

ECONOMIC CURRENT AFFAIRS

OCTOBER 2021

1. India's external debt rises by 2.1 per cent in FY21

India's external debt jumped by 2.1 per cent year-on-year to USD 570 billion as at March-end 2021, despite the COVID-19 pandemic, as per the Finance Ministry.

India's external debt to GDP ratio jumped to 21.1 per cent at March-end 2021 from 20.6 per cent as at end-March 2020. However, the Reserves to external debt ratio jumped to 101.2 per cent from 85.6 per cent during the same period which made India secure the position as a net creditor to the world, as per the status report on India's external debt by Finance Ministry.

2. DigiSaksham: Joint initiative by Labour Ministry and Microsoft to enhance employability of youth

The Union Labour and Employment Minister Bhupendra Yadav on September 30, 2021, launched DigiSaksham in collaboration with Microsoft. It is a digital skills programme that aims at enhancing the employability of youth by imparting the digital skills that are significant in an increasingly technology-driven era.

DigiSaksham is Central Government's joint initiative with Microsoft India and is an extension of the government's ongoing programmes to support the youth from rural and semi-urban areas.

3. PM-MITRA Parks

The Union Cabinet on October 6, 2021, gave its approval to set up 7 Mega Integrated Textile Region and Apparel (PM-MITRA) Parks with a total outlay of Rs. 4,445 crores over the period of 5 years. The parks will help to position India strongly on the global textiles map.

PM-MITRA Parks will create direct employment for 7 lakh people and indirect employment for 14 lakh people.

The mega textile parks will offer an opportunity to create an integrated textile value chain right from weaving, spinning, printing, processing/dyeing to garment manufacturing in one place.

An integrated textile value chain at one location in the country will also help in reducing the logistics cost of the industry.

4. Forbes India Rich List 2021: Mukesh Ambani tops list, Gautam Adani second

Mukesh Ambani has topped Forbes India Rich List 2021 for the 14th year in a row since 2008 with a net worth of \$92.7 billion. Gautam Adani is ranked second with a net worth of \$74.8 billion, followed by Shiv Nadar at 3rd place with \$31 billion.

While most of India's rich gained wealth during 2021, four pharma billionaires saw a fall in their wealth including Biocon's Kiran Mazumdar-Shaw, Reddy Family from Dr. Reddy's Laboratories, Aurobindo Pharma's P.V. Ramprasad Reddy and Lupin's Gupta Family.

5. India facing a coal shortage

India is the world's 2nd largest importer of coal though it has the 4th largest coal reserves. Three-fourths of India's electricity demand is fulfilled with coal. In a report by S&P's unit CRISIL, the Asian coal prices (global coal prices) are expected to continue to rise. The coal inventory at Indian thermal plants is expected to improve gradually only by March 2022. But as of now, the power plants are struggling to meet the surging demand for power production as economic activity rebound from the second wave of the COVID-19 pandemic.

Reasons:

- i. Amid the second wave of the COVID-19 pandemic in India, the industrial power demand witnessed a surge in the country. States such as Gujarat, Maharashtra, Tamil Nadu reported increased power consumption. The addition of 28.2 million households is also adding to the surge in power demand touching 200 GW during the COVID-pandemic.
- ii. The rising coal prices have caused a sharp fall in imports. India's average weekly coal imports from August to September 2021 dropped by over 30 per cent from the average for the first seven months of 2021 hovering just under 3 million tonnes.
- iii. Apart from India's surge in industrial power demand and rising global coal prices, other key reasons for coal shortage in the country are lower coal-stock accumulation by thermal power plants during

April-June 2021 and worsened by heavy rainfalls in coal-bearing areas during August-September 2021 leading to lower production and lesser dispatches of coal from the mines.

6. India invited to become full-time member of IEA

India has been invited to become a full-time member of the International Energy Agency (IEA) by its Executive Director Fatih Birol, informed Union Housing and Petroleum Minister Hardeep Singh Puri.

If India accepts the proposal of being a full-time member of the International Energy Agency, it will need to raise strategic oil reserves to 90 days requirement. India's current strategic oil reserves equal 9.5 days of its requirement.

The International Energy Agency (IEA) is a Paris-based body, which was set up in 1974 by industrialised countries to ensure the security of oil supplies amid the 1973 oil crisis.

The body was set up under the framework of the Organisation for Economic Co-operation and Development (OECD). It was initially focused on responding to the physical disruptions in the oil supply.

7. Government accords 'Maharatna' status to Power Finance Corporation

The Government of India has accorded 'Maharatna' Status to state-owned Power Finance Corporation (PFC). As per the statement by the company, the move will pave the way for the company's greater financial and operational efficiency.

Power Finance Corporation was incorporated in 1986. It is the largest infrastructure finance company which is dedicated to the power sector under the administrative control of the Ministry of Power.

8. Reserve Bank of India fines Paytm Payments Bank, Western union

The Reserve of Bank (RBI) has imposed a penalty of Rs. 1 crore on the Paytm Payments Bank Limited (PPBL) and Rs. 27.78 lakh on the Western Union Financial Services for non-compliance with certain directions.

As per the official release on October 20, 2021, the Reserve Bank of India said on the examination of the application by PPBL for the issue of final Certificate of Authorisation, it was observed that the bank had submitted information that did not reflect the factual position.

The Reserve Bank of India, as regards the Western Union Financial Services, said that the company had reported the instances of breach of the ceiling of 30 remittances per beneficiary during 2019 and 2020, and had filed an application for compounding of the violation.

9. Green-Day-Ahead Market

Union Power Minister RK Singh on October 24, 2021, launched the Green-Day-Ahead Market (GDAM) in a bid to further strengthen the electricity trade in India. The launch of GDAM is a step towards opening doors for renewable energy wherein any renewable energy generating company can set up and sell renewable energy on the exchange, said the Power Ministry.

Green Day Ahead market (GDAM) is a marketplace for trading renewable power on a day-ahead basis. National Load Despatch Center (NLDC), Power System Operation Corporation Limited (POSOCO) as the nodal agency has set up the requisite technologies and infrastructure for the launch of the GDAM.

With GDAM, any renewable energy generating company can set up and sell renewable energy on the exchange. The energy company now has the option of the market rather than suffering a loss of revenue in case any electricity distribution company (Discom) refuses to buy their electricity.

10. Shaktikanta Das reappointed as RBI Governor

Reserve Bank of India Governor Shaktikanta Das been reappointed to the post for a term of three years. The Appointments Committee of the Cabinet has approved his reappointment for a period of three years beyond December 10, 2021 or until further orders, whichever is earlier.

Shaktikanta Das's current term was scheduled to end on December 10, 2021. The reappointment will keep him at the bank's helm to aid recovery from the COVID-19 pandemic.