

Current Affairs search results for tag: economyfinance

1. CCI imposes penalty of over Rs 392 crore on online travel firms (Oct. 20, 2022)

CCI imposes penalty

The [Competition Commission of India \(CCI\)](#) on 19 October, 2022 slapped penalties totalling more than **Rs 392 crore** on online travel firms **MakeMyTrip, Goibibo and hospitality services** provider OYO for unfair business practices.

Important facts

- A fine of **Rs 223.48 crore** has been slapped on Make My Trip-Goibibo (MMT-Go) and Rs 168.88 crore on OYO.
- MMT-Go was alleged to have enforced price parity in its agreements with hotel partners.
- Under such agreements, hotel partners were not allowed to sell their rooms on any other platform or on their online portal at a price lower than the price at which it was being offered on the platforms of the two other entities.
- It was also alleged that MMT preferred OYO on its platform, thereby denying market access to other players.
- The CCI had ordered a detailed inquiry into the matter in **October 2019**.
- MakeMyTrip (MMT) acquired Ibibo Group Holding in 2017.

Competition Commission of India (CCI)

- The Competition Commission of India (CCI) is the chief national competition regulator in India.
- It was set up under the Competition Act, 2002.
- It comes under the Ministry of Corporate Affairs.
- It promotes healthy market competition and prevents activities that have an adverse effect on competition in India.
- CCI also approves merger and acquisitions of companies in India so that the two merging entities do not dominate the market unfairly
- Headquarter - **New Delhi**
- Current Chairman - **Ashok Kumar Gupta**

2. Reserve Bank Innovation Hub (RBIH) to support innovations in financial products and services (Oct. 20, 2022)

Reserve Bank Innovation Hub

India Post Payments Bank (IPPB) and **Reserve Bank Innovation Hub (RBIH)** have come together to focus their efforts to increase access to financial solutions to large sections of society across India and enable seamless finance to one billion Indians.

Important facts

- The collaboration between IPPB and RBIH will explore projects which shall have impact on the masses by:
 1. Leveraging the deep rural outreach of IPPB- Department of Posts (DOP) to take rural finance to one billion Indians.
 2. Enabling access to sustainable and secure finance services for every section of the society through research and innovation.
- Additionally, IPPB will work as an active partner with RBIH on initiatives of national importance under the leadership of RBIH.
- The partnership with RBIH is a milestone in IPPB's journey to leverage its digital platform and physical network to provide comprehensive, customer-centric and convenient digital solutions to one billion Indians.

About Reserve Bank Innovation Hub (RBIH)

- It has been set up under **Section 8 of the Companies Act, 2013** with an initial capital contribution of Rs.100 crore.
- It is a wholly owned **subsidiary of RBI**.
- It has been set up to promote and facilitate an environment that accelerates innovation across the financial sector.
- It is working on a plan to identify and mentor start-ups with maximum potential.
- It aims to create an ecosystem that focuses on promoting access to financial services and products for the low-income population in the country.

About India Post Payment Bank (IPPB)

- It is set up under the Department of Posts, Ministry of Communications with 100% equity owned by the Government of India.
- Founded- **1 September 2018**
- Headquarters- **New Delhi**
- MD & CEO- **J. Venkataramu**
- In January 2022, IPPB had crossed 5 crore customers.

3. Government increase wheat MSP by Rs 110 for the 2023-24 marketing season (Oct. 18, 2022)

The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi on 18 October 2022 has approved an increase of Rs 110 per quintal in the Minimum Support Prices (MSP) of wheat and has also approved an increase in all the mandated Rabi Crops for Marketing Season 2023-24.

The highest increase has been for **lentil (Masur) at Rs.500/- per quintal** followed by rapeseed and mustard at Rs.400/- per quintal.

The increase in MSP for Rabi Crops for Marketing Season 2023-24 is in line with the Union Budget 2018-19 announcement of fixing the MSP at a level of at least 1.5 times of the All-India weighted average Cost of Production, aiming at reasonably fair remuneration for the farmers.

MSP for all Rabi Crops for Marketing Season 2023-24 (All figures are in Rs per quintal)

Crops	2022-23 MSP	2023-24 MSP	Increase in MSP
Wheat	2015	2125	110
Barley	1635	1735	100
Gram	5230	5335	105
Lentil (Masur)	5500	6000	500
Rapeseed & Mustard	5050	5450	400
Safflower	5441	5650	209

Focus on Pulse and Oil seeds Production

India is one of the largest importers of pulses and oil seeds in the world and the government is making efforts to increase the production and productivity of the two crops.

Oilseeds production has increased from 27.51 million tonnes in 2014-15 to 37.70 million tonnes in 2021-22 (4th advance estimates)

In case of **pulses productivity** has been increased from 728 kg/ha (2014-15) to 892 kg/ha (4th Advance estimates, 2021-22) i.e. 22.53% increase.

Similarly, **in oilseed crops productivity** has been increased from 1075 kg/ha (2014-15) to 1292 kg/ha (4th Advance estimates, 2021-22).

Minimum Support Price (MSP)

MSP is the minimum price at which the government guarantees to buy the selected crops from the farmer. This is done to assure farmers that their produce will be bought by the government at a guaranteed price.

However, the government is not bound to buy the crops of every farmer.

Who decides MSP?

The MSP price is calculated by an expert committee under the ministry of Agriculture. The expert committee is called **CACP (Commission for Agricultural Costs and Price)**. It recommends the MSP to the Agricultural ministry and the ministry announces the MSP. However the Agricultural Ministry is not bound to accept the recommendation of the CACP.

When is MSP Announced ?

MSP is announced by the Agricultural ministry twice a year. One during Kharif season and another during Rabi season.

Crops under MSP

The Commission for Agricultural Costs & Prices (CACP) recommends MSPs for 22 mandated crops and fair and remunerative price (FRP) for sugarcane.

The mandated crops are;

- **Cereals** - Paddy, Wheat, Maize, Sorghum, Pearl millet, Barley, Ragi
- **Pulses** - Chickpea / Gram, Tur, Moong, Urad, Lentil
- **Oilseeds** - Peanut, Rapeseed, Soyabean, Sesame, Sunflower, Safflower, Niger seed
- **Commercial crops** - Copra, Sugarcane, Cotton, Raw jute.

4. SBI reduces the interest rate on saving accounts deposit to 2.70% (Oct. 18, 2022)

India's largest commercial bank State Bank of India (SBI) has reduced the interest rate on savings accounts by a marginal 5 basis points to 2.70 per cent effective from 15 October 2022. 100 basis points is equal to 1%.

The new saving rates are applicable on balances **of less than Rs 10 crore**, on which the bank earlier offered 2.75 per cent per annum interest.

However, on saving account balances of Rs 10 crore and above, SBI has increased the deposit rates **to 3 per cent per annum** from 2.75 percent earlier.

The lowering of rates on savings accounts by SBI comes at a time when the peer lenders have been raising deposit rates to mobilize funds.

Interest Rates on Saving account

Reserve Bank of India deregulated the interest rate on the saving accounts from 25 October 2011. It means that the interest rates on the savings account is decided by banks themselves, not RBI.

There is **no minimum or maximum interest prescribed by the RBI for the banks** .

Bank's can offer extra interest to certain persons

RBI has allowed the Scheduled Commercial Banks to offer extra upto 1% interest to the following persons/groups ;

- a member or a retired member of the bank's staff, either singly or jointly with any member or members of his/her family; or
- the spouse of a deceased member or a deceased retired member of the bank's staff; and
- an Association or a fund, members of which are members of the bank's staff;
- on deposits of Chairman, Chairman & Managing Director, Executive Director or such other Executives appointed for a fixed tenure.

State Bank of India

It is the largest commercial bank in India and is owned by the Government of India.

It has over 22,000 branches, 71,968 Banking Correspondents outlets.

It has 229 offices/branches in 31 foreign countries. Amongst all the Indian banks, SBI has the largest number of branches/offices outside India.

Chairman of SBI: Dinesh Kumar Khara

Managing Director of SBI : Alok Kumar Choudhary

Headquarters: **Mumbai**

Tagline :**The banker to every Indian**

5. Nirmala Sitharaman returns to India after a six day visit to the United States (Oct. 17, 2022)

Union Finance Minister **Nirmala Sitharaman** returned to India after a successful 6 days (11-16 October 2022) visit to the United States of America. She was in America to attend the **46th Annual meeting of the International Monetary Fund (IMF) and World Bank meeting held at Washington D.C. from 10-16 October 2022.**

The minister also attended G20 Finance Ministers and Central Bank Governors meeting. India will take over the chairmanship of the [G-20](#) from Indonesia after a summit meeting in November 2022.

She also met the US Treasury Secretary **Janet Yellen** and World Bank President **David Malpass**.

Annual Boards of Governors of the International Monetary Fund (IMF) and World Bank Group meeting

The Boards of Governors of the International Monetary Fund (IMF) and World Bank Group (WBG) normally meet once a year to discuss the work of their respective institutions. The Annual Meetings, which generally take place in September/October, have customarily been held in Washington for two consecutive years and in another member country in the third year.

The 2023 Annual meeting will be held in Marrakech, Morocco.

The Annual Meetings include meetings of the Development Committee, the International Monetary and Financial Committee, the Group of Ten, the Group of Twenty-Four, and various other constituencies.

The Inaugural Meeting of the Boards of Governors was held in Savannah, Georgia, USA in March 1946. The first Annual Meetings were held in Washington in 1946.

International Monetary Fund and World Bank

The International Monetary Fund and World Bank were set up in 1944 after an International conference held at Bretton Woods, New Hampshire, United States in 1944.

Both the international financial institutions are also called **Bretton Woods twins** or **Bretton Woods's sisters**.

Both the institutions were set up to perform different functions.

The IMF was set up to provide loans to the member countries facing a balance of payment crisis.

The World Bank provides loans to the member countries for development purposes.

At present **189 countries** are members of the IMF. Country which is a member of the IMF, automatically becomes a member of the World Bank.

Both the institutions headquarters are at **Washington D.C, United States of America**

World Bank Group

The World Bank was initially called the International Bank for Reconstruction and Development (IBRD). It was set up to provide loans to the countries for economic development purposes. Later on the World Bank created new institutions according to the emerging different needs of the member countries.

At present the World groups includes five institutions:

- International Bank for Reconstruction and Development (IBRD),
- International Financial Corporation (IFC),
- International Development Assistance (IDA),
- Multilateral Investment Guarantee Agency (MIGA) and
- International Center for Settlement of International Dispute (ICSID).

6. India to meet \$2 trillion export target by 2030: Piyush Goyal (Oct. 17, 2022)

Speaking at the Exporters Conclave held at **Chennai** on 16 October 2022, Union Minister for Commerce and Industry Piyush Goel said that India will achieve the export target for goods and services to **\$ 2 trillion by 2030**.

India's total export in 2021-22 was **671.81 billion**. India exported **\$417.81 billion** worth of goods in 2021-22 and the service sector export in 2021-22 was **\$254 billion**.

In the current financial year the export of goods from India in the [first six months](#) (April - September 2022) was **\$229.05 billion**.

The Minister also said that by **2047**, the country will become a **\$ 30 trillion economy** with 25 per cent share in exports.

In 2021-22, the share of exports in the country's Gross Domestic Product (GDP) **was 21.4%**. The share of the export of goods to the GDP was **13.3%** in 2021-22 while the share of the service sector was **8.1%** of GDP.

The Export conclave was organised by the Federation of the Indian Export Organisation (FIEO).

Federation of the Indian Export Organisation (FIEO)

It was set up by the Union Ministry of Commerce in 1965 as an apex export promotion body in India.

It works to bring together and coordinate all the stakeholders engaged in the promotion of exports from India.

It provides the crucial interface between the International Trading community of India with the Central and State Governments, Financial Institutions, Ports, Railways, Surface Transport and all engaged in Export Trade Facilitation.

Headquarters: **New Delhi**

President of FIEO: **Dr A Sakthivel**

7. India can attract FDI worth \$475 billion in next 5 years; EY-CII report India can attract FDI worth \$475 billion in next 5 years; EY-CII report (Oct. 17, 2022)

According to a recent report of Ernst and Young (EY) -Confederation of Indian Industries (CII) titled "**Vision - Developed India: Opportunities and Expectations of MNCs**", India's focus on reforms and economic growth will result in foreign direct investment (FDI) **of \$475 billion in the next five years**". In 2022-23 the total FDI in India was \$84.8 billion.

Reasons for expecting record \$475 billion in the next 5 years

The report is based on the survey done by the EY-CII with the Multinational Companies (MNC). The report has listed some factors which are making India a favourite Investment destination for the MNC's. They are as follows;

Most of the Multinational companies (MNC) expects the Indian economy will perform significantly better in the next three to five years and in the long term.

India is seen as an emerging manufacturing hub in global value chains, a growing consumer market, and a global leader in the digital transformation of government and private sectors alike.

The Government initiative like Production Linked Incentive (PLI) which seeks to make domestic manufacturing globally competitive and create global champions in manufacturing will also help India in attracting significant investment.

Ernest and Young Global limited is a British multinational consultancy company. **Confederation of Indian Industries (CII)** is an Indian business lobby of companies in India.

8. Indian Army signs agreement with 11 banks for 'Agniveer salary package' (Oct. 16, 2022)

The Union Ministry of Defence in a statement released on 15 October 2022 has said that the Indian Army has signed an agreement with 11 scheduled commercial banks for providing banking facilities to Agniveers.

These Banks are ;State Bank of India, Punjab National Bank, Bank of Baroda, IDBI Bank, ICICI Bank, HDFC Bank, Axis Bank, Yes Bank, Kotak Mahindra Bank, IDFC First Bank and Bandhan Bank. These banks will open the salary account of the newly recruited Agniveers of the Indian Army.

Agnipath Scheme

In a major reform in the defence sector human resource policy the government of India introduced "Agnipath scheme" for Army, Air Force and Navy.

Under the scheme the government will recruit personnel below officer rank in the three services called Agniveers for a period of **4 years**.

The Agniveers will form a distinct rank in the three services, and will also wear a distinct insignia as part of their uniform.

The banks will offer soft loans to existing Agniveers to promote and enhance their entrepreneurial skills.

The first batch of Agniveers under "Agnipath Scheme" will be joining Training Centres by January 2023,

Union Minister for Defence: **Rajnath Singh**

9. Prime Minister Modi dedicates 75 Digital Banking Units to the country (Oct. 16, 2022)

Prime Minister Narendra Modi dedicated 75 Digital Banking Units (DBUs) in 75 districts of the country on 16 October 2022 virtually. Union Finance **Minister Nirmala Sitharaman** and Reserve Bank of India Governor **Shaktikanta Das** also participated virtually. DBU is a joint initiative of the Government of India, the RBI, the Indian Banks Association and the participating banks.

Nirmala Sitharaman in her budget speech 2022-23 announced the setting up of 75 Digital Banking Units (DBU) in the 75 districts of the country to commemorate the 75 years of Independence.

The setting up of the DBU is a step in strengthening financial inclusion in the country. DBUs will enable customers to have cost-effective, convenient access and enhanced digital experience of banking products and services throughout the year.

How many banks are involved in the project?

11 Public Sector Banks, 12 Private Sector Banks and one Small Finance Bank are participating in the endeavour.

What is a Digital Banking Unit?

- A digital banking unit (DBU) is a specialised business unit of a bank that houses certain minimum digital banking products and services.
- The products and services in these Units will be provided in two modes, namely, self-service and assisted modes (bank staff will help the customer), with self-service mode being available 24x7.
- According to the RBI, banks are also free to engage the services of digital business facilitators and business correspondents to expand the footprint of the DBUs.

Service provided by DBU

According to the RBI the DBU units can provide following services;

- It will provide certain minimum digital banking products and services including account opening, providing digital kits to customers and merchants, as well as cash withdrawal and deposit services. insurance, investment facilities to its customers,
- It will onboard retail and MSME(Micro Small and Medium Enterprises) loan customers,
- It will provide end-to-end digital processing of small ticket retail and MSME loans, starting from online applications to disbursals,
- The DBUs will also provide services related to certain identified government sponsored schemes,
- They will spread Digital Financial Literacy and special emphasis will be given to customer education on cyber security awareness and safeguards.

Indian Bank Association

- The Indian Banks' Association (IBA) was formed on September 26, 1946 with 22 members. As of April, 2018 the total Membership of the Association is 239.
- It includes Public sector Bank, Private Sector Banks, Foreign Banks, Co-operatives, Regional Rural Bank, and All India Financial Institutions.
- It is a representative body of banks in India to promote and develop in India sound and progressive banking principles, practises and conventions and to contribute to the developments of creative banking.
- It helps the government in formulating Human Resources policy for the banking sector.

Current Chairman: Punjab National Bank's MD & CEO **Atul Kumar Goel** is the chairman of the Indian Banks' Association (IBA)

Headquarters of IBA: **Mumbai**

10. India set to become 3rd largest economy in the world by 2027-28: IMF (Oct. 15, 2022)

According to the [World Economic Outlook Report 2022](#) released by the International Monetary Fund (IMF) on 11 October 2022, India is expected to become the **third largest economy in 2027-28** by overtaking Japan. Earlier [SBI](#) in its report had predicted that India will become world's 3rd largest economy by 2028-29.

India still 6th largest economy in the world

However India is still the **6th largest economy** in the world after the United Kingdom in 2021-22. The Indian Gross Domestic Product (GDP) 2021-22 was \$ 3.18 trillion while the United Kingdom GDP was \$ 3.19 trillion.

According to the IMF India will overtake the **UK in 2022-23**. India would become a \$3.47-trillion economy in 2022-23, while the UK's would be \$3.2 trillion in the same period.

Earlier, a [Bloomberg](#) report stated that India has overtaken the UK in the fourth quarter of 2021-22, basing it on IMF data. However, that comparison was made on quarterly data and not on yearly data.

Future Projection of Indian Economy

According to IMF projections, the Indian Economy will be equal to the German economy in **2025-26** and will become the **4th largest** in the world.

India's economy will not be able to achieve the \$5 trillion mark as hoped by the Finance Ministry by 2026-27 but it will be a \$4.94 trillion economy.

In **2027-28** the India economy is expected to be at the \$5.36-trillion mark, higher than Japan's at \$5.17 trillion. That year, India would become the third-largest economy.

According to the IMF, **the United States was the largest economy** in the world followed by China, Japan, Germany and the United Kingdom.

Managing Director **of IMF: Kristalina Georgieva**

IMF headquarters: **Washington D.C, United States of America**