

Current Affairs search results for tag: economyfinance

1. Indian Railway to launch superfast Vande Bharat Freight Train (Oct. 14, 2022)

According to the Union Ministry of Railway, Indian Railway will soon introduce a freight version of the indigenous semi-High Speed Train, Vande Bharat.

Integral Coach Factory, Chennai which manufactures the bulk of the Vande Bharat train will also manufacture the initial Vande Bharat freight trains.

Features of the freight train

- The freight train will be an Electric Multiple Unit (EMU) train which will target the high-value time-sensitive cargo, which is presently being transported through other modes of transport.
- These super-fast parcel trains made of aluminium will run at a maximum speed of 160 Kmph and the inaugural service will be on Delhi **NCR- Mumbai region route**.
- The train will be 16 coach formations equipped with 1,800 mm wide automatic sliding plug doors and capacity to carry 264 tonnes payloads.
- Each train would have two refrigerated wagons — the first and last cars in the train, to ferry perishable items such as fruits and vegetables.
- **According to the National Rail Plan**, the Railways is aiming to increase its share in freight transportation from the present 27% to **45% by 2030** through better infrastructure and business development plans.

Indian Railways first Vande Bharat Train service in South India

- The Indian railways plans to introduce Vande Bharat train services in South India on Chennai -Bengaluru and Mysuru route on 10 November.
- This will be the fifth train of the Vande Bharat series.
- Recently the Prime Minister inaugurated the 3rd and 4th Vande Bharat Train in Gujarat and [Himachal Pradesh](#) respectively.
- The first Vande Bharat train was started on 15 February 2019 on the New Delhi to Varanasi route and the **second route** on which it runs is New Delhi to Katra.

New Vande Bharat trains

- Earlier, last month the new improved Vande Bharat Express 2.0 between Gandhinagar and Mumbai was launched by Prime Minister Narendra Modi. It was the **third train** in the Vande Bharat series.
- Vande Bharat Express 2.0 is equipped with advanced state-of-the-art safety features including an indigenously developed Train Collision Avoidance System - KAVACH.
- The train can reach the speed of 0 to 100 kilometres per hour in just 52 seconds, and a maximum speed up to 180 kilometres per hour.

2. Maharatna Coal India to set up 1190 MW Solar Power Project in Rajasthan (Oct. 13, 2022)

The Government of India owned [Maharatna Company](#), Coal India Limited (CIL) signed a Memorandum of Understanding (MoU) with the Rajasthan Vidyut Utpadan Nigam Ltd (RVUNL), for setting up a 1,190-MW solar power plant in the Bikaner district of Rajasthan on 13 October 2022. The plant will be installed in a 2,000-MW solar park being developed by RVUNL in **Poogal, Bikaner**.

RVNUL CMD R K Sharma and Technical Director of Coal India Limited, V Reddy signed the MoU in the presence of Union Minister of Coal **Prahlad Joshi** and Chief Minister of Rajasthan **Ashok Gehlot** in Jaipur.

Recently the e-commerce giant [Amazon](#) announced to set up its first solar plant in Rajasthan.

Rajasthan as an attractive destination for solar power

Rajasthan with Thar Desert is suitable for generation of solar power using the desert's intense heat. Furthermore, in comparison to the rest of the country, the state is thinly populated. Solar power plants in less populated areas enable clean energy to reach isolated communities that do not have access to electricity.

Rajasthan has the **world's largest solar plant** with a capacity of 2,245 MW in **Bhadla of the Jodhpur district** of the state.

In March this year the state government announced two new solar parks of 1,800 MW to be developed in the Jaisalmer and Bikaner districts of the state.

For the 800 MW project in Jaisalmer RNVUL was the developing agency while the 1,000 MW solar power project in Bikaner will be developed by Rajasthan Renewable Energy Corporation in the first phase.

Private solar project developer **Rays Experts** also announced in May this year that they will develop the **world's largest solar park in Rajasthan with a capacity of 3000 MW**. The project will be set up in Bikaner.

3. RBI prohibits regulated entities from using Brickwork Rating services (Oct. 13, 2022)

Reserve Bank of India has asked Banks and NBFC, [Credit Information Companies](#) and other financial entities regulated by it, to immediately stop obtaining any new ratings from Brickwork Ratings India.

Securities Exchange Board of India (SEBI) in its order dated 6 October 2022 had directed the [Brickwork Ratings India](#), to wind up its operation within 6 months after a number of deficiencies were found in its working by a joint team of RBI and SEBI .

Credit Rating Agencies are regulated by SEBI in India. Brickwork is one of the seven Sebi-registered credit rating agencies. The others are **CRISIL, CARE, ICRA, Fitch, Infomeric Ratings and Acuité Ratings & Research**.

What is a Credit Rating Agency?

- Credit Rating agencies are financial companies which rate the **credit worthiness** of the government or the companies which want to raise capital from the market.
- Credit means loan and Credit worthiness means whether the borrower is capable of returning the loan on time or not and what is the level of risk involved.

- The Rating agency looks into the borrower's financial strength and weakness, the quality of its management, its field of business etc and then expresses its opinion .
- The credit rating agency expresses its opinion on the credit worthiness of the borrower by giving it ratings. Credit rating agencies typically assign letter grades to indicate ratings. Normally AAA is the highest possible rating for the borrower.
- It means that in the opinion of the credit rating agency the borrower's risk of default is very low and it will repay the loan on time.
- Greater the risk, lesser the rating. If the rating agency gives the borrower a **junk rating** then it means that the risk of default is highest.

Benefits of rating

- The credit rating agency's rating helps the investor/lender in determining the level of risk involved in giving loans to the borrower.
- It also helps the borrowers as the rating affects the interest rates. If the borrower has been given the highest possible rating then the borrower will get loans at cheapest possible rates. As the rating declines the level of risk increases and so is the rate of interest.
- Companies which have been given junk ratings find it difficult to borrow money from the market and if anybody agrees to provide it loan then the rate of interest is very high.

4. NSDL buys 5.6% stake in government's e-commerce project ONDC (Oct. 13, 2022)

India's first depository company [National Securities and Depositories Limited \(NSDL\)](#) has announced on **12 October 2022** that it has bought 5.6 per cent stake in the Government of India backed [Open Network for Digital Commerce](#) (ONDC) for Rs 10 crore.

ONDC started its live beta testing on 30 September 2022 across 16 pin codes in Bengaluru, Karnataka.

National Securities Depository Limited (NSDL) invested an amount of Rs 10 crore in ONDC under the private placement route. Private placement means the shares were sold directly to the NSDL by the ONDC Company and it was not offered to the public.

ONDC was set up by the Union Commerce and Industry Ministry in 2022 to develop an open network for e-commerce in India. It is an ecommerce platform built by the government of India to enable the small kirana stores to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

Last month, state-owned Bank of India acquired over 5.5 per cent stake in ONDC for Rs 10 crore. Apart from Bank of India, many companies like Microsoft, Paytm, HDFC Bank, Kotak Mahindra Bank and Axis Bank, Punjab National Bank, State Bank of India, Phone Pe and others have invested in the project.

5. IMF lauds DBT scheme, calls it 'logistic marvel' (Oct. 13, 2022)

The International Monetary Fund (IMF) on 12 October 2022 lauded the **Direct Benefit Transfer (DBT) Scheme** in India and described it as a "**logistical miracle**" considering the country's sheer size.

Important facts

- The International Monetary Fund's deputy director, **Paolo Mauro**, said India's plan is a "logistic marvel that has helped hundreds of millions of low-income people".
- He said that countries across the world should learn from the DBT scheme as it is very impressive.
- He said that this program is specially targeted towards women, elderly and farmers and the technological innovation involved is commendable.
- **IMF Chief Economist Pierre-Olivier Gourinches** said that India has emerged as a bright light at a time when the world is facing imminent prospects of recession.
- Gourinchas said that India needs some significant structural reforms to achieve the ambitious target of a \$10 trillion economy.
- The Chief Economist lauded India's digitization efforts and termed it as a game changer.

Direct Benefit Transfer (DBT) Scheme

- The process of transferring the subsidy amount directly into the account of the beneficiaries instead of providing it directly to the government offices is known as **DBT**.
- In this context, transfer can be defined as the payment that the government makes directly to the beneficiary without receiving any return. Scholarships and subsidies are some examples.
- The Direct Benefit Transfer (DBT) Scheme was introduced on **1 January 2013**.
- Its main objective was to reform the government's distribution system and redesign the existing process in welfare schemes by making the flow of money and information faster, safer and fraud-free.

6. Center approves 'Prime Minister's Development Initiative for North East Region (PM-DevINE) Scheme' (Oct. 12, 2022)

To boost economic and social development in the North Eastern region the central government has decided to launch a 100% centrally funded scheme **Prime Minister's Development Initiative for North East Region (PM-DevINE)**. The scheme was approved by the Union Cabinet in a meeting held on 12 October 2022 and chaired by the Prime Minister **Narendra Modi**.

PM-DevINE, was announced in the Union Budget 2022-23 to address development gaps in the North Eastern Region.

Duration of the Scheme

The scheme will be of **four year** duration from 2022-23 to 2025-26, which will coincide with the remaining period of the 15th Finance Commission.

Outlay on the scheme

The scheme is 100% centrally funded and the outlay for the scheme is **Rs 6,600 crore** for the next four years.

Who will implement the scheme?

The Scheme will be implemented by the Union Ministry of Development of North Eastern Region (DoNER) through North Eastern Council or Central Ministries/ agencies.

Objectives of the new Scheme

PM-DevINE will provide support to infrastructure and social development projects which may be larger in size and will also provide an end-to-end development solution instead of isolated projects.

PM-DevINE will lead to creation of infrastructure, support industries, social development projects and create livelihood activities for youth and women, thus leading to employment generation.

The objectives of PM-DevINE are to:

- (a) Fund infrastructure convergent, in the spirit of PM Gati Shakti;
- (b) Support social development projects based on felt needs of the NER;
- (c) Enable livelihood activities for youth and women;
- (d) Fill the development gaps in various sectors.

North Eastern States in India

Arunachal Pradesh, Assam, Meghalaya, Mizoram, Manipur, Tripura, Nagaland and Sikkim.

Union Ministry for Development of North Eastern Region: **Kishan Reddy**

7. Grant of Rs 22, 000 crore approved by the government for oil PSU to compensate for LPG loss (Oct. 12, 2022)

The Union Cabinet, chaired by the Prime Minister Narendra Modi, on 12 October 2022 has approved a onetime grant amounting to **Rs.22,000 crore** to three Public Sector Undertaking Oil Marketing Companies (OMCs). The grant will be distributed among Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL).

In India LPG (Liquefied Petroleum Gas) is mainly used for cooking purposes and its price is linked to the International price. India imports about half of its requirement of LPG.

Government Subsidy on LPG

The Government of India has freed the price of the LPG and linked it with the International market. However, the government of India also provides subsidies on LPG cylinders to certain sections of society .

The Centre provides subsidy, through direct bank transfer, on 12 LPG cylinders (14.2 kg) a year per household. On purchases beyond 12 cylinders a year, the household has to pay the non-subsidised price.

Losses incurred by the PSU Oil Marketing Companies

In theory the prices of the LPG are determined by the international prices but in reality the government of India puts pressure on the PSU OMC not to increase the prices of LPG too much as it may hurt the public. So if the price of LPG goes up in the market and the prices are not increased in India then the loss is borne by the OMC.

During the period from June 2020 to June 2022, the international prices of LPG increased by around 300%. However, to insulate consumers from fluctuations in international LPG prices, the cost increase was not fully passed on to consumers of domestic LPG. Accordingly, domestic LPG prices have raised by only 72% during this period.

TO compensate the OMC government is giving them a grant.

Grant means that the OMC will not return the money back to the government .

Union Minister for Petroleum and Natural Gas: **Hardeep Puri**

8. RBI raises the minimum net owned fund requirement for Asset Reconstruction Company to Rs 300 crore (Oct. 12, 2022)

The Reserve Bank of India (RBI) has raised the **minimum net owned fund** (NOF) requirement of the existing Asset Reconstruction Company (ARC) to **Rs 300 crore** from the present Rs 100 crore by March 2026.

The NOF for the **newly set up ARC will be Rs 300 crore** but for the existing ARC, the new NOF requirement is to be achieved phase wise.

The existing ARC will have to increase their NOF to Rs **200 crore by 31st March 2024** and to **Rs 300 crore by 31st March 2026**.

In a circular issued on 11 October RBI said that it has taken this step on the recommendation of the **Sudarshan Sen** committee that was set up by the RBI in 2021 to review the functioning of the ARC.

Asset Reconstruction Company

Asset Reconstruction Company is a financial company which are set up under the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002**.

They are registered as **NBFC (Non-Banking Financial Company)**

They **are regulated by the RBI**.

ARC specializes in loan recovery which has turned into Non-Performing Assets (NPA).

ARC buys these loans from the banks at a discount and then recovers the loan amounts from the defaulting borrower. However they should not be confused with loan recovery agents employed by banks, which often use illegal loan recovery methods.

NPA are those loans where the borrower fails to repay either the principal amount or the interest amount or both on the loans taken from banks and financial institutions for the 90 consecutive days .(However agricultural loans and unsecured loans are do not comes under SARFAESI Act)

ARCIL (Asset Reconstruction Company of India Limited), was the first ARC to be set up in India in 2022.

Governor of RBI: **Shaktikanta Das**

9. 3 Indian factories join WEF's Global Lighthouse (Oct. 12, 2022)

Three Indian factories are amongst the 11 factories and industrial sites worldwide which have been added to the World Economic Forum's (WEF) Global Lighthouse Network. [WEF](#) announced the inclusion of Pharmaceuticals company **Cipla's Indore factory, Dr Reddy's Laboratories' Hyderabad factory** and the FMCG Company **Mondelez factory in Sri City** (Andhra Pradesh) on 11 October 2022.

The Global Lighthouse Network is a community of over 100 manufacturers that are showing leadership in applying [Fourth Industrial Revolution](#) technologies such as artificial intelligence, 3D-printing and big data analytics.

Incorporating advanced digital production (ADP) technologies into industrial production processes has given rise to the concept of Industry 4.0, also known as the Smart Factory.

In the 4IR, computers are connected and communicate with one another to ultimately make decisions without human involvement.

Sustainability Lighthouse by the World Economic Forum (WEF).

Hindustan Unilever Limited (HUL) Dapada factory, which manufactures home care products including Surf Excel, Rin, and Vim, has been recognised as a **Sustainability Lighthouse by the World Economic Forum (WEF)**.

This is the first Unilever site and the **first company across sectors to achieve this status in India**. This recognition comes on the back of the unit being accorded the designation of an advanced Fourth Industrial Revolution (4IR) Lighthouse earlier this year.

The unit has been recognised for its use of innovative solutions, specifically the use of machine learning and integrated energy management systems to reduce energy, water and material waste.

Fourth Industrial revolution

The Fourth Industrial Revolution (4IR) is a term coined in 2016 by **Klaus Schwab**, Founder and Executive Chairman of the World Economic Forum.

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World Economic Forum Headquarters : **Geneva, Switzerland.**

10. SEBI approves HSBC acquisition of L&T Investment Management's Mutual Fund business (Oct. 12, 2022)

The Capital market regulator [Securities Exchange Board of India](#) (SEBI) approved the acquisition of the L&T Investment Management by the **HSBC Asset Management (India)** on 11 October 2022.

In December 2021 , HSBC Asset Management announced the deal to acquire 100% stake in the L&T Investment Management , a wholly owned subsidiary of the L&T Finance Holding for \$425 million (about ₹3,187 crore) . L&T Investment Management manages the mutual fund business of L&T.

HSBC Asset Management (India) is a subsidiary of the HSBC Holding Company (United Kingdom) and manages its mutual fund and other wealth management business in India.

Now L&T Mutual fund business will be merged with the HSBC mutual fund business.

Mutual Funds are launched by an Asset Management Company. Mutual Fund pools the savings of the public and invest in the capital market or money market.

HSBC

It was earlier called Hong Kong and Shanghai Banking Corporation.

It is a British bank which was set up in 1865 in Hong Kong.

However the headquarters of HSBC is in **London, Britain.**

It is registered as a Foreign Bank in India with its headquarters in Mumbai.

Chief Executive Officer of HSBC India Operation: **Hitendra Dave**

Tagline of HSBC Bank: **The world's local bank**