enterprise.
- This fund will be operated by women of SHG only for women of SHG.

- The Rajasthan Women's Fund will serve as a supplementary financial institution with formal banks.
- For the establishment of Rajasthan Women's Fund, a total grant of Rs 50 crore (25 crore rupees in the first year) will be given by the state government in two years and proposals have been sent to the Central Government for a grant of Rs 110 crore.
- In the budget of 2022-23 by Chief Minister Ashok Gehlot, it was announced regarding the establishment of banks run by women.
- It will be set up on the lines of the Stree Nidhi model of Telangana.

9. IMF cuts global growth forecasts, warns high inflation threatens recession (July 27, 2022)

The International Monetary Fund (IMF) cut global growth forecasts again on July 26.

Important facts

- The IMF warned that high inflation and Ukraine's war could lead to a downward spiral in economic growth and the world economy could be on the verge of recession if left unchecked.
- The IMF said that global real GDP growth will slow to 3.2% in 2022 from a forecast of 3.6% issued in April.
- The report said the world's GDP actually shrank in the second quarter due to slowdowns in China and Russia.
- The IMF cut its 2023 growth forecast to 2.9% from the April estimate of 3.6%, citing the impact of tighter monetary policy.
- Global growth has fallen below 2% only five times since 1970.
- In 1973, 1981 and 1982, 2009 and 2020, global growth fell below 2% due to the COVID-19 pandemic and caused a recession.
- India's growth forecast for the financial year 2023-24 has also been lowered by 0.8 percentage points to 6.1% due to rising economic risks.

India's growth forecast by other institutions

- Reserve Bank of India's (RBI) estimation of India's growth in 2022-23 - 7.2%
- Asian Development Bank's India's Growth Forecast for 2022-23 - 7.2%

About International Monetary Fund (IMF)

- The International Monetary Fund (IMF), a United Nations (UN) specialised agency, was established in 1944 at the Bretton Woods Conference to secure international monetary policies.
- The International Monetary Fund is an organisation with 189 member countries.

- First Deputy Managing Director- Geeta Gopinath
- Headquarters- Washington, D.C., U.S.
- Managing Director- Kristalina Georgieva
- Chief Economist - Pierre Olivier Gourinchas

10. PM to lay foundation of India's maiden International Financial Services Centre (July 26, 2022)

Prime Minister Narendra Modi will lay the foundation stone of the International Financial Services Centre Authority (IFSCA) headquarters building in Gujarat on July 29, 2022.

Important facts

- This authority is the unified regulator for the development and regulation of financial products, financial services and financial institutions in International Financial Services Centres in India.
- The Headquarters building of this Authority is envisaged as an iconic structure, reflecting the growing reputation and structure of Gujarat International Finance Tech as a premier international financial hub.
- The Prime Minister will also launch India's first International Bullion Exchange i.e. Bharat International Bullion at Gujarat International Finance Tech- International Financial Services Centre.

About International Financial Services Centres Authority (IFSCA)

- IFSCA was established in April 2020 under the International Financial Services Centre Authority Bill, 2019.
- An IFSC provides essential services to customers outside the jurisdiction of the domestic economy.
- Its headquarter is located in GIFT City of Gandhinagar (Gujarat).
- It has been established to promote 'Ease of Doing Business' in IFSC and to provide a world class regulatory environment.
- Recently the International Financial Services Centre Authority has become an associate member of the International Organisation of Securities Commissions (IOSCO).