



Current Affairs - July 2023

Month Type



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1. RBI Monetary Policy Rates as on Today (3-August-2023)

- Repo Rate - 6.50 %
- Reverse Repo - 3.35 %
- Bank Rate - 6.75 %
- CRR (Cash Reserve Ratio) - 4.5 %
- SLR (Statutory Liquidity ratio) - 18.00 %
- Marginal Standing Facility (MSF) Rate - 6.75 %

Economy

- ▶ **India International Bank of Malaysia (IIBM)** operationalised mechanism to settle India-Malaysia trade in Indian rupees, by opening a special Rupee Vostro account through its corresponding bank in India, which is Union Bank of India. Vostro accounts are used to make payments in domestic currency.
 - ✎ This is under RBI's guidelines issued in July 2022, to allow settlement of international trade in Indian currency.
- ▶ **HDFC Bank** became first to launch UPI QR code interoperable with Central Bank Digital Currency (CBDC), to allow HDFC Bank merchants, who have been onboarded on the bank's CBDC platform, to accept payments from their customers in form of RBI's Digital Rupee currency.
- ▶ Agriculture Secretary Manoj Ahuja launched new campaign for banks under *Agri Infra Fund*, titled *BHARAT (Banks heralding Accelerated Rural & Agriculture Transformation)*, to last till 15th August 2023, with a target of Rs 7200 crores.
- ▶ American Chipmaker & Semiconductor Firm **AMD** announced to invest \$400 million in India over 5 years, to expand research, development and engineering Operations.
 - ✎ AMD also announced to open new campus in Bangalore, with its largest R&D facility globally.
- ▶ As per *Global Survey on Digital and Sustainable Trade Facilitation 2023* by **UNESCAP** -
 - ✎ India's score on global trade facilitation improved to 93.55% in 2023, Best in South Asia.
 - ✎ India scored perfect 100% score in four areas - Transparency, Formalities, Institutional Arrangement and Cooperation, and Paperless Trade. India also witnessed noticeable improvement in score for *Women in Trade Facilitation* component, from 66.7% in 2021 to 77.8% in 2023.
- ▶ As per *Goldman Sachs*, India will become world's second-largest economy by 2075, surpassing Japan, Germany and US.
 - ✎ Currently, India is fifth-largest economy, behind Germany, Japan, China and US.
- ▶ As per *Trade in services for development* report by **World Trade Organization (WTO)** -
 - ✎ India doubled its share of global commercial services exports from 2005 to 2022, from 2.0 % to 4.4 %.
 - ✎ China also nearly doubled its share of global commercial services exports during same period, from 3.0 % to 5.4 %.
- ▶ As per *FDI Data for FY 23 (2022-23)* by **DPIIT** -
 - ✎ FDI into India declined by 22 % to **\$46 billion in FY23** (2022-23), down from FDI inflows of \$58.77 billion during FY22 (2021-22).
 - ✎ Total FDI inflows (which include equity inflows, re-invested earnings and other capital), declined to \$70.97 billion FY 23 (2022-23), compared to US\$83.57 billion in FY 22 (2021-22).
 - ✎ Top 5 Source nations for FDI in India (During FY 23) - Singapore, Mauritius, USA, UAE, Netherlands.
- ▶ As per RBI Data -

- ✎ India must maintain a compounded annual growth rate (CAGR) of 7.6% in real GDP during 2023-24 to 2047-48, to be known as a developed country by 2047.
 - ✎ Currently estimated at \$2500, India's per capita income needs to surpass \$21664 by 2047, as per World Bank standards, to be classified as a high-income country.
 - ✎ Notably, India's historical best over 25-year period was a CAGR of 8.1% during 1993-94 to 2017-18.
10. ▶ As per UNCTAD's *World Investment Report 2023* -
- ✎ Globally, Foreign direct investment (FDI) fell 12% in 2022, to \$1.3 trillion.
 - ✎ India received \$49.35 Billion FDI in 2022, compared to \$44.7 Billion received in 2021.
11. ▶ Asian Development Bank (ADB) approved **\$200 million loan** as additional financing for ongoing **Rajasthan Secondary Towns Development Sector Project**, to expand water supply and sanitation systems and enhance urban resilience and heritage living in selected towns.
12. ▶ Asian Development Bank (ADB) approved **\$295 million loan** for India, to upgrade around 265 kilometer state highways with climate and disaster resilient design, and road safety elements in **Bihar**.
13. ▶ Bangladesh and India launched settlement of trade transactions in Indian rupees, aimed at reducing dependence on US dollar and strengthening regional currency and trade.
- ✎ This is first time Bangladesh has done bilateral trade with a foreign country in addition to US dollar.
 - ✎ Trade would be transacted in Indian rupee and then gradually in Bangladeshi currency Taka upon trade gap decreasing. Exports from Bangladesh to India currently are approx 2 Billion USD, while imports are Approx 14 Billion USD.
14. ▶ European Investment Bank (EIB) proposed investing €1 billion in India's renewable energy sector.
- ✎ Notably, European Investment Bank (EIB) earlier had joined *India Hydrogen Alliance (IH2A)* and proposed to support large-scale green hydrogen hubs and projects in India.
 - ✎ IH2A is an industry coalition of firms committed to creation of a hydrogen value-chain and economy in India.
15. ▶ Finance Minister *Nirmala Sitharaman* announced several important measures to strengthen **Corporate Debt Market** in India
- ✎ Inaugurated **Corporate Debt Market Development Fund (CDMDF)**, aimed at installing confidence amongst participants in corporate bond market.
 - ✎ Creation of a permanent institutional framework to enhance secondary market liquidity in Corporate Bond market was announced in Speech of Union Budget 2021-22. It has now manifested in form of Corporate Debt Market Development Fund (*CDMDF*).
 - ✎ Notified establishment of *Guarantee Scheme for Corporate Debt (GSCD)* for providing guarantee cover against debt to be raised by Corporate Debt Market Development Fund (CDMDF), which will act as a backstop in corporate debt market, in times of market dislocation.
 - ✎ GSCD will be managed by Guarantee Fund for Corporate Debt (GFCD), a Trust Fund formed by DEA with corpus of 310 crores.
 - ✎ GFCD will be managed by National Credit Guarantee Trustee Company Ltd. (NCGTC) under Ministry of Finance. The Trust would provide guarantee cover for loans under 30000 crores, to be raised by CDMDF during times of market dislocation. NCGTC will give guarantee as a standing facility, initially for 15 years.
 - ✎ As another initiative to deepen corporate bond markets, Limited Purpose Clearing Corporation (LPCC) named as AMC Repo Clearing Corporation Limited (**ARCL**) started functioning.
 - ✎ LPCC aims at clearing and settlement of corporate bond repo transactions and to develop an active repo market, which will improve liquidity in underlying corporate bond market.
 - ✎ Govt also announced to enable direct listing of listed/unlisted companies on IFSC exchanges, which will enable start-ups and companies of like nature to access global market through GIFT IFSC. This will also facilitate access to global capital and result in better valuation for Indian companies.
16. ▶ Govt notified Notable changes in Tax Collected at Source (TCS) under Liberalised Remittance Scheme (LRS) -
- ✎ For first Rs 7 Lakh remittance under LRS, there shall be no TCS. Beyond this threshold, TCS shall be -
 - ✎ 0.5% (if remittance for education is financed by education loan)
 - ✎ 5% (in case of remittance for education/medical treatment)
 - ✎ 20% for others.
 - ✎ Increased TCS rates to apply from 1st October 2023.
 - ✎ Credit card transactions will be brought under LRS, thus attracting applicable TCS.

📌 About -

📌 Under *Liberalised Remittance Scheme (LRS)*, all resident individuals are allowed to freely remit up to USD 2,50,000 per financial year.

17. ▶ Govt raised interest rates on select savings schemes for July-September quarter (Q2 FY 24 (2023-24)) -

📌 5 year recurring deposit (RD) - 6.5 % (Hike of .30 %).

📌 1 year term deposits - 6.9 % (Hike of 0.1 %)

📌 2 year term deposits - 7 % (Hike of 0.1 %)

📌 Interest rates for term deposits with tenors of 3 & 5 years remain unchanged at 7 % and 7.5 %, respectively.

📌 Interest Rates on other small savings schemes (Kept unchanged) -

📌 Public Provident Fund (PPF) - 7.1 %

📌 Savings deposits - 4 %

📌 National Savings Certificate (NSC) - 7.7 %

📌 Girl child savings scheme Sukanya Samridhi - 8 %

📌 Senior citizen savings scheme - 8.2 %

📌 Kisan Vikas Patra - 7.5 %

18. ▶ Highlights from 50th GST Council meeting held in New Delhi, under chairpersonship of Finance Minister Nirmala Sitharaman -

📌 Reduced rate on uncooked/unfried snack pellets, fish soluble paste, LD Slag, imitation zari thread/yarn, to 5 %.

📌 Casino, Horse Racing and Online gaming to be taxed at uniform rate of 28%.

📌 GST exemption on satellite launch services supplied by ISRO and its subsidiaries will be extended to such services supplied by organisations in private sector also, to encourage start ups.

19. ▶ Home Affairs Ministry launched *Scheme for Expansion and Modernization of Fire Services in the States*, from allocation of Preparedness and Capacity Building Funding Window under National Disaster Response Fund (NDRF), for strengthening fire services in States, with outlay of 5000 crores.

📌 Amount of 500 crores (out of total outlay) has been kept for incentivizing States on the basis of their legal and infrastructure-based reforms.

20. ▶ Merger of **HDFC Bank** and its Parent Entity Housing Development Finance Corporation Limited (HDFC) came into effect from July 01, 2023.

📌 Merged entity has become world's fourth largest bank by market capitalisation (approx \$170 Billion), behind *JPMorgan Chase & Co*, *Industrial and Commercial Bank of China* and *Bank of America*. It is also 2nd most valued firm on Indian stock exchanges, after RIL.

📌 Notably, Boards of *IDFC First Bank Ltd* and *IDFC Limited* also approved their merger with each other.

21. ▶ Misc. Economy / Financial News (Jul 2023) -

📌 RBI Canceled banking license of several regional co-operative banks -

📌 Buldhana (Maharashtra) based *Malkapur Urban Co-operative Bank*.

📌 Satara (Maharashtra) based *Harihareshwar Sahakari Bank*.

📌 Tumkur (Karnataka) based *Sri Sharada Mahila Co-operative Bank*.

📌 Bengaluru (Karnataka) based *Shushruti Souharda Sahakara Bank*.

📌 Nagina (Uttar Pradesh) based *United India Co-operative Bank*.

📌 GST revenue collected in June 2023 stood at 1,61,497 crores (CGST 31,013 crores, SGST 38,292 crores, IGST 80,292 crores & cess 11,900 crores.

📌 Housing Finance Firm Piramal Finance (Earlier Known as Dewan Housing Finance) opened its first all-women branch named *Maitreyi* in Kochi (Kerala).

📌 PNB launched UPI 123PAY, as an IVR-based UPI solution, to boost cashless payments.

📌 *UPI 123Pay* framework was earlier launched by RBI in March 2022, which allows cashless transactions without smartphones or internet connections using feature phones.

📌 Used car platform *CarTrade* acquired online marketplace OLX's auto sales business for 537 crores.

📌 Miniratna PSU Numaligarh Refinery Limited (NRL) has been upgraded to Schedule A from Schedule B, by Petroleum Ministry.

📌 *Max Life Insurance* signed bancassurance partnership with DCB Bank, to offer variety of life insurance products to insurer's customers.

- ✎ Oil and Natural Gas Corporation (ONGC) become first Indian PSU to get certified for Anti-Bribery Management System (ABMS) by international accredited certification body *InterCert USA*.
- ✎ PFRDA announced to allow pension funds to invest in Sovereign Green Bonds.
 - ✎ Earlier, govt had raised 16000 crores from maiden issuance of Sovereign Green Bonds for funding public sector projects seeking to reduce carbon emissions.
- ✎ Reliance Industries renamed its demerged entity *Reliance Strategic Investments* to *Jio Financial Services*
- ✎ RBI clarified that Star (*) symbol is inserted in number panel of a banknote that is used as replacement for defectively printed banknotes, and are legal tender like other banknotes.
- ✎ Govt approved increasing interest rate of deposits in EPFO's Provident Fund (PF) to 8.15% for current Financial year (from 8.10 % earlier).
- ✎ IT Firm HCL joined *XR Startup Program* initiative of *Meta* and Indian government, to promote extended reality (XR) technology companies.
- ✎ Indian Payments Firm Razorpay launched India's first international Payment Gateway in Malaysia, after acquiring Malaysian fintech start-up *Curlec* for \$20 million.
- ✎ Russia's Sberbank received RBI Approval to establish a large scale IT unit in Bangalore, as its in-house data processing center.
- ✎ Indian GDP Growth Forecasts -
 - ✎ International Monetary Fund (IMF) revised India's GDP growth forecast for FY 24 (2023-24), to 6.1% (from previous prediction of 5.9%).
 - ✎ Other Notable info from IMF's World Economic Outlook July 2023 Update -
 - ✎ Global growth is projected to fall from 3.5 percent in 2022 to 3.0 % in both 2023 and 2024.
 - ✎ Notably, Global growth projection in 2023 has been raised from 2.8 % to 3.0 %, in July update.
 - ✎ Global headline inflation is expected to fall from 8.7 % in 2022 to 6.8 % in 2023 and 5.2 % in 2024.

22. ▶ Monthly Trade and Inflation Data (June 2023) -

✎ **Inflation and Trade Data for June 2023** -

✎ Wholesale price Index Based (WPI) -

- ✎ WPI based inflation fell to **(-) 4.12 % (Negative)** in **June 2023**, which is lowest in 8 years.
- ✎ WPI Inflation in last 12 months -
 - ✎ May 2023 - (-) 3.48 % (**Negative**)
 - ✎ April 2023 - (-) 0.92 % (**Negative**)
 - ✎ March 2023 - 1.34 %
 - ✎ February 2023 - 3.85 %
 - ✎ January 2023 - 4.73 %
 - ✎ December 2022 - 4.95 %
 - ✎ November 2022 - 5.85 %
 - ✎ October 2022 - 8.39 %
 - ✎ September 2022 - 10.07 %
 - ✎ August 2022 - 12.41 %
 - ✎ July 2022 - 13.93 %
 - ✎ June 2022 - 15.18 %

✎ Consumer Price Index (CPI) Based (retail inflation) -

- ✎ CPI-based inflation rate for **June 2023** rose to **4.81 %**.
- ✎ CPI Inflation in Last 12 Months -
 - ✎ May 2023 - 4.25 % (**25 Month Low**)
 - ✎ April 2023 - 4.7 %
 - ✎ March 2023 - 5.66 %
 - ✎ February 2023 - 6.44 %
 - ✎ January 2023 - 6.52 %
 - ✎ December 2022 - 5.72 %
 - ✎ November 2022 - 5.88 %
 - ✎ October 2022 - 6.77 %

- ✍ September 2022 - 7.41 %
- ✍ August 2022 - 7.01 %
- ✍ July 2022 - 6.71 %
- ✍ June 2022 - 7.01 %

✍ Trade -

- ✍ Overall Trade in **June** 2023 (Merchandise + Services) -

- ✍ Overall Imports - 68.98
- ✍ Overall Exports - 60.09
- ✍ Overall Trade Deficit - **8.89 Billion USD**

- ✍ Compared to Last Month (May 2023)

- ✍ Overall Imports - 70.64
- ✍ Overall Exports - 60.29
- ✍ Overall Trade Deficit - **10.35 Billion USD**

- ✍ Notably, India's Overall Trade Deficit stood at 21 month low of 1.38 **Billion USD**, in April 2023.

- ✍ Notable facts about *India's Trade during Previous Financial Year (FY 23 (2022-23))* -

- ✍ Exports stood at highest ever USD **770.18 billion** during FY 2022-23, growing 13.84 % over FY 2021-22.
 - ✍ Out of this, Merchandise exports stood at USD 447.46 billion & Services exports at USD 322.72 billion, both a new annual record.
 - ✍ US and UAE retained first and second places respectively as India's largest export destinations, during FY 2022-23. Netherlands rose to third place, replacing China.
 - ✍ In terms of overall trade too (exports + imports), US remained India's top partner in 2022-23, with \$128.55 Billion Trade (Exports \$78.31 billion & imports \$50.24 billion).
 - ✍ As per data by *National Import-Export for Yearly Analysis of Trade (NIRYAT)* portal -
 - ✍ Tamil Nadu stayed at top in terms of export of electronic goods for FY 23 (2022-23), tripling in a year at \$5.37 billion from \$1.86 billion in previous year.

23. ▶ Punjab National Bank (PNB) launched its virtual branch named *PNB Metaverse*, which will enable customers to access bank's services virtually.

- ✍ Notably, Union Bank of India was first to launch a banking metaverse in India, named Uni-verse.

24. ▶ RBI Published composite *Digital Payments Index March 2023* (RBI-DPI), to capture the extent of digitisation of payments across country.

- ✍ Index for March 2023 stands at **395.57**, against 377.46 for September 2022.

- ✍ It has been published since 1 Jan 2021, with March 2018 as base.

25. ▶ RBI included **South Korea** based agricultural bank **NongHyup Bank** in *Second Schedule of RBI Act 1934*, enabling it to enhance presence across Indian market.

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