

## Testwale Current Affairs PDF

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### **1. India has the third largest number of billionaires in the world ( March 2, 2022 )**

According to the recently released Wealth Report 2022 by Knight Frank India has the third highest number of billionaire population( 145 billionaires) globally in 2021 after the US (748 billionaires), and China ( 554 billionaires).

- The number of ultra-high net worth individuals (UHNWIs) in India with net assets of \$30 million or more grew 11 percent in 2021 to 13,637 from 12,287 in 2020.
- Amongst key Indian cities, Bengaluru witnessed the highest growth in the number of UHNWIs at 17.1 percent to 352, followed by Delhi (12.4 percent, 210) and Mumbai (9 percent, 1,596).
- The number of UHNWI population in India is expected to grow by 39 percent between 2021- 2026, with 19,006 people expecting to have net assets of \$30 million or more by 2026.

**Knight Frank is a London based real estate company. It is one of the largest property consultancy company in the world**

### **2. Society for Worldwide International Financial Telecommunication (SWIFT) ( March 1, 2022 )**

In the aftermath of the Russian invasion of Ukraine many western countries have imposed severe sanctions on Russia. One of the measures announced by the Western countries led by the United States is banning certain Russian banks from using the Society for Worldwide International Financial Telecommunication (SWIFT) network. This is expected to have a crippling effect on the Russian banking and financial services.

#### **What is SWIFT**

SWIFT or Society for Worldwide International Financial Telecommunication was devised as a solution for a problem faced by banks and financial institutions doing cross border transactions. Who will provide a standardised, secured and instant communication between banks and financial institutions involved in cross border financial transactions. This led to the foundation of SWIFT to provide a real time messaging system between the member banks for cross border transactions.

#### **How it works**

Suppose Mr. Shyam Lal son studies in New York, United States of America. He lives in New Delhi. He wants to send a certain amount to his son who lives in America. Suppose Mr Lal's account is in SBI New Delhi and his son's account is in Citi Bank, New York.

One option is that he carries the money personally to the United States and delivers it to his son. This is not practically feasible.

The other option is that he instructs his bank in India to transfer the money to his son's bank accounts in New York. For this to happen the SBI has to contact and inform the Citi Bank New York that a certain sum is to be transferred from Mr Lal account to his son's account in New

York. One option for the SBI is to communicate with the American Bank through telegram. But Telegram has its own limitations and there is the issue of authenticity and security of the message.

To solve this problem 239 banks from 15 countries met in Belgium and decided to set up a Cooperative society called SWIFT in 1973 with its headquarters in [La Hulpe, Belgium](#).

It went live in 1977. It has its data centre at Virginia, United States. This increases the clout of the United States in using SWIFT as a political weapon to punish its adversaries.

### **What Does SWIFT do**

It provides instant communication between the networked member banks for cross-border international fund transfer. The communication is secured and standardised. At present it is present in all the continents with 200 plus countries and territories and more than 10,500 institutions as its client.

### **What is SWIFT CODE**

As everything is done anonymously and through electronic mode it is paramount that the sender bank from whom the fund is sent to the receiver bank who receives the transferred fund has to be identified and verified. Each member banks and financial institutions are provided with a certain code to identify them. It is called SWIFT code or BIC (Business Identifier Code).

### **It has eleven characters**

The first four letters represent the banks. The next two letters represent the country in which the bank is located. The next two characters, which could be either numbers or letters representing the location of the bank's head office and the last three digits represents the location of the bank's branch.

In India IFSC (Indian Financial System Code) has been developed on the SWIFT code model. It is also 11 digit and alphanumeric in nature. IFSC code is used for transferring funds from one bank account to another bank account in NEFT/RTGS.

### **What will happen if Russian banks are totally debarred from SWIFT network**

The American and European governments have initially targeted a few Russian banks and if the conflict in Ukraine escalates they can completely ban Russian banks from the SWIFT network.

If the Russian banks are completely banned then it will have a heavy cost for the Russian economy.

Russia relies on export of oil and gas for much of its foreign revenue. If its banks are not part of the SWIFT then its foreign trade will be severely impacted. It will face problems in making payments for imports or receiving payment for exports.

A case in point is Iran which was banned from the SWIFT network in 2019. The Iranian trade contracted by one third. Similarly it will be catastrophic for Russian trade.

### **Is there any alternative to SWIFT**

At present there is no real alternative to SWIFT at the International level. China has tried to develop its own Yuan based Cross-Border Interbank Payment System (CIPS). But as the

majority of the Chinese trade is in the US Dollars the Chinese rely heavily on SWIFT for International transactions.

Even in India, a Parliamentary committee that was looking at the Data Protection Bill 2019 recommended that India should develop an indigenous alternative to the SWIFT payment system to better protect privacy of domestic financial data and boost the Indian economy.

Many countries are trying to develop an alternative to SWIFT but so far none has succeeded.

### **Is SWIFT In India**

Leading banks of India are the members of SWIFT and it is used for cross-border financial transactions.

But to tap the potential of the domestic financial transaction business, SWIFT has also set up a subsidiary company in India named SWIFT India Domestic Pvt Ltd.

SWIFT India Domestic Pvt Ltd. is a joint Venture between SWIFT and Indian Public sector and Private sector banks.

The headquarters of Swift India is at Mumbai, Maharashtra.

It offers instant communication facilities between the member banks for inter-bank fund transfer within India. It aims to be a competitor of SFMS (Structured Financial Messaging System)

### **Who provides communication between banks within India**

To develop a SWIFT-like messaging system service within the banking system in India, RBI asked IDRBT (Institute for Development of Research in Banking Technology) to develop a secured and instant communication system for the financial system in India for inter-bank and intra-bank transactions.

IDRBT was owned by the RBI and its headquarters was at Hyderabad.

### **SFMS (Structured Financial Messaging System)**

IDRBT developed SFMS (Structured Financial Messaging System) for this purpose which went live on 14 December 2001. It provides instant communication for intra-bank transactions.

Intra-bank transaction means when funds are transferred from one account to another account in the same bank. For e.g. Funds are transferred from a person having an account in SBI to a person who also has an account with SBI.

It also provides communication for inter-bank transactions, like when funds are transferred from SBI accounts to Bank of Baroda accounts.

SFMS is used for NEFT (National Electronic Fund Transfer), RTGS (Real Time Gross Settlement) Letter of Credit, etc transactions.

### **IFTAS**

In 2016 IDRBT set up a new company which was called the Indian Financial Technology and Allied Services (IFTAS), headquartered in Mumbai.

It took over the SFMS and **Indian Financial Network (INFINET)** services from IDRBT. In 2019 Reserve Bank of India became the owner of IFTAS.

### **3. Indian GDP growth slows in 3rd Quarter 2022 ( March 1, 2022 )**

The National Statistics Office (NSO) has released its second advance estimates for the financial year 2021-22 on 28 February 2022.

#### **Major Highlights of the report**

- The Indian Gross Domestic Product (GDP) grew by 5.4 % in the third quarter (October 2021 to December 2021). This is the slowest growth in a quarter in the current Financial year of 2021-22.
- In the first quarter(April-June ) the GDP grew by 20.3%and in the second quarter (July-September ) it grew by 8.5%
- The GDP at constant (2011-12) prices in the third quarter of 2021-22 was estimated at Rs 38.22 trillion as against Rs 36.26 trillion in the third quarter of 2020-21, showing a growth of 5.4 per cent.
- **The Indian economy's growth rate of 5.4 % in the 3rd quarter makes it the fastest growing major economy in the world ahead of China which grew by 4% in the same time period .**
- The growth in GDP during 2021-22 is estimated at 8.9 percent as against a contraction of 6.6 per cent in 2020-21.
- The growth rate is lower than the Budget estimates which projected a growth rate of 9.2% for 2021-22.
- RBI in its latest Monetary policy has estimated a growth rate of 9.2 % for the Indian economy in 2021-22.
- The GDP stood at Rs 38,22,159 crore in October-December 2021-22, higher than the Rs 36,22,220 crore in the corresponding period of the 2020-21.

#### **Sector wise growth**

- According to NSO data, Gross Value Added (GVA) growth in the manufacturing sector growth remained almost flat at 0.2 per cent in the third quarter of 2021-22, compared to a growth 8.4 per cent a year ago.
- Farm sector GVA growth was slow at 2.6 per cent in the third quarter compared to 4.1 per cent growth a year ago.
- Construction sector GVA declined by 2.8 per cent as against a growth of 6.6 per cent a year ago.
- Mining sector grew by 8.8 per cent, as against a contraction of 5.3 per cent.
- Electricity, gas, water supply and other utility services segment posted a growth of 3.7 per cent in the third quarter of this fiscal against 1.5 per cent expansion a year ago.
- Similarly, trade, hotel, transport, communication and services related to broadcasting grew by 6.1 per cent compared to 10.1 per cent contraction a year ago.

- Financial, real estate and professional services growth stood at 4.6 percent in the third quarter compared to a growth of 10.3 percent last year.
- Public administration, defence and other services grew at 16.8 percent during the quarter under review compared to 2.9 percent contraction a year earlier.

**Central Statistical Office (CSO)**

It is part of the National Statistical Office which comes under the Union Ministry of Statistics and Programme Implementation.

It was earlier called the Central Statistical Organisation.

CSO collects and releases data regarding :

- National Income ;
- Annual Survey of Industries ;
- Economic Censuses;
- Consumer Price Indices for Urban Non-Manual Employees;
- Index of Industrial Production

**CSO Headquarters : New Delhi**