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1. Indian Start-ups raised a record \$24.1 billion in 2021 (Jan. 22, 2022)

According to the Nasscom-Zinnov report released on 21st January 2022, Indian startups raised a record \$24.1 billion in 2021, a two-fold increase over pre-Covid levels, while \$6 billion were raised via public markets with 11 startup IPOs.

- The Indian tech startup base continues to witness steady growth, adding over 2250 startups in 2021, which is 600 more than 2020.
- India, accounting for 70 unicorns, added a record number of new unicorns (42) in 2021 across 18 sectors, third-highest after the US and China, with a cumulative valuation of newly-added unicorns standing around \$90 billion.
- “In comparison to 2020, there was a 3X increase in the number of high-value deals (deals over \$100 million), demonstrating investor confidence,” according to the Nasscom-Zinnov report.
- The US remains the leading source of foreign direct investment in start-ups.
- The start-up ecosystem saw a 2X gain in cumulative valuation from 2020 to 2021, with an estimate of \$320-\$330 billion, demonstrating the sector’s development and recovery throughout the pandemic.
- In comparison with the United Kingdom, the United States, Israel and China, 2021 has been an outstanding year for the Indian Start-up ecosystem.
- Established start-up centres like Delhi-NCR, Bengaluru, Chennai, Pune, Hyderabad and Mumbai account for 71 percent of all startups.
- Outside of the developing start-up centres like Jaipur, Kochi, Kolkata, Chandigarh, and others, 29 percent of all startups are located.
- At least one-woman founder/co-founder is present in 12-15 percent of start-ups and 10 unicorns.
- In terms of maturity and investments, BFSI, Retail and Retail Tech, Enterprise Tech, and EdTech reign supreme.

About Nasscom

The **National Association of Software and Service Companies (Nasscom)** is an Indian non-governmental trade association and advocacy group focused mainly on the technology industry of India.

Chairperson: **U.B. Pravin Rao**

President: **Debjani Ghosh**

Headquarters: **New Delhi**

About Zinnov

Zinnov is a global management consulting and strategic advisory firm that works across the globe in the areas of Globalization, Digital Engineering, Global Talent, and Transformative Technologies.

CEO and Founder: **Pari Natarajan**

Headquarters: **Santa Clara, California, USA**

2. Centre sanctions 973.74 Crore to SBI for compensation payment to borrowers (Jan. 20, 2022)

The Union Cabinet led by Prime Minister Narendra Modi approved the sanction of 973.74 Crore to State Bank of India (SBI) as reimbursement related to the loan moratorium that was implemented in 2020 amid the corona pandemic.

What is the Issue

Reserve Bank of India On March 27, 2020 announced a loan moratorium for selected customers who were facing financial difficulties due to pandemic induced lock down and its detrimental consequences on economic activities throughout the country. The selected borrowers were offered an option not to pay their loan for a period from 1 March 2020 till 31 August 2020. However the banks continued to charge compound interest and also levied penalty interest for non payment of loans by customers during the 6 month moratorium period This action of the bank was challenged in the Supreme Court.

Supreme Court Judgement

The Supreme Court in its judgement delivered on 23 March 2021, ruled that banks cannot charge penalty on interest for accounts that sought moratorium relief during the pandemic period last year and the amount collected must be refunded by the banks to the customer account . It also refused to waive interest during the moratorium period.

Government Scheme to help the Banks

Due to the Supreme Court judgement the banks had to refund the collected penalty interest amount to the customer and forgo the penalty interest . This created a burden on the already troubled Banking system in the country . To provide relief to the banks ,Government of India in October 2020 announced “ **Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)**” .

Main Points of the scheme

- Under this scheme the government of India will compensate the banks which had suffered loss due to Supreme Court Judgement and the Government will pay the difference between compound interest and simple interest for the six months of loan moratorium period on loans upto Rs 2 Crores .
- The Government of India made SBI the nodal bank under this scheme
- The Banks were asked to submit their claims to the SBI and through SBI ,the Government will reimburse the banks .
- Initially the Government of India provided Rs 5500 crore for this claim which was later distributed to the banks through SBI .
- However fresh claims of Rs 973.74 crore have been received by SBI from the banks and to meet the demand Government of India has provided Rs 973.74 crore to SBI.

3. NSE is the world's largest derivatives exchange for the third consecutive year (Jan. 20, 2022)

The National Stock Exchange of India has emerged as the world's largest derivatives exchange for the third consecutive year in 2021 in terms of the number of contracts traded, according to the Futures Industry Association (FIA).

- Around 17.3 billion derivatives contracts were traded on the NSE in 2021, nearly double that of 8.9 billion traded in 2020
- The country's top bourse was ahead of the USA's CME Group and Brazil's B3.
- Technically, the number of derivatives contracts traded in the USA is far higher, but liquidity is fragmented among different trading venues, such as the CME Group, Nasdaq, and CBOE group.
- The NSE's most successful derivatives offerings were Bank Nifty (Rank 1 within Index options category) and the Nifty50 index (Rank 2 within Index options category), which generated the highest volume globally at an individual product level.
- The US Dollar – Indian Rupee options contract ranks 1st by the number of contracts traded in the currency options category.
- In addition, the exchange was ranked fourth by the number of trades in cash equities, as per the statistics maintained by the World Federation of Exchanges (WFE) for 2021.
- NSE has recently announced the launch of derivatives on the Nifty Midcap Select index from January 24, 2022.

What are Derivatives

In finance, Derivatives are an arrangement or product (such as a future, option, or warrant) whose value derives from and is dependent on the value of an underlying asset, such as a commodity, currency, or security.

4. Reliance Jio overtakes BSNL as the largest fixed-line broadband provider (Jan. 20, 2022)

Reliance Jio has toppled 20 -year-old state-run telecom company BSNL as the largest fixed-line broadband provider, in just about two years of its commercial rollout.

- The segment had been dominated by the state-run telecom since its inception about 20 years ago
- Jio now leads the fixed-line broadband segment with 4.34 million customers, according to a monthly telecom subscribers report released by the Telecom Regulatory Authority of India (TRAI)
- BSNL stands second in the list with 4.2 million subscribers, whereas Sunil Bharti Mittal-led Bharti Airtel ranks third with a 4.08 million customer base.

5. Digital payment logs a growth of 40 % at September 2021 (Jan. 20, 2022)

Digital Payment across the country experienced a growth rate of 40% in a year through September 2021. This data was brought out by the RBI Digital Payment Index (RBI-DPI) that measures the adoption of digital payment in India.

RBI-PDI Index

RBI in its sixth Bi-monthly Monetary Policy Statement 2019-20 dated 6 February 2020 announced a composite Digital Payments Index (DPI) to capture the extent of digitisation of payments across the country

Base Period of the Index

The RBI-DPI has been constructed with March 2018 as the base period, i.e. DPI score for March 2018 is set at 100.

The index for September 2021 stands at 304.06 as against 270.59 for March 2021.

Composition of the RBI-PDI Index

The RBI-DPI comprises 5 broad parameters that enable measurement of deepening and penetration of digital payments in the country over different time periods. These parameters are –

- (i) Payment Enablers (weight 25%),
- (ii) Payment Infrastructure – Demand-side factors (10%),
- (iii) Payment Infrastructure – Supply-side factors (15%),
- (iv) Payment Performance (45%) and
- (v) Consumer Centricity (5%).

Frequency of its publication

The index is published by RBI every six months from March 2021 onwards with a lag of four months.

6. UNCTAD releases Global Investment Trends Monitor report (Jan. 20, 2022)

United Nation Conference on Trade and Development (UNCTAD) has released its Global Investment Trends Monitor Report on 19 January 2022.

The report tracks the flow of Foreign Direct Investment (FDI) in the world for the year 2021.

Highlights of the report

- Global foreign direct investment (FDI) flows showed a strong rebound in 2021, up 77% to an estimated \$1.65 trillion, from \$929 billion in 2020, surpassing their pre-Covid-19 level.
- The report said the growth rate of 2021 is unlikely to be repeated in 2022 but the outlook for 2022 is positive.
- The report said that the international project finance in the infrastructure sector will continue to provide growth in 2022.
- The FDI in India decreased by 26 % as compared to last year as the Mergers and Acquisition deals reported in 2020 were not repeated in 2021. According to the UNCTAD report In 2020 India received \$64 billion FDI.
- FDI in the United States increased by 114% to \$323 billion.
- China saw a record \$179 billion of inflows – a 20% increase – driven by strong services FDI.
- Developed economies saw the biggest rise by far, with FDI reaching an estimated \$777 billion in 2021 – three times the exceptionally low level in 2020.

- FDI flows in developing economies increased by 30% to nearly \$870 billion.

UNCTAD

- The United Nation Conference on Trade and Development (UNCTAD) was set up by the United Nation in 1964.
- It was set up to promote and safeguard the interest of the developing countries in world trade.
- The headquarters of UNCTAD : **Geneva, Switzerland**
- The Secretary General of UNCTAD : **Rebeca Grynspan of Costa Rica**

7. Microsoft to buy “Call of Duty” maker Activision Blizzard in \$68.7-billion deal (Jan. 19, 2022)

Indian-born Satya Nadella led Microsoft Corporation has agreed to buy “Call of Duty” video game maker Activision Blizzard for \$68.7 billion in cash. This is the largest deal in the gaming sector, making the Xbox maker the third-largest gaming company by revenue behind Japan’s Sony and China’s Tencent. The merger is expected to be finalized next year.

- Activision's library of games includes games like “Call of Duty” and 'Overwatch', 'World of Warcraft', 'Candy Crush' among others
- Bobby Kotick will continue to serve as CEO of Activision Blizzard
- Demand for video games has surged during the pandemic, as stuck-at-home consumers play more games to keep themselves entertained
- Last week, rival videogame publisher Take-Two Interactive Software Inc. said it would buy 'FarmVille' creator Zynga in an \$11 billion cash-and-stock deal, marking another biggest industry-wide acquisition of all time

8. India extends USD 500 million loan to Sri Lanka (Jan. 19, 2022)

India has extended a \$500-million Line of Credit (LOC) to Sri Lanka for urgent fuel imports, just days after providing \$900 million relief to the island nation, which is facing one of its worst economic downturns.

- The announcement followed a virtual meeting between Dr. Jaishankar and Sri Lanka’s Finance Minister Basil Rajapaksa on 15 January 2022.
- In the meeting they reviewed a \$1.5 billion credit facility by India to help Sri Lanka augment its fast-depleting foreign reserves, crucial to importing essential food items, medicines, and fuel.

9. Oil Price at a 7 year High (Jan. 19, 2022)

The price of oil hit its highest level in more than seven years on 19 January 2022 as traders worried that an attack on a fuel storage facility in the United Arab Emirates by the Yemeni Houthi rebels could affect supply.

Brent crude, which is the international benchmark for oil prices, rose almost 1% to hit \$87.22 a barrel. Price rises were even steeper in the US, where West Texas Intermediate crude increased by 1.3% to \$84.89 a barrel.

Why oil prices are rising

Fear of supply disruption

The attack of the Houthis on oil facilities of UAE has led to fear of escalation of conflict in the region involving Saudi Arabia, Iran and others.

Russia and its conflict with Ukraine and unrest in Kazakhstan has added to this fear. Saudi Arabia, UAE, Russia are major exporters of oil in the world and any conflict will lead to disruption in oil supply in the world market.

Failure of OPEC+ to increase output of oil

In the month of December 2021, the OPEC + members had promised to increase its output by 4 lakh barrels per day to dampen the high oil price in the world market. However the promised oil supply has not materialized leading to a tight supply and demand situation.

Optimism about World economic recovery

The World Bank has predicted a 5.5% growth rate for the world economy in 2021 and 4.1% in 2022 taking into account a disruption in the world economy due to the Omicron wave.

However the current wave of omicron variant of Coronavirus is not as severe as the Delta variant of last year.

Market expects a good economic recovery in the world leading to a surge in demand for oil

Impact on India

India imports about 82% of its oil requirement and any increase in the oil price will increase the oil import bill of India

This will increase the fiscal deficit of the countries as the import bill rises.

The rupee is likely to depreciate as the demand for dollars to buy oil will put pressure on Indian rupees and will make import costlier.

It will increase inflation in the country as the price of oil increases.

This will lead to flight of capital from India as RBI will follow a tight monetary policy to control inflation leading to a lowering of growth prospects in India.

10. Silos of over 11 million ton storage capacity to be built through PPP for FCI (Jan. 19, 2022)

In a bid to attract investment into India's food grain storage infrastructure from big corporate entities, the food ministry has approved a policy which encourages the private players to bid for construction of 249 state-of-art silos with close to 11 million tonne (MT) wheat storage capacity for the Food Corporation of India (FCI).

In how many states it will be built

The silos will be built across 12 states, including Punjab, Haryana, Madhya Pradesh, Maharashtra, Haryana and Kerala, over the next four to five years through the public-private partnership (PPP) model with an estimated investment of Rs 9,200 crore.

The FCI will use the silos for storage of wheat through a lease of thirty years with private entities.

Committee on Restructuring FCI

Based on the recommendation of a high-level committee for restructuring of FCI, chaired by former food minister **Shanta Kumar**, in 2014, an action plan for construction of 10 MT capacity wheat silos through private sector investment was approved by the food ministry in 2016.

How much capacity created so far

So far, silos with more than 1.11 MT wheat storage capacity have been created in Punjab, Madhya Pradesh, Gujarat, Haryana, Bihar and Assam at 22 locations.

First rice silos

For the first time, two rice silos with a combined storage capacity of 25,000 tonne are currently being built at Buxar and Kaimur in Bihar by private entities for FCI on a pilot basis.

Benefit of Silos

Food ministry officials say that if food grains are stored in silos and transported in bulk, losses due to theft, pilferage and transportation would be negligible compared to the food grains stored in warehouses.

FCI stores around 55 MT to 85 MT of rice and wheat at any given point of time.

FCI

- The Food Corporation of India was set up in 1965 by the Government of India under the Food Corporation act 1964.
- It is under the Ministry of Consumer Affairs, Food and Public Distribution, Government of India.
- Its Headquarters is in New Delhi.