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Economics

Contemporary & Expected Topics

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SEBI initiatives

- SEBI – regulator of securities market
- Option Trading in Commodity Futures - Only top 5 in total trading turnover value of last 12 months (minimum Rs200 crore for agricultural and agri-processed commodities, and Rs1,000 crore for other commodities)
- Set up Investor Protection (5 trustees and all penalty levied by commodity exchange) & Service Fund (provide minimum facilities)
- Establish Committee on Corporate Governance – under Uday Kotak
- Approves merger of Telenor & Airtel – will boom airtel in Andhra Pradesh, Bihar, Maharashtra, Gujarat, UP (East), UP (West) and Assam
- Tight algorithm to minimize instance of flash crash (rapid decline in price) – in NSE algorithm account for 16% trade

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New Currency

- New Rs. 500 notes:
 - Old notes after demonetization would remain legal tender
 - New notes will have letter A
 - Year – 2017 with Governor – Urjit Patel
 - With Swachh Bharat Logo
- New Re. 1 Note
 - Pink-green in color
 - Discontinued in 1994
 - Ashokan Pillar
 - Sagar Samrat Oil exploration
 - Issued by Ministry of Finance
 - Signatures of Finance Secretary
 - Other notes bear the signature of Governor RBI
- New Rs. 200 Notes
 - Printing after June 2017 & formal approval

India's Forex - \$381.167 billion

- Highest lifetime in June
- Increased due to foreign currency asset (FCA)
- Foreign Exchange Reserves include
 - Foreign currency assets (FCAs)
 - Gold, Special Drawing Rights (SDRs)
 - RBI's Reserve position with International Monetary Fund (IMF)
- Largest component of FCA is forex

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Startups – New Definition

- Turnover less than Rs. 25 crore
- Not completed 7 seven years from incorporation
- Process by online application
- For biotechnology – will be 10 years

FDI Destinations

- Top Destinations – USA, China & India
- BRICS (Brazil, Russia, India, China and South Africa) - 22% of the global GDP has received only 11% of the global FDI inflows
- World Investment Report by United Nations Conference on Trade and Development (UNCTAD) annually since 1991

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Decide FDI proposals in 60 Days

- Abolished Foreign Investment and Promotion Board (FIPB) - authority for clearing FDI proposals for a period of 25 years
- 4 weeks timeline to transfer pending cases with FIPB
- Decided by Finance Ministry

Global Retail Development Index

- India at first position
- 2017- title: 'Age of Focus'
- Ease of doing business in retail in top 30 developing nations
- 2nd rank – China
- India' retail to double by 2020 (reach \$48 billion)
- Analyze 25 macro-economic and retail variables

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Payment Banks

- Airtel
- India Post
- Paytm – 1st bank in India to offer cashback on deposits – allow upto 1 lakh in wallet & not allow loans

Reconstitute Oversight Committee

- RBI will reconstitute to tackle bad loans
- Operationalize banking ordinance
- Facilitate decision making

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Brand Finance List

- Brand Finance – Global brand valuation & strategy consultancy firm
- Tata – Most valuable brand
- 2nd – Airtel
- 3rd – LIC
- 4th – Infosys
- 5th – SBI
- ITC: Most powerful brand - it is the country's only AAA rated brand with a Brand Strength Index score of 86

MoU – Amul & ISRO

- Gujarat Cooperative Milk Marketing Federation (GCMMF) which markets under brand name 'Amul'
- Signed MoU with ISRO for fodder acreage assessment using satellite observation and space technology.
- Amul procures 150 lakh litres of milk every day from 35 lakh milk producers in 18,500 villages.
- GCMMF – largest milk cooperative in the world under Kurien in 1973 – jointly owned by 3.6 million milk producers.

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MoU – BSNL with Facebook & Mobikwik

- Facebook's 'Express Wi-Fi Program': Via 700 hotspots across four states of Uttarakhand, Gujarat, Rajasthan and Meghalaya to expand internet connectivity. Complement mobile data offerings by providing a low-cost, high bandwidth service allowing users to get online for accessing apps.
- Express Wi-Fi active in Indonesia, Kenya, Nigeria & Tanzania. Partner with Airtel for additional 20,000 hotspots
- MobiKwik will also facilitate digital sale of BSNL SIM cards through its app and website.

GFI data

- US-based think tank Global Financial Integrity (GFI)
- Title: 'Illicit Financial Flows to and from Developing Countries: 2005-2014'
- \$770 billion black money entered India during 2005-2014
- Nonprofit Washington based research founded by Raymond Baker in 2006

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India rated BBB-

- Sovereign ratings – lowest investment grade rating
- Explained by Fitch

New Coal Linkage Policy

- By Cabinet Committee on Economic Affairs (CCEA)
- Adequate supply of the fuel to power plants through reverse auction

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ARC to have Minimum Corpus of Rs. 100 crore in 2019

- ARC is registered under Section 3 of Securitization and reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
- Regulated by RBI – resolve stressed assets issue - buy bad loans from Indian banks to turn them around
- Also in Malaysia, Korea
- Narsimham Committee – II (1998) - proposed to set up ARCs on lines with that of asset management companies present globally

Rules for JLF

- RBI tightened rules for JLF (Joint Lender Forum)
- Aim to revitalize stressed asset – place them in CAP – Corrective Action Plan

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DIPAM

- Department of Disinvestment set up as a separate Department on 10th December 1999
- Functions as one of the Departments under the Ministry of Finance since 2004
- 2016: Department of Disinvestment was renamed as Department of Investment and Public Asset Management (DIPAM)
- DIPAM advises Union Government in financial restructuring of PSUs and in attracting investment through capital markets
- Talks on NALCO disinvestment (Navratna) – disinvested 9.2% paid up capital for Rs 1200 crore

New IIP, WPI series

- Greater accuracy & synchronization
- Instead of the earlier 2004-05, base year for the IIP and the WPI will be 2011-12
- Consumer Price Index (CPI), Gross Domestic Product (GDP) and gross value addition etc., have 2011-12 as the base year
- Common base year of 2011-12 will reduce discrepancies
- Index of industrial production (IIP) – 809 manufacturing & 55 mining – regrouped in 521 items – include technology item - smart phone, tablets and LED – revised after 13 years
- Wholesale price index (WPI) – have increased from 676 to 697

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Committee on Virtual Currency

- Focus on cryptocurrency
- 9 member committee – headed by Dinesh Sharma

- RBI committee on cyber security – 11 members headed by Meena Hemachandra

Travel & Tourism Competitiveness Index

- By WEF in 2017
- Ranks 136 nations on 14 dimensions
- India ranks 40 (was 52 in 2015)
- 1st – Spain
- 2nd – France
- 3rd - Germany

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Economic Freedom Index

- India ranks 143 out of 186 nations in 2017
- Released by US think tank – The Heritage Foundation
- India scored 52.6 points
- Based on 10 factors of economic freedom, separated into four categories, using statistics from international organizations like World Bank, IMF, Economist Intelligence Unit and Transparency International.
- Hong Kong (1st), Singapore (2nd) and New Zealand (3rd), Switzerland (4th) and Austria (5th).
- USA – 17th
- China – 111th

EMEIA Fraud Survey 2017

- EY Europe, Middle East, India and Africa (EMEIA) Fraud Survey 2017
- India ranks 9th among 41 surveyed countries in bribery and corrupt practices in businesses.

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Energy Architecture Performance Index

- India ranks 87 amongst 127 countries
- Part of Geneva based World Economic Forum
- 18 indicators on 3 sides of the 'energy triangle'- economic growth and development, energy access and security and environmental sustainability.
- Top 5 Nations: Switzerland (1), Norway (2), Sweden (3), Denmark (4) and France (5)

India Innovation Index

- By Niti Ayog & CII
- Rank states on innovation through portal
- Would follow Global Innovation Index (uses 82 indicators)

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Corruption Perception Index

- India ranks 79 out of 176 countries
- Released by Transparency International
- New Zealand & Denmark together at 1st place

Global Talent Index

- India ranks 92 out of 118 countries
- Produced by global business school INSEAD in partnership with Adecco Group and Human Capital Leadership Institute (HCLI) of Singapore
- Switzerland (1st), Singapore (2nd), United Kingdom (3rd)

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Inclusive Development Index

- India ranks 60 out of 76 developing countries
- Title: World Economic Forum's (WEF) 'Inclusive Growth and Development Report'.
- Developing Nations: Lithuania (1st), Azerbaijan (2nd), Hungary (3rd)
- Advance economies: Norway (1st), Luxembourg (2nd), Switzerland (3th)

International Intellectual Property Index

- India ranks 43 amongst 45 countries
- Report Title: Roots of Innovation
- Index includes 90% of global GDP & 7 new economies
Egypt, Hungary, Kenya, Pakistan, Philippines, Saudi Arabia, and Spain
- United States (1st), United Kingdom (2nd), Germany (3rd), Japan (4th), Sweden (5th)

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Employees Compensation Amendment Bill, 2016

- It amends Employee's Compensation Act, 1923
- Ensures compensation up to Rs 1 lakh to employee if an injured in an industrial accident and imposes hefty penalty in case of any violation by employers.
- Employer will be penalized if he fails to inform his employee of his right to compensation. Such penalty may be between Rs. 50,000 to Rs. 1 lakh.

Amendment to NABARD Act, 1981

- Increase authorized capital of NABARD (development bank) from Rs. 5,000 crore to Rs. 30,000 crore
- Increase it beyond Rs. 30,000 crore in consultation with RBI
- Changes in long title
- Bring Handlooms and Medium Enterprises in NABARD's mandate
- Transfer of 0.4% equity of RBI in NABARD amounting to Rs. 20 crores to the Union Government

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SBI Merger

- State Bank of Bikaner and Jaipur
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore
- Bhartiya Mahila Bank
- Market share increase to 22.5-23%

Vodafone, Idea Merger

- Idea merges with Vodafone
- Create world's second largest (after China Mobile) and India's largest telecom company by overtaking Bharti Airtel Ltd.
- 400 million customers with 35% customers and 41% revenue market share
- Vodafone (45.1%) & Idea (26%) & rest to public
- Merger to be completed in 2018

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Enforcement Department

- To effectively monitor banks in case they violate regulations and speed up regulatory compliance
- Operation from 1 April 2017
- By RBI

GAAR

- General Anti Avoidance Rule – effective 1st April 2017
- Prevent companies from routing transactions through other countries to avoid taxes.
- India - 17th nation in the world to have laws that aim to close tax loopholes.
- Give IT department powers to scrutinize transactions structured in such a way as to deliberately avoid paying tax in India.

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NK Singh Panel

- Report on Changes in FRBM (Fiscal Responsibility and Budget Management) Act
- 1st volume: Address fiscal roadmap, fiscal policy, international experience and recommendations
- 2nd volume: International experience from a lot of international organizations particularly OECD, the World Bank, ILO
- 3rd volume: Centre-State issues
- 4th volume: Views of domain experts both from national and international appropriate for fiscal policy

Steel Policy, 2017

- Double steel production to 300 million tons by 2030-31
- Rs. 10 lakh crore fresh investment
- Create 11 lakh new jobs
- Globally competitive industry for inter-sectoral growth
- Technologically advanced, globally competitive and promotes inclusive growth
- Greenfield steel plant along coastline – under Sagarmala Project
- Cluster based approach

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1st International Exchange At GIFT City

- India INX is a wholly-owned subsidiary of Bombay Stock Exchange (BSE)
- Indian firms need to compete on equal footing with offshore firms
- Works 22 hours a day
- Has 250 trading members
- Turnaround time of 4 seconds

Financial Data Management Center

- Headed by Ajay Tyagi
- Set up statutory FDMC under the aegis of the FSDC (Financial Stability and Development Council) to facilitate integrated data aggregation and analysis in the financial sector

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Tourism Zones

- Integrated Development of Tourist Circuits around specific themes under Swadesh Darshan scheme
- 100 crore for Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)
- Rs. 412 crore for promotion and publicity
- 13 thematic circuits: North-East India Circuit, Buddhist Circuit, Himalayan Circuit, Coastal Circuit, Krishna Circuit, Desert Circuit, Tribal Circuit, Eco Circuit, Wildlife Circuit, Rural Circuit, Spiritual Circuit, Ramayana Circuit and Heritage Circuit
- PRASAD Scheme: 13 cities Ajmer, Amritsar, Amravati, Dwarka, Gaya, Kamakhya, Kancheepuram, Kedarnath, Mathura, Patna, Puri, Varanasi and Velankanni

Appointments

- Vikram Limaye – MD & CEO of NSE
- Rajan Anandan (Google Vice President for SE Asia & India) – Chairman of IAMAI (Internet & Mobile Association of India)
- Usha Ananthasubramanian: Head of Allahabad Bank
- Melwyn Rego: Head of Syndicate Bank
- Rajkiran Rai G: Head of Union Bank of India
- R Subramaniakumar: Head of Indian Overseas Bank
- Sunil Mehta: Head of PNB
- Dinabandhu Mohapatra: CEO of Bank of India
- R A Sankara Narayanan: CEO of Vijaya Bank
- Viral V Acharya – Deputy Governor of RBI
- Surekha Marandi – Executive Director of RBI

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Important Topics

- GST (Don't miss)
- Economic Survey
- Double Taxation Avoidance Agreement (DTAA) – India & Singapore
- Masala Bonds
- Option Trading/ Futures