

ECONOMIC CURRENT AFFAIRS

MAY 2021

1. **T Rabi Sankar named new RBI Deputy Governor**

T Rabi Sankar has been named as the fourth Deputy Governor of the central bank. He will be serving at the post for a period of three years. He was previously serving as the Executive Director of the Reserve Bank of India.

The Reserve Bank of India has four deputy governor posts, one of which fell vacant when BP Kanungo retired in April.

The names of the other three RBI Deputy Governors are M Rajeshwar Rao, Michael Patra and Mahesh Kumar Jain.

2. **Cabinet approves strategic disinvestment and transfer of management control in IDBI Bank Limited**

The extent of shareholding to be divested by GoI and LIC will be decided in consultation with the RBI during the time of structuring of the transaction.

The Life Insurance Corporation of India (LIC) and the Government of India together own more than 94 percent of the equity of IDBI Bank. While the government owns 45.48 percent, LIC owns 49.2 percent of equity.

3. **RBI forms advisory group to assist Regulatory Review Authority 2.0**

The RRA 2.0 was constituted by the central bank earlier this month to streamline regulations and reduce the compliance burden of regulated entities.

The advisory group will be headed by SBI Managing Director S Janakiraman.

It will assist the authority by identifying areas, guidelines, regulations and returns that can be rationalised. It will submit periodical reports to the authority that will contain its recommendations and suggestions.

4. **Union Cabinet approves Rs. 18,100 crores PLI Scheme for battery storage manufacturing**

The Advanced Chemistry Cells (ACCs) manufacturing will further facilitate the demand for EVs, which are less polluting. It can be a contributing factor in reducing India's Green House Gas (GHG) emissions.

The Union Cabinet on May 12, 2021, gave its approval to the proposal of the Department of Heavy Industry for Implementation of Production Linked Incentive Scheme '**National Programme on Advanced Chemistry Cell (ACC) Battery Storage**'. It will help in achieving the manufacturing capacity of 50 Giga Watt Hour (GWh) of ACC and 5 GWh of 'niche' ACC with a cost of Rs. 18,100 crores.

5. **Union Cabinet approves MoU between ICAI and QFCA**

The MoU signed between the two countries will enhance the cooperation between the institutes to work together for strengthening the accounting profession and entrepreneurship base in Qatar.

The signed MoU will benefit the Qatar Financial Centre Authority (QFCA) and Ministry of Corporate Affairs, Institute of Chartered Accountants of India.

The MoU signed between the two countries will enhance the cooperation between the institutes to work together for strengthening the accounting profession and entrepreneurship base in Qatar. It will also provide an additional push to the prospects of the ICAI members in the Middle East to have better recognition, along with working to support the Indian businesses that are desirous of doing business in Qatar and thus supporting the growth of India and Qatar's economies.

6. **BRICS member nations keen on multilateral social security framework**

The first BRICS Employment Working Group (EWG) meeting was held virtually on May 11 and 12, 2021. The meeting was chaired by the Labour Secretary of India, Apurva Chandra. India has assumed the BRICS Presidency in 2021.

The prime agenda for discussions during the meeting was the formalization of the labour markets, promoting social security agreements amongst BRICS nations, Gig and Platform workers' role in the labour market and the women's participation in the labour force.

7. ADB commits record USD 3.92 billion loan to India in 2020

The Asian Development Bank informed on May 14, 2021 that it has committed a record USD 3.92 billion loan for 13 projects in India in 2020.

The loan amount also includes the USD 1.8 billion in COVID-19 related projects to support the government's response to the pandemic.

In 2020 The Asian Development Bank had provided emergency assistance to contain the disease and establish social protection measures for relief to the poor and other vulnerable groups in India.

8. Centre brings changes in Custom Rules, IGCR 2017 to boost trade facilitation

The changes were introduced by the Central Board of Indirect Taxes and Customs through the Customs (Imports of Goods at Concessional Rate of Duty) Amendment Rules, 2021.

The Custom Rules, IGCR 2017 lay down the manners and procedures in which an importer can avail the benefit of a concessional Customs duty on the import of goods that are required for the domestic production of goods or for providing services.

The Union Finance Minister Nirmala Sitharaman had announced in her Budget Speech in 2021 that the Customs (IGCR) Rules, 2017 will be amended for boosting trade facilitation.

As per the announcement, the Central Board of Customs and Indirect Taxes immediately started enhancing the scope of these rules on February 2, 2021.

9. India's OVL loses operating rights in Iran's Farzad-B gas field

The state-owned ONGC Videsh Ltd (OVL) has lost its development and operating rights in Iran's Farzad-B giant gas field to Iranian Petropars Group.

The OVL, which is the overseas investment arm of state-owned Oil and Natural Gas Corp (ONGC), owns 40 percent participating interest (PI) in the block.

An ONGC-led consortium had first discovered the giant gas field in the Farsi offshore exploration block in 2008. It was later named Farzad-B.

The other partners in its consortium included Indian Oil Corporation and Oil India. The ONGC consortium had offered to put in investment up to USD 11 billion for the development of the gas field.

10. Government sets up panel to examine valuation of services by online gaming, casinos for GST

The 7-member panel which is convened by the Deputy Chief Minister of Gujarat Nitin Patel will also be examining whether any change is required in the legal provision for the better means of valuation of these services.

The panel formed by the government will be submitting its report to the GST Council which will be chaired by the Union Finance Minister and the comprising State Finance Ministers, within 6 months.

Currently, the services of horse racing, casinos, and online gaming attract 18% GST. The Group of Ministers will decide on the method of valuing the services.

11. GST Council decides to exempt import duty on COVID relief items: Finance Minister after 43rd GST Council Meet

Finance Minister Nirmala Sitharaman chaired the 43rd Goods and Services Tax (GST) meeting virtually on May 28, 2021.

Some of the key decisions taken during the 43rd GST Council Meeting included the exemption of import duty on COVID-19 relief items, the inclusion of the drug use to control Black Fungus in the exemptions list, recommendation to amend the CGST Act to simplify the filing of annual return, among others.