

# ECONOMIC CURRENT AFFAIRS

## AUGUST 2021

### 1. **RBI's new rules on interchange fee, bulk payment system come into effect**

The Reserve Bank of India's new rules on raising interchange fee and making bulk payment facility available on all days of the week came into effect from August 1, 2021.

The Reserve Bank of India has raised the interchange fee for financial transactions from Rs 15 to Rs 17 to help banks meet the costs of ATM deployment and maintenance.

The interchange fee for non-financial transactions has also been increased from Rs 5 to Rs 6.

An **interchange fee** is a fee that is charged by the banks to the merchant who processes a credit card or debit card payment.

National Automated Clearing House (NACH) - a bulk payment system operated by the National Payments Corporation of India (NPCI) - has now been made available on all days of the week, starting from August 1, 2021.

### 2. **Parliament passes Insolvency and Bankruptcy Code (Amendment) Bill, 2021**

The latest amendment bill will introduce an alternate insolvency resolution process for the micro, small and medium enterprises (MSMEs), called the pre-packaged insolvency resolution process (PIRP).

The code will introduce a time-bound process to resolve the issue of insolvency of the corporate debtors (within 330 days) known as the Corporate Insolvency Resolution Process (CIRP).

### 3. **RBI issues guidelines to implement its circular on opening of current accounts**

Banks are not allowed to open current accounts for borrowers who have availed agricultural/ personal overdraft (OD) or OD against deposits.

### 4. **PM Modi announces National Edible Oil Mission-Oil Palm**

Prime Minister Narendra Modi announced a **National Edible Oil Mission-Oil Palm (NMEO-OP)** on August 9, 2021 to make India self-sufficient in cooking oils, including palm oil.

Under the National Edible Oil Mission-Oil Palm, the central government will ensure that farmers get all facilities including quality seeds and technology to promote farming to produce palm oil and other oil seeds.

The mission will promote the cultivation of oil palm.

### 5. **Rajya Sabha returns Taxation Laws (Amendment) Bill after discussion**

The Rajya Sabha on August 9, 2021 returned the **Taxation Laws (Amendment) Bill, 2021** after a brief discussion. Taxation Laws (Amendment) Bill, 2021 seeks to withdraw tax demands made under the 2012 retrospective tax legislation to tax the indirect transfer of Indian assets.

### 6. **RBI's first financial inclusion index reads at 53.9**

RBI's financial inclusion index (FI-Index) is published annually in July. It is a comprehensive index that incorporates details of banking, insurance, investments, postal as well as the pension sector. It is created in consultation with the government and sectoral regulators.

The annual Financial Inclusion (FI) Index's first reading for the period ending March 2021 has come in at 53.9 as against 43.4 for the period ending March 2017.

The Financial Inclusion Index has captured information about different aspects of financial inclusion in a single value ranging between 0 to 100.

While zero represents financial exclusion, 100 indicates full financial inclusion.

The Financial Inclusion Index has been framed based on three broad parameters—

- i. Usage (45 percent)
- ii. Access (35 percent)
- iii. Quality (20 percent)

### 7. **DMart owner Radhakishan Damani enters World's 100 Richest People List**

The other Indians in the top 100 list are Gautam Adani, Mukesh Ambani, Pallonji Mistry, Azim Premji, Lakshmi Mittal, and Shiv Nadar. The Bloomberg Billionaire Index is a daily ranking of the richest people in the world.

### 8. **Ubharte Sitaare fund**

The Alternate Investment Fund has been named "**Ubharte Sitaare**". It will be jointly sponsored by the Exim Bank of India and SIDBI. While the fund size is Rs 250 crore, it will have a greenshoe option of Rs 250 crore.

Exim Bank of India and SIDBI will invest in the fund by way of equity and equity-like products in export-oriented units, in both manufacturing and services sectors.

A **greenshoe option** is an over-allotment option, which is a term that is commonly used to describe a special arrangement in a share offering for example an initial public offering (IPO) that will enable the investment bank to support the share price after the offering without putting their own capital at risk.

### 9. **Facebook launches ‘Small Business Loans Initiative’ in 200 cities in India**

Facebook India announced on August 20, 2021, a new programme called “Small Business Loans Initiative”. The programme has been launched in the partnership with online lending platform Indifi, to help Small and Medium Businesses (SMBs) that advertise on Facebook to get quick access to credit through independent lending partners.

India has become the first country where Facebook has launched this programme. The initiative is opened to businesses registered across 200 cities and towns in India.

### 10. **National Monetization Pipeline 2021**

Finance Minister Nirmala Sitharaman said that National Monetization Pipeline talks about brownfield assets where investment is already being made, where there are assets either languishing or not fully monetized or under-utilized.

She said that "by bringing in private participation, we are going to monetize it (assets) better and with whatever resource that you obtained by monetization, you are able to put in for further investment into infrastructure building."

**The National Monetisation Pipeline** comprises a four-year pipeline of the Central Government's brownfield infrastructure assets. It will serve as a medium-term roadmap for the Asset Monetisation initiative of Centre, besides providing visibility to the investors.

A **brownfield asset** is an investment when a company or government entity purchases or leases existing production facilities to launch a new production activity.

### 11. **India, ADB sign \$500 million loan to expand metro rail network in Bengaluru**

The Asian Development Bank has been committed to achieving an inclusive, prosperous, sustainable, and resilient Asia and the Pacific while also sustaining its efforts of eradicating extreme poverty.

### 12. **Finance Minister launches EASE 4.0 Agenda**

EASE 4.0 is a common reform agenda for Public Sector Banks (PSBs) aimed at institutionalising clean and smart banking.

### 13. **India pips US to be 2nd most attractive manufacturing hub; China first**

India has emerged as the 2nd most attractive and sought-after manufacturing destination globally, stated Cushman & Wakefield 2021 Global Manufacturing Risk Index. The Index assesses the most preferred locations for global manufacturing among 47 countries in Europe, the American, and Asia Pacific region. China retained the top position while India and the US ranked second and third respectively. In the last year's report, the US ranked second while India was third.

### 14. **SAMRIDH Scheme**

The Ministry of Electronics and Information and Technology (MeitY) on August 25, 2021, launched the Start-up Accelerators MeitY for Product Innovation, Development, and Growth (SAMRIDH). The scheme aims to boost the start-up ecosystem in India and aid in creating a conducive platform for Indian

Software Product start-ups to secure investments for scaling their products and business. The MeitY Start-up Hub (MSH) is implementing the SAMRIDH scheme.

The scheme will select start-ups in India that are all set for the acceleration stage. The Government will offer financial assistance, mentorship, and other required support to the selected start-ups at this stage.

The scheme will initially aid in accelerating 300 start-ups by offering customer connect, international expansion opportunities, and investor connects in the next 3 years.

#### **15. WEP Nxt: NITI Aayog, Cisco partner to support women entrepreneurs in India**

NITI Aayog and Cisco on August 26, 2021 launched the next phase of the Women Entrepreneurship Platform (WEP) to build on their shared commitment to empower women entrepreneurs across India.

The next phase of NITI Aayog's flagship platform titled 'WEP Nxt' will use Cisco's technology and experience of working with India's startup ecosystem to foster more women-owned businesses in the country.

NITI Aayog CEO Amitabh Kant, Senior Adviser NITI Aayog Anna Roy, Cisco COO Maria Martinez, Cisco India President Daisy Chittilapilly and Harish Krishnan, Managing Director, Public Affairs and Strategic Engagements were present at the launch.

The Women Entrepreneurship Platform (WEP) is NITI Aayog's flagship initiative, which was initially launched in 2017. It is the first-of-its-kind unified portal that brings together women entrepreneurs from different backgrounds and gives them access to a wide range of support, resources and learning.