

## Daily Current Affairs 2 March 2018

### Finance and Banking

#### *RBI lifts per-borrower loan cap for MSMEs*

- In view of the increasing importance of the services sector and to encourage banks to lend more to this sector, the Reserve Bank of India has decided to do away with the per borrower loan limits to Micro/ Small and Medium Enterprises (Services) for classification under priority sector lending.
- So far, loans to Micro/ Small and Medium Enterprises (Services) up to ₹5 crore and ₹10 crore, respectively, were classified as priority sector lending (PSL).
- Since the per borrower loan limits to Micro/ Small and Medium Enterprises (Services) have been removed, all bank loans to MSMEs engaged in providing or rendering services as defined in terms of investment in equipment under the MSMED Act, 2006, will qualify under priority sector without any credit cap, the RBI said in a notification.
- According to the MSMED (Micro, Small and Medium Enterprises Development) Act, 2006, in the case of the services sector, micro and small enterprises are entities where the investment in equipment does not exceed ₹10 lakh and more but not exceeding ₹2 crore.
- A medium enterprise is an entity where the investment in equipment is more than ₹2 crore but not exceeding ₹5 crore.
- Priority Sector lending usually includes lending to segments such as agriculture; micro, small and medium enterprises; export credit; education; housing; social infrastructure; and renewable energy.

#### *Paytm becomes largest contributor to Unified Payments Interface with 68 million transactions in February 2018*

- Digital payment major Paytm announced that it has registered 68 million Unified Payments Interface (UPI) transactions in the 28 days of February alone, thus emerging as the largest contributor to the overall volume of UPI transactions.
- In December last year Paytm had contributed 33 million to the overall transaction volume for UPI, which rose to 51 million in January 2018 and 68 million in February.
- The spike, Paytm said, comes in the backdrop of its vast user-base, wide acceptability and the network effect of multiple use-cases. Paytm UPI IDs are also accepted across all banks and BHIM UPI apps, making Paytm a comprehensive payments system.
- In the recent past, Paytm has been accepted at over six million small stores as well as large retail chains across the country. Paytm customers can pay at merchant outlets using their preferred payment methods such as Paytm, UPI, Cards and Net-Banking. This comes as part of the company's efforts to democratise mobile payments for both merchants and consumers by offering them more choices and convenience.

***RBI allows higher position limit for FPIs in interest rate futures***

- The Reserve Bank of India has eased position limit in interest rate futures (IRFs) for foreign portfolio investors (FPIs). The banking regulator has allowed a limit of ₹5,000 crore for FPIs to go long in IRFs.
- An Interest Rate Futures contract is an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today. The underlying security for Interest Rate Futures is either a Government Bond or a Treasury Bill.
- Currently, the FPI limit for Government Securities (G-Secs) is fungible between investments in G-Secs and investment in IRF.
- FPI long positions in IRF are not allowed on G-Sec limit utilisation reaching 90 per cent.
- Accordingly, the aggregate long position of all FPIs, each of whom has a net long position in any IRF instrument, will be up to ₹5,000 crore, aggregated across all IRF instruments. This comes just days after the RBI allowed easier position limits for retail & HNI investors and foreign portfolio investor in India's currency derivatives market.
- RBI has allowed positions (long or short), without having to establish existence of underlying exposure, up to a single limit of \$100 million equivalent across all currency pairs involving the rupee, put together, and combined across all exchanges.
- Currently, domestic investors and FPIs are allowed to take a long (bought) or short (sold) position in USD-INR up to \$15 million per exchange without having to establish existence of underlying exposure.

***Passengers not to be charged for MDR booking of railway tickets***

- The Indian Railways announced that Merchant Discount Rate (MDR) charges will not be levied on passengers for booking railway tickets (at the railway ticketing counters as well as through IRCTC ticketing website) on payment made through debit cards for a transaction value.
- However, the said exemption has been granted only on the bookings made for an amount upto Rs. one lakh.
- Instructions to this effect have been issued to the banks by Department of Financial Services, Ministry of Finance on February 26, 2018. This will further help in promoting digital and cashless transactions.
- Ministry of Railways had informed Department of Expenditure that all proceeds from sale of tickets through IRCTC website/counters go to Consolidated Fund of India through Ministry of Railways and such transactions should be considered as Government receipts.
- The benefits on Government transactions must be passed on to the public, and they should not face MDR charges while making payments to Government.
- Also, Indian Railways has initiated the facility of printing ticket details in local language on unreserved tickets issued through Unreserved Ticketing System (UTS) with first such language being Kannada.

**Centre directs PSBs to consolidate 35 overseas operations**

- In the wake of the recent banking scams reported, the government has directed public sector banks (PSBs) to consolidate nearly 35 overseas operations without affecting the banks' international presence in these countries.
- In this regard, 69 operations were identified for further examination, including bank branches, joint ventures, subsidiaries, remittance centres and representative offices.
- As per the Secretary of the Department of Financial Services(DFS), Rajeev Kumar, the proposal of consolidation aims to improve cost efficiency and synergies in the overseas market.
- The ministry confirmed that a total of 216 overseas operations will be examined to ease the rationalisation of overseas operations.
- Furthermore, non-viable operations in the overseas market, the ministry proposed, would be terminated for greater cost efficiency and synergy. Operations in the same geography will be consolidated, and equity stakes will be consolidated in the case of joint ventures having multiple PSB partners.

**Cabinet approves establishment of committee to supervise auditors**

- In a major move to implement stricter supervision of auditing firms and individuals, the Union Cabinet chaired by Prime Minister Narendra Modi approved the proposal for establishing the National Financial Reporting Authority (NFRA).
- The decision aims at deploying NFRA as an independent regulator for the auditing profession, which is one of the key changes brought in by the Companies Act, 2013, and makes way for the creation of one post of chairperson, three posts of full-time members and one post of secretary for NFRA.
- The decision is expected to result in improved foreign/domestic investments, enhancement of economic growth, supporting the globalisation of business by meeting international practices, and assist in further development of audit profession.
- The jurisdiction of NFRA for investigation of Chartered Accountants (CA) and their firms under section 132 of the act would extend to listed companies and large unlisted public companies, the thresholds for which shall be prescribed in the rules. The central government can also refer such other entities for investigation where public interest would be involved.

**India**

**Karnataka launches umbrella brand for tech revolution "Innovate Karnataka"**

- With the aim of making Karnataka a global first choice for innovation, the state government unveiled 'Innovate Karnataka' in Bengaluru on Thursday.
- 'Innovate Karnataka' will act as an umbrella brand for all innovation in the state -- whether it's in emerging technologies such as blockchain, robotics, artificial intelligence (AI), nanotechnology, or in the startup ecosystem of Karnataka.

- As per a statement from the state government, the vision of 'Innovate Karnataka' to see Karnataka as a global first choice of innovation and technology by adopting policies which spur 100% digitization of health, agriculture and other domains and enable inclusive digital growth across geographies and all strata of society.
- Innovate Karnataka will be spearheaded by the Department of Innovation and Technology, which is a modern, advanced version of the Department of Information Technology and Biotechnology.

### ***India, Jordan sign 12 MoUs to boost cooperation in defence, health sectors***

- India and Jordan signed 12 Memorandums of Understanding (MoUs) to boost cooperation in the defence and health sectors, along with allowing India long-term access to organic fertiliser from the West Asian nation.
- Jordanian Monarch Abdullah II met Prime Minister Narendra Modi on Thursday, as part of his three-day trip to India. Abdullah's visit follows Modi's trip to West Asia earlier this month, when he had transited at Jordan. This was the first time in 30 years an Indian Prime Minister had visited the country.

### **List of MoUs signed**

1. MoU on Defence Cooperation
2. Visa waiver for diplomatic and official passport holders
3. Cultural Exchange Programme (CEP)
4. Manpower Cooperation Agreement
5. MoU for cooperation in the field of Health and Medicine between India and Jordan
6. MoU for setting up of the next generation Centre of Excellence (COE) in Jordan
7. MoU for long term supply of Rock Phosphate and Fertilizer/NPK
8. Customs Mutual Assistance Agreement
9. Twinning Agreement between Agra and Petra (Jordan)
10. Cooperation between Indian Institute of Mass Communication (IIMC) and Jordan Media Institute (JMI)
11. MoU between Prasar Bharati and Jordan TV
12. MoU between University of Jordan (UJ) and ICCR regarding setting up of a Hindi Chair at the University

## **Sports**

### ***Navjot Kaur clinches India's first gold in Asian Wrestling Championships***

- Navjot Kaur on Friday scripted history by becoming the first Indian woman wrestler to win a gold in the Senior Asian Championships as she clinched the yellow metal in the 65kg freestyle category in Bishkek.

- Navjot outclassed Japan's Miya Imai 9-1 in a one-sided final bout of the women's 65kg freestyle category to bag the gold. This was also India's first gold in the ongoing championships.
- Rio Olympics bronze medallist Sakshi Malik won a bronze in the 62kg freestyle category after getting the better of Kazakhstan's Ayaulym Kassymova 10-7 in a tough fight.
- The two medals took India's medal tally to six — a gold, a silver and four bronze medals.

## Resignations

### *Zomato co-founder Pankaj Chaddah steps down*

- Online restaurant guide and food delivery app Zomato's co-founder Pankaj Chaddah announced his resignation from the company to "move on to something new."
- Taking to Twitter, Chaddah, who has been with Zomato for the last ten years, said he would remain in the company till the end of March.
- Chaddah also went on to thank Zomato founder Deepinder Goyal and entrepreneur Sanjeev Bikhchandani for their faith in him.
- An alumnus of the Indian Institute of Technology, Delhi (IIT-D), Chaddah joined Zomato in March 2008. Prior to this, he served as a senior analyst and subsequently an associate consultant at Bain & Company, a leading business consulting firms.