

# ECONOMIC CURRENT AFFAIRS

## SEPTEMBER 2021

### 1. **RBI to set up five-member panel on new umbrella entity licenses**

The Reserve Bank of India (RBI) has set up a five-member committee to review applications and give recommendations on new umbrella entity (NUE) licences.

The five-member committee will be chaired by RBI chief general manager P Vasudevan. The New Umbrella Entities will set up their own payment infrastructure to compete with the National Payments Corp. of India (NPCI).

The centre aims to build a settlement system similar to the unified payments interface (UPI) with the new umbrella entity (NUE) licences. The system will mainly focus on small and medium enterprises, merchants and consumers.

**New Umbrella Entities** are for-profit entities that will be set up to manage payments in the retail space. These private entities can offer a range of retail payment services, including setting up of ATMs, point of sale terminals, Aadhaar-based payments, remittance services and develop newer payment methods.

### 2. **UAE, Uruguay, Bangladesh admitted as new members in BRICS Bank**

The New Development Bank (NDB) on September 2, 2021 admitted United Arab Emirates, Uruguay and Bangladesh as its new members. The bank has been set up by all the nations that are part of the BRICS Bloc.

The BRICS group of nations comprise five major emerging economies- Brazil, Russia, India, China and South Africa. They economies had launched the New Development Bank in 2015.

**New Development Bank**, formerly known as the BRICS Development Bank, is headquartered in BRICS Tower in Shanghai, China.

The bank mainly supports public or private projects through loans, guarantees, equity participation and other financial instruments.

The idea of setting up the bank was proposed by India during the 4th BRICS summit in 2012, which was hosted by New Delhi.

### 3. **ADB approves \$150 million loan for urban housing project in Tamil Nadu**

Asian Development Bank (ADB) on September 3, 2021, approved a \$150 million (approximately Rs 1,095 crores) loan for a sustainable housing project for the urban poor in Tamil Nadu. ADB in a release stated that the aim of the loan is to provide access to inclusive, resilient, and sustainable housing for the urban poor in Tamil Nadu. The agency highlighted that Tamil Nadu is vital to India's economic growth, which is currently contributing 8.54 per cent to the Gross Domestic Product (GDP).

### 4. **India, Singapore launch initiative to link UPI, PayNow for faster payments**

The Reserve Bank of India and the Monetary Authority of Singapore have announced an initiative that will link fast payment systems- Unified Payments Interface (UPI) and PayNow- of India and Singapore.

The linkage between UPI-PayNow will enable the customers of each of the two fast payment systems to make **quick, low-cost fund transfers on a reciprocal basis** without any need to get onboarded on the other payment system.

The project will also be significant for the development of infrastructure for cross-border payments between Singapore and India.

The UPI-PayNow linkage will further anchor travel, trade, and flow of payment between the two countries.

### 5. **Union Cabinet approves PLI Scheme of Rs. 26,058 crores for auto sector and drone industry**

The Union Cabinet on September 15, 2021, gave its approval to Rs. 26,058 crore Production Linked Incentive (PLI) Scheme for the auto, auto-components, and drone industry.

A total of 50 auto component makers, 10 vehicle manufacturers, and 5 new non-automotive investors will be benefitted from the scheme.

## 6. Centre to set up National Asset Reconstruction Company

Union Finance Minister Nirmala Sitharaman addressed the media on September 16, 2021 regarding a cabinet decision to back Security Receipts to be issued by National Asset Reconstruction Company Limited.

She referred to Budget 2021 during which the government had announced its intention to set up an Asset Reconstruction Company (ARC) along with Asset Management Company to consolidate and take over existing stressed debt and thereafter manage and dispose them off to buyers for value realization.

**The National Asset Reconstruction Company Limited (NAARCL)** will aggregate NPAs in banks' balance sheets (for which full provisioning has been done) and manage and dispose of them professionally, this will thus clean up banks' balance sheets. The Public sector banks and financial institutions can hold up to 51% ownership in NARCL.

**India Debt Resolution Company Limited:** Public sector banks, institutions will hold a maximum of 49 percent stake in India Debt Resolution Company Limited and remaining will be open for the private sector.

## 7. National Single Window System for Investors and businesses launched

The Union Minister of Commerce and Industry Piyush Goyal on September 22, 2021, launched the National Single Window System (NSWS) for investors and businesses.

The **National Single Window System** will become a one-stop-shop for investors for clearances and approvals.

All the solutions will be there for all at one click of the mouse through 'End to End' facilitation.

The portal will bring Accountability, Transparency, and Responsiveness to the ecosystem and all the information will be available on a single dashboard.

## 8. China bans cryptocurrency

China's central bank, the People's Bank of China, on September 24, 2021, announced that all transactions of crypto-currencies are illegal, effectively banning financial activities involving cryptocurrencies, such as trading crypto, selling tokens, transactions involving virtual currency derivatives. China had banned trading cryptocurrency in 2019 but the nation remained as one of the world's largest cryptocurrency markets. The price of the world's largest cryptocurrency Bitcoin fell by almost 10 per cent to around \$40,000 after China issued a nationwide ban on cryptocurrency mining.