

Current Affairs search results for tag: economicsbusiness

1. SIDBI sanctions Rs 650-crore loan to AU SFB and Jana SFB (Jan. 19, 2022)

The Small Industries Development Bank of India (SIDBI) has sanctioned Rs 650 crore to two Small Finance Banks ,AU Small Finance Bank and Jana Small Finance Bank.

- They will use this fund to provide loans to Micro Small and Medium Enterprises (MSME) and Micro Finance Institutions (MFIs).
- The financial assistance has been extended out of the Special Liquidity Facility sanctioned by the Reserve Bank of India.
- This liquidity line has been provided to SIDBI to meet the challenges being faced by the MSMEs due to the prevailing Covid-19 pandemic situation.

Headquarter of Jana Small finance Bank : Bengaluru

Headquarter of AU Small Finance Bank : Jaipur

SIDBI

- The Small Industrial Bank of India was set up in 1990 through an act of Parliament.
- It was set up as a principal Financial Institution for the promotion ,development and financing of Micro small and Medium Enterprises in India.

Headquarters : Lucknow

- It is owned by the Government of India .

For details about MSME and its contribution to the Indian Economy see the post of 12 December 2021.

2. India can achieve the targets of USD 650 billion in the current financial year (Jan. 18, 2022)

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said it is possible to achieve exports of USD 650 Billion within the current financial year.

The total merchandise export during April to December 2021 was USD 299.7 billion and **the overall target for merchandise export for the financial year 2021-22 is USD 450 billion.**

The target for the Service sector export is USD 250 billion for the current financial year.

3. Tata Power commissions 100 MW solar projects in Uttar Pradesh (Jan. 18, 2022)

Tata Power Renewable Energy Ltd (TPREL) has commissioned two solar power projects of 50 MW each at Prayagraj and Banda in Uttar Pradesh.

- The plants are expected to generate more than 221.26 million units annually.
- The plants at Prayagraj and Banda are expected to reduce 1,77,037 lakh tonnes of carbon emission annually.
- Power Purchase Agreement (PPA) has already been signed between TPREL and Uttar Pradesh Power Corporation Ltd (UPPCL), Lucknow for these two projects.
- With the addition of 100 MW, the renewables capacity in operation for Tata Power will be 3,055 MW with 2,123 MW of solar and 932 MW of wind.

4. Chinese Economy grew by 8.1% in 2021 (Jan. 18, 2022)

According to the data released by the National Bureau of Statistics (NBS) of China on 17 January 2022 the second largest economy in the world grew 8.1% in 2021 and reached the \$18 trillion mark.

- Last year's growth rate was the fastest since 2011 and marked a strong recovery after growth dipped to a 44-year-low of 2.2% in 2020.
- The NBS said 10.6 million babies were born last year, down from 12 million in 2020, a growth rate of 0.034 %, lowest since the founding of the People's Republic of China in 1949 .
- China's population grew to 1.41 billion by the end of last year, stoking fears of a looming demographic crisis and a consequent economic slowdown in the world's most populous nation.
- Experts have warned that a demographic turning point may be just around the corner in the world's most populous nation, and some say it threatens to erode the foundation of China's booming economic growth over the past 40 years.

China is the second largest economy in the world after the United States.

China is the most populous country in the world, second in India and third is the U.S.

5. Bilateral trade between India, China crosses 125 billion USD in 2021 (Jan. 15, 2022)

According to the official data released by the Chinese customs, the India-China bilateral trade touched a record high of over USD 125 billion in 2021, up 43.3% from 2020 when bilateral trade was worth 87.6 billion USD.

Highlights of the Trade Data

- In 2021, China's exports to India were 97.52 billion USD, up 46.2%, while China imported 28.14 billion USD worth of goods from India, up 34.2%.
- The trade deficit between the two countries remained in favour of China – at \$69 billion.
- Trade between China and the US soared by 28.7% and amounted to \$755.6 billion in 2021 - maintaining a strong growth momentum and contributing 12% to China's record \$6 trillion foreign trade for the year.
- The US maintained its place as China's third-largest trade partner following ASEAN and the European Union.

- **India was China's 15th largest trade partner in 2021.**

6. Mini Ratna-I status for Braithwaite & Co (Jan. 15, 2022)

The Union Ministry of Railways has granted Miniratna -1 category status to Braithwaite & Co as the engineering firm made a turnaround with a manifold increase in annual turnover and making profits for three consecutive years.

- The Kolkata based Public sector undertaking is under the administrative control of the Union Railway Ministry .
- The status of Miniratna status will give the company greater financial and operational efficiency.

Miniratna

In 1997 the Government of India introduced the concept of Miniratna to grant greater financial and operational autonomy to Central Public Sector Enterprises (CPSE) .

These companies, called Miniratnas, are in two categories, namely, Category- I and Category-II.

Eligibility Criteria

- **Category-I** CPSEs should have made profit in the last three years continuously, the pre-tax profit should have been Rs 30 crore or more in at least one of the three years and should have a positive net worth.
- **Category-II** CPSEs should have made profit for the last three years continuously and should have a positive net worth.

Benefits of being a Miniratna Company

Capital Expenditure

For CPSEs in category I: The power to incur capital expenditure on new projects, modernization, purchase of equipment, etc., without Government approval is Rs. 500 crore or equal to Net worth, whichever is less.

For Category II it is Rs 250 crore or equal to Net worth, whichever is less.

Joint ventures and subsidiaries:

For category 1 :: The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE limited to Rs. 500 crore, without government approval.

For category 11 : The ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the networth of the PSE in one project limited to Rs. 250 crore, without government approval.

7. IRFC becomes first CPSE to list Green Offshore Bonds at Indian stock exchanges (Jan. 15, 2022)

Indian Railway Finance Corporation Limited (IRFC) has become the first Central Public Sector Enterprise (CPSE) to exclusively list its Green Offshore Bonds at Indian stock exchanges.

- The bond was listed at India International Exchange established in the GIFT City, Gandhinagar, Gujarat .
- IRFC raised \$500 million and the duration of the bond was 10 years.

Green bonds

It is a type of debt instrument issued by a company to fund projects which have positive climate or environmental projects .

For example it will be used to provide loans to set up solar projects which are environmentally friendly and not to fund coal based power plants which harm the environment .

Off-Shore Bonds

Bonds which are issued by a company outside its country . For example IRFC is an Indian company but it raised \$500 million by issuing bonds outside India . Hence it was an off-shore bond issue.

CPSE

Central Public Sector Enterprises are those companies in which the direct holding of the Central Government or other CPSEs owned by the Central Government is 51% or more.

8. The UN expect Indian economy to grow by 6.5% in 2022 (Jan. 15, 2022)

The United Nation **World Economic Situation and Prospect** (WESP) 2022 report said that India's GDP is forecast to grow at 6.5 per cent in fiscal year 2022, a contraction from the estimated growth of 8.4 per cent in fiscal year 2021.

- It expect the growth to further slow down to 5.9 per cent in the financial year 2023,
- The report said that the global economic recovery is facing significant challenges amid new waves of COVID-19 infections, persistent labour market challenges, lingering supply-chain challenges and rising inflationary pressures.
- After expanding by 5.5 percent in 2021, **the global economic growth is projected to grow by only 4.0 percent in 2022 and 3.5 percent in 2023.**

9. India provides \$900 million loan to Sri Lanka (Jan. 14, 2022)

India has announced a \$900 million loan to Sri Lanka to build up its depleted foreign reserves and for food imports, amidst a shortage of almost all essential commodities in the island nation. The assistance has been provided by the RBI to Sri Lanka.

India provides \$900 million loan to Sri Lanka

- The loan comprises deferment of Asian Clearing Union settlement of over \$509 million and currency swap of \$400 million.
- The Governor of the Central Bank of Sri Lanka Ajith Nivard Cabraal has said that the loan amount will be used by Sri Lanka to import foods.
- Sri Lanka is currently experiencing a shortage of almost all essentials due to a shortage of dollars to pay for the imports.

10. SBI issue Formosa Bonds (Jan. 14, 2022)

SBI became the first Indian bank to issue Formosa bonds and it has raised \$300 million.

SBI issue Formosa Bonds

- The bond was sold through the London branch of the SBI.
- The bonds will be listed in Taipei , Singapore stock exchange and also at the India International Exchange at Gift City in Gujarat.
- The bonds are of five year duration and its interest rate has been linked with the US Treasury benchmark.

Formosa Bond

- It is issued by a non Taiwanese company in Taiwan.
- The bond is denominated in currencies other than the Taiwan dollar.
- The currency of Taiwan is Taiwan Dollar.
- The bond is listed on the Taiwan stock exchange.
- Taiwan was earlier called Formosa and Taipei is its capital.

For benchmarking and US Treasury benchmark see the 7 January 2022 post