

ECONOMIC CURRENT AFFAIRS

JUNE 2021

1. Covid Pension under ESIC Scheme

The Ministry of Labour and Employment on May 29, 2021, had announced additional benefits for the families of the insured person covered under the Employees' State Insurance Corporation (ESIC) scheme. The step was taken to provide relief to the workers amid the COVID-19 pandemic.

Under the latest additional benefits, the dependent families of the industrial workers, who died due to COVID-19, enrolled with the ESIC Scheme will get a pension for two years.

2. India, ADB sign agreement to support preparation of road upgradation project in Sikkim

India signed a \$2.5 million **project readiness financing (PRF) loan agreement** with the Asian Development Bank on June 3, 2021 to support preparation and design activities to upgrade major district roads in Sikkim.

The Sikkim Major District Road Upgradation Project aims to help improve connectivity to important towns, rural areas, and pilgrimage and tourist destinations in the northeastern state.

The project readiness financing (PRF) agreement aims to support the Sikkim state government's priority in improving road connectivity in the hill state through planning and designing of major districts and other roads and bridges.

3. What is NITI Aayog's SDG India Index 2020-21

The NITI Aayog on June 3, 2021, released the third edition of the Sustainable Development Goals (SDG) India Index and Dashboard 2020-21.

Dr. Rajiv Kumar, Vice Chairman, NITI Aayog launched in the report titled SDG India Index and Dashboard 2020-21: Partnerships in the Decade of Action. Amitabh Kant, CEO, NITI Aayog, Dr. Vinod Paul, Member (Health), NITI Aayog, and Sanyukta Samaddar, Advisor (SGDs), NITI Aayog were present at the launch.

The first edition of the SDG India Index was launched in 2018 that covered 13 Sustainable Development Goals (SDGs) with 62 indicators.

The SDG India Index report ranks the States and Union Territories on a score of 0 to 100. There are four categories to group states on basis of their score: Aspirant (0-49), Performer (50-64), Front-Runner (65-99), and Achiever (100).

Kerala ranked as the top-performing state with a score of 75 while Bihar was the worst performing state with a score of 52.

4. RBI's Bi-monthly Monetary Policy Review

The Reserve Bank of India (RBI) on June 4, 2021 cut its **real GDP growth forecast** for the current financial year 2021-2022 to **9.5 percent**. This was informed by RBI Governor Shaktikanta Das while making the Bi-Monthly Monetary Policy statement.

The apex bank projected consumer price index (CPI) inflation at 5.1 percent for FY21-22. The RBI also decided to keep the repo rate (key lending rate) unchanged at 4 percent and the reverse repo rate (the borrowing rate) at 3.35 percent.

5. G7 Corporate tax deal

The finance ministers of the world's most advanced economies met in London and agreed to counter the tax avoidance through the measures in order to make firms pay in the nations where they do business.

The first decision taken by the G7 nations that have been ratified is to force the multinational companies to pay taxes where they operate.

In the agreement, the second decision states to a minimum global corporate tax rate of 15% to avoid the countries undercutting each other.

6. World Bank approves USD 500 million program to help boost MSME sector in India

The USD 500 million Raising and Accelerating Micro, Small and Medium Enterprise Performance (RAMP) Program is the second intervention by World Bank in this sector.

The first was the USD 750 million MSME Emergency Response Program which was approved in July 2020 for addressing the immediate liquidity and credit needs of millions of MSMEs that were severely impacted by the COVID-19 pandemic.

7. India elected to United Nations Economic and Social Council for 2022-24 term

India was elected to UN ECOSOC in the Asia-Pacific States Category along with Kazakhstan, Afghanistan, and Oman.

The Economic and Social Council of 54 members is at the heart of the United Nations system for advancing the three dimensions of sustainable development- economic, social, and environmental.

India has been currently serving the 201-22 term as the non-permanent member of the powerful United Nations Security Council and will assume the presidency of the 15 nation council in August 2021.

8. 44th GST Council Meeting

The GST rate for Covid testing kits, medical-grade oxygen and ventilator has been reduced from 12 percent earlier to 5 percent.

9. Government appoints Aashish Chandorkar as Director at India's WTO mission

Aashish Chandorkar currently heads the India consulting arm of a global technology firm.

Chandorkar, a management consultant with experience of over 21 years, has worked in global firms heading business and technology transformation projects for clients across geographies and industries.

He is also a co-founder of Smahi Foundation of Public Policy and Research which focuses on the intersection of entrepreneurship, governance, and technology.

Recently, Chandorkar authored a report on the Indian metro system and analyzed the growth story of metros in Indian cities as well as the implementation lessons that can be taken from the previous projects.

10. India received USD 64 billion FDI in 2020, fifth largest recipient in world: UN

The UN report stated that in India, FDI inflow increased by 27 percent to USD 64 billion in 2020 from USD 51 billion in 2019. This makes India the fifth-largest FDI recipient in the world.

The inflow was boosted by acquisitions in the information and communication technology (ICT) industry.

The FDI outflows from South Asia fell by 12 percent to USD 12 billion, driven by investment drop from India.

India was ranked 18 among the world's top 20 economies for FDI outflows. India recorded outflows worth USD 12 billion in 2020 as compared to USD 13 billion in 2019.

11. Ban on Flash Sales, Appointment of Compliance Officers

The Government of India on June 21, 2021, announced amendments to the country's Consumer Protection (E-Commerce) Rules, 2020 to reduce unfair trade practices and protect consumers from getting cheated.

The most significant change in the rules is the ban on certain kinds of flash sales and punitive action against the platforms that do not comply, stated in a statement by the Ministry of Food and Consumer Affairs.

Conventional flash sales by third-party sellers are not banned on e-commerce platforms, the statement further clarified. The ban will be on certain flash sales or back-to-back sales that prevent a level-playing field in the e-commerce field, increase prices or limit consumer choices.

12. Malaysia surpasses Indonesia to be India's biggest crude palm oil exporter

Malaysia on June 22, 2021, surpassed Indonesia to become India's biggest Crude Palm Oil (CPO) exporter in 2020-21. Last year, Indonesia imposed heavy taxes on exports of edible oil.

13. Tax Inspectors Without Borders: India to share technical skills to strengthen Bhutan's Tax Administration

India, under the Tax Inspectors Without Borders (TIWB), will help its neighbouring country Bhutan in strengthening the tax administration by sharing the technical, skills, know-how, and best audit practices with its tax auditors.

TIWB is a joint initiative of the United Nations Development Programme (UNDP) and the Organisation for Economic Cooperation and Development. The initiative was jointly launched by both the countries in Bhutan on June 23, 2021.

The Chairman of the Central Board of Direct Taxes, J B Mohapatra attended the launch of the initiative virtually along with Nipud Gyeltshen, the officiating Director-General, Department of Revenue & Customs, Bhutan; Head of the TIWB Secretariat, Rusudan Kemularia; and other senior officials from UNDP, Bhutan, CBDT and TIWB Secretariat.