

Current Affairs search results for tag: economyfinance

1. Net direct tax collection reaches highest-ever in FY 22 (April 27, 2022)

The net direct tax collections (income tax and corporate tax) reached an all time high of Rs 14.09 lakh crore in the financial year 2021-22. it was Rs 9.45 lakh crore in FY 2020-21.

- The net direct tax collection has increased by 49.02 per cent during the financial year 2021-22.
- an increase in direct tax collection signals that the Indian economy has bounced back after two years of the pandemic.
- As far as Income Tax and Corporation Tax are concerned, the collection is the best ever.
- **What are Direct Taxes?**
- Direct tax can be defined as a tax that is paid directly by an individual or organisation to an imposing entity (usually the government).
- The Central Board of Direct Taxes deals with matters relating to levy and collection of direct taxes and formulation of various policies relating to direct taxes.
- A taxpayer pays direct taxes to the government for various purposes, including real wealth tax, personal wealth tax, income tax on property, gift tax, capital gains tax, etc.
- **Direct tax-to-GDP ratio**
- It is around 12%.
- The Central Board of Direct Taxes (CBDT) is working to increase this ratio to 15-20% in 5-10 years.

2. India extends duration of \$400 mn currency swap facility to Sri Lanka (April 23, 2022)

India has expanded a currency swap facility worth \$400 million to Sri Lanka, which is facing an economic crisis.

- The government led by Sri Lankan President Gotabaya Rajapaksa on April 12 temporarily suspended repayment of various debts.
- After that this is the first time that the loan facility has been extended to Sri Lanka.
- Earlier, Sri Lanka had said that it would not be able to repay any international debt until an agreement is reached with the International Monetary Fund (IMF).
- The Reserve Bank of India (RBI) had signed a currency swap agreement with the Central Bank of Sri Lanka under the SAARC Currency Swap Framework 2019-22.
- Under the agreement, the Central Bank of Sri Lanka can withdraw a maximum of \$ 400 million or its equivalent in US dollars, euros or Indian rupees.
- **What is a Currency Swap?**

- A currency swap is a transaction in which two parties exchange equal amounts with each other but in different currencies.
- Under this, the parties essentially lend money to each other and pay the amount on a specified date and exchange rate.
- Its purpose is to reduce the cost of borrowing in a foreign currency.
- The parties involved in currency swaps are usually financial institutions.
- **SAARC currency swap facility**
- The SAARC currency swap facility came into operation on November 15, 2012.
- It provides funding for short term foreign exchange liquidity requirements or short-term balance of payments stress.
- This facility is available to all SAARC member countries, provided they sign bilateral swap agreements.
- Apart from India, the other South Asian Association for Regional Cooperation (SAARC) member countries are Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.

3. India Post Payments Bank launches 'Fincluvation' (April 21, 2022)

On the occasion of the 75th anniversary of Indian Independence & ongoing Azadi ka Amrit Mahotasav, India Post Payments Bank (IPPB), a 100% government owned entity under Department of Posts (DoP) announced the launch of Fincluvation.

- Fincluvation is a joint initiative to collaborate with the Fintech Startup community to co-create and innovate solutions for financial inclusion.
- The country made rapid strides in the FINTECH space in Global Tech world leading innovations like UPI, Aadhaar.
- Fincluvation is Industry's first initiative to create a powerful platform to mobilise the start-up community towards building meaningful financial products which aim is financial inclusion.
- Fincluvation will be a permanent platform of IPPB to co-create inclusive financial solutions with participating start-ups.
- Startups are encouraged to develop solutions aligned with any of the following tracks-
- **Creditization** - Develop Innovative & Inclusive credit products aligned with the use cases of target customers and take them to their doorsteps through Postal network.
- **Digitization** - Bring convenience through convergence of traditional services with Digital Payment Technologies such as making the traditional Money Order service as Interoperable Banking service.
- **About India Post Payments Bank**

–It has been established under the Department of Posts, Ministry of Communication with 100% equity owned by the Government of India.

–IPPB was launched by the Prime Minister Narendra Modi on September 1, 2018.

—The bank has been set up with the vision to build the most accessible, affordable and trusted bank for the common man in India.

—IPPB is committed to provide a fillip to a less cash economy and contribute to the vision of Digital India.

4. Extreme poverty in India declined by 12.3 percentage points during 2011-2019 (April 18, 2022)

According to the World Bank Report Poverty in India is 12.3 percentage points lower in 2019 as compared to 2011.

- The poverty headcount rate has declined from 22.5 percent in 2011 to 10.2 percent in 2019.
- As per a policy research working paper of World Bank, Poverty reduction was higher in rural areas as compared to urban India.
- Rural poverty dropped by 14.7 percent while urban poverty declined by 7.9 percentage points during 2011 to 2019.
- Study says that farmers with small landholding sizes have experienced higher income growth.
- Real incomes for farmers with the smallest landholdings have grown by 10 percent in annualised terms between the two survey rounds in 2013 and 2019 compared to a 2 percent growth for farmers with the largest landholding.
- Extreme poverty has been measured in terms of the number of people living on less than \$1.90 a day (roughly Rs 145).
- About World Bank

– The World Bank is a provider of financial and technical assistance to individual countries around the globe.

–it comprises 189 countries and five constituent institutions that work towards eradicating poverty and creating prosperity.

–Currently, the World Bank has two stated goals that it aims to achieve by 2030.

–The first is to end extreme poverty by decreasing the number of people living on less than \$1.90 a day to below 3% of the world population.

–The second is to increase overall prosperity by increasing income growth in the bottom 40% of every country in the world.

–HQ : Washington DC (USA)

5. World Bank cuts India's growth forecast to 8% (April 14, 2022)

The World Bank in its report released on 13 April 2022 has reduced its growth forecast for India, the largest economy in the South Asian region, from 8.7% to 8% for the current fiscal year 2022-23.

- The World Bank has cut the growth forecast for South Asia by a full 1% excluding Afghanistan. It has now gone up to 6.6%.
- In its report focused on the economy of South Asia, it has said that India's projected growth rate will be 8.3% in 2021-22, which will come down to 8% in 2022-23 and to 7.1% in 2023-24.

6. Anil Ambani resigns as director as per SEBI order (March 26, 2022)

Reliance Group Chairman Anil Ambani has resigned as the director of Reliance Power Ltd. and Reliance Infrastructure Ltd., following market regulator Securities and Exchange Board of India order restraining him from associating with any listed company.

- SEBI in February 2022, barred Reliance Home Finance Ltd., industrialist Anil Ambani and three other individuals from the securities market for allegedly siphoning off funds from the company.
- Anil Ambani was accused of using Reliance Home Finance Ltd fund to pay off his own loans .
- The regulator also restrained Ambani and three others from "associating themselves with any intermediary registered with SEBI, any listed public company or acting directors/ promoters of any public company which intends to raise money from the public till further orders."

Concept Clearing**Listed Companies**

A company which has its securities (shares, bonds, debentures, warrants etc) listed on a recognised stock exchange is called as listed companies . It means an investor can buy the company's shares, bonds ,debentures ,warrants etc from the stock exchange where the company is listed .

Intermediaries registered with SEBI :

They are Stock brokers, Merchant Bankers , Mutual Funds etc. registered with SEBI.

Siphoning of funds . It means that the funds which were borrowed by the company from any banks or financial institutions were used by the company for purposes unrelated to the business of the company, which could lead to serious loss to the company and the lenders.

SEBI (Securities Exchange Board of India)

Securities Exchange Board of India (SEBI) was set up on 12 April 1988 and it was given statutory status by the SEBI Act 1992 on 30 January 1992.

- It comes under the Ministry of Finance , Government of India.

- It is the regulator of the Capital market and Commodities market in India.
- Capital markets include securities markets and Secondary markets like stock exchanges.

Chairman of SEBI : **Madhuri Buch**

Headquarters of SEBI: **Mumbai**

7. RBI launches Innovation Hub in Bengaluru (March 25, 2022)

The Governor, Reserve Bank of India (RBI), Shri Shaktikanta Das inaugurated the Reserve Bank Innovation Hub (RBIH) on March 24, 2022 in Bengaluru, Karnataka.

- The RBI has set up the RBIH as a Section 8 company under Companies Act, 2013, with an initial capital contribution of ₹100 crore to encourage and nurture financial innovation in a sustainable manner through an institutional set-up.
- Former Infosys Chairman Kris Gopalakrishnan has been appointed as the Chairman of the Reserve Bank Innovation Hub. It will also include other eminent persons from industry and academia as members.
- RBIH aims to create an ecosystem that focuses on promoting access to financial services and products for the low-income population in the country.
- The Hub would bring convergence among various stakeholders (BFSI Sector, Start-up ecosystem, Regulators & Academia) in the financial innovation space.

8. Ukraine crisis to reduce World economic growth by 1%-OECD (March 19, 2022)

The Organisation of Economic Cooperation and Development (OECD) has warned that the Russian, Ukrainian war could lead to an increase in Inflation and reduction of economic growth in the world in 2022.

- According to OECD, the crisis is likely to see a reduction of world economic growth by 1% and an increase of 2.5% in inflation in 2022.
- Ukraine and Russia's contribution to the world economy is around 2% but Russia and Ukraine is a major supplier of energy and other commodities which are used as a major raw material in the world . Russia is a major player in the oil and gas sector, and with Ukraine it is a major supplier of wheat, maize, fertilizers, etc in the world.
- Europe, which is heavily dependent on Russian oil and gas imports, is likely to see a decline by 1.4% especially in the eurozone areas and the United States economic growth may decline by 0.9% .

For OECD kindly see March 11, 2022 Post

Euro Zone

It is officially called the euro area. It consists of those European Union countries which have accepted the euro as a common monetary unit (currency).

- The European Union consists of 27 countries of Europe. Out of 27 member countries 19 countries have accepted the euro as a common currency.
- These countries are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, and Spain.
- Euro was launched on 1 January 1999. It was used as an accounting unit and for electronic payment for three years.
- Coins and banknotes were launched on 1 January 2002 in 12 countries and now total countries included in euro areas is 19.

9. India's first green hydrogen fuel-cell EV launched (March 17, 2022)

The Union Minister of Road Transport and Highways has launched India's first green hydrogen-based advanced fuel cell electric vehicle (FCEV), Toyota Mirai on 16 March 2022 in New Delhi.

- Mirai in Japanese means future.
- It is powered by Hydrogen fuel cell battery and is capable of providing a range upto 650 km in a single charge, with refuelling time of five minutes.
- Hydrogen is considered as the most environment friendly fuel where there is zero carbon emissions. It discharges water from its tail pipe or exhaust.
- Toyota Motor company of Japan has a joint venture with Kirloskar in India and the company is called as Toyota Kirloskar Motor Ltd.

10. Farmers debt increased by 53% in the last 6 years (March 16, 2022)

The Government of India has informed the Lok Sabha on 15 March 2022 that the farmers' debts in the country have increased by 53% over the past six years.

In 2015-16 the total debt of the farmers to the scheduled commercial banks was Rs 12 Lakh crores which jumped to **Rs 18.4 lakh crore in 2020-21.**

- The number of such loan accounts increased from 6.9 crore to more than 10 crore.
- **The growth of farmers' debt burden is highest in Maharashtra**, an increase of 116% in the outstanding amounts due over the six-year period. The state also has the highest agricultural loan in the country with a total loan amount of Rs 5.5. Lakh crore. The State also consistently has the largest number of farmer suicides, as recorded by the National Crime Records Bureau.
- Other States which saw significant increase in farmers' debt burden include Odisha (76%), Tamil Nadu (68%), Andhra Pradesh (65%) and Gujarat (64%).
- The state which saw the highest drop in the farmer debt was Karnataka, posting a 37% drop.

Concept Clearing

Scheduled Commercial Banks

Scheduled banks are those banks in India which are included in the second schedule of the Reserve Bank of India act 1934. These banks are all allowed to participate in the clearing house. They can participate in government business (buying and selling of government securities etc). They have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) etc.

Commercial means these banks work for profit and earning profit is their main aim.

Which type of banks comes under the Scheduled Commercial Bank category in India?

Public sector banks ; Banks in which the government of India holds 51% or more equity shares are called public sector banks. for e.g SBI, BOB, Canara Bank, PNB etc.

Private Sector Banks : Banks in which the non-government person (private persons) holds 51% or more equity shares are called public sector banks. for e.g HDFC Bank, ICICI bank, Yes bank, IDBI bank, Kotak Mahindra, Karnataka bank etc.

Foreign Banks : Banks in which foreigners hold 51% or more equity shares in the banks. For e.g Citibank, HSBC bank, Standard Chartered Banks etc.