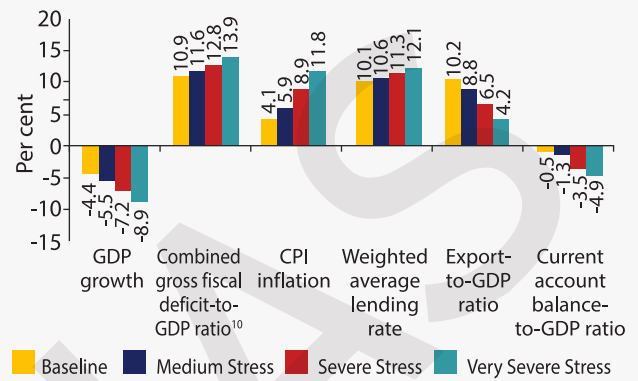


NEWS TODAY

RBI RELEASES THE FINANCIAL STABILITY REPORT (FSR) JULY 2020

- FSR is a bi-annual report that **reflects risks to financial stability and the resilience of the financial system.**
- The report gives various scenarios **for impact of COVID-19 pandemic** on different indicators (refer infographics).
 - > **GDP growth:** shows contraction in all scenarios.
 - > **Combined gross fiscal deficit-to GDP ratio (including Centre and States)** is expected to exceed 10% in all scenarios.
 - > **Current account balance to GDP ratio** is expected to fall, indicating higher fall in exports as compared to imports.
- **Other key findings**
 - > **Gross Non-Performing Assets (GNPA) ratio** of all Scheduled Commercial Banks may increase from 8.5% in March 2020 to 12.5% by March 2021 under the baseline scenario.
 - > **NBFCs:** Declining **share of market funding for NBFCs is a concern** as it has the potential to accentuate liquidity risk for NBFCs as well as for the financial system.
 - > **Risks to global economic prospects:** overleveraged non-financial sector, simmering global geopolitical tensions, and economic losses on account of the pandemic.

Macroeconomic Scenario Assumptions
(Assessment under stringent hypothetical adverse economic conditions and should not be interpreted as forecasts)



MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTIONS NOTIFIED THE CONSUMER PROTECTION (E-COMMERCE) RULES, 2020

- Rules were notified as part of **Consumer Protection Act, 2019 (CPA)**, to make online retailers more accountable and their businesses more transparent.

Key highlights of rules

- Rules will be **applicable to all electronic retailers (e-tailers), registered in India or abroad** but offering goods and services to Indian consumers.
- It will cover all goods sold online through the **marketplace or inventory-led models.**
 - > In a **marketplace model**, third-party sellers list and sell goods (e.g. ebay) while in the **inventory model**, the platform stocks goods and sell online (i.e. there are no multiple sellers selling one product, for e.g. Jabong).
- **E-commerce entities** are also required to **mention 'country of origin' of goods and services** that are necessary for enabling the consumer to make an informed decision at the pre-purchase stage.
 - > **Other details to be displayed:** details about sellers, total price of goods and services along with a break-up of other charges, expiry date etc
- Empowers **central government to act against unfair trade practices** in e-commerce, direct selling with **penal action under CPA.**
- Both e-tailers and their sellers have to **appoint grievance officers to address any complaints.**

5 PROPOSALS WORTH RS. 3090 CRORES SANCTIONED UNDER SPECIAL LIQUIDITY SCHEME FOR NBFCs AND HFCs

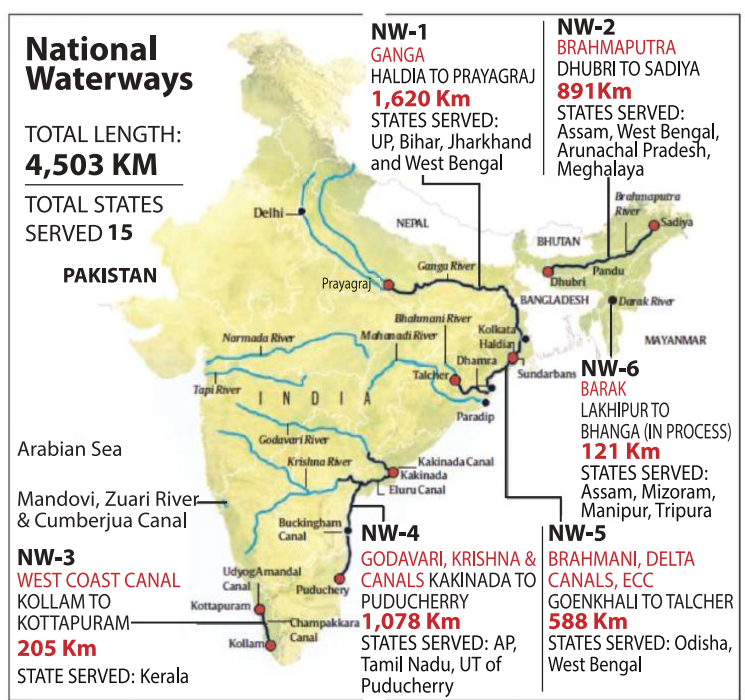
- Earlier, **Special Liquidity Scheme (SLS) of Rs. 30,000 crores** for Non-banking financial companies (NBFCs) and housing finance companies (HFCs) was announced **under Aatma Nirbhar Bharat package.**
 - > This seeks to **address the liquidity constraints faced by NBFCs and HFCs** to avoid any potential systemic risks to the financial sector.
- **RBI has provided funds for the scheme** by subscribing to government-guaranteed special securities issued by a trust set up by SBI Capital Markets Limited.
- **Eligible entities:** Any NBFC including Microfinance Institutions registered with RBI and any HFC registered with the National Housing Bank.
- **Need for such scheme**
 - > NBFC and HFC had come **under stress following a series of defaults by IL&FS group firms** in September 2018.
 - > NBFC sector got caught up in the contagion effect, **making banks and mutual funds (major source of funding) wary of lending to the shadow lenders**, leading to a liquidity crunch in the economy.
 - > With **asset quality risk for NBFCs/ HFCs rising sharply** in the coming months, many medium and small-sized players are likely to face severe liquidity challenges.

MoRTH INVITES PUBLIC SUGGESTIONS ON INCLUSION OF HYDROGEN ENRICHED CNG (H-CNG) AS AUTOMOTIVE FUEL

- Ministry of Road Transport and Highways (MoRTH) step is **aimed at promotion of Green fuels for automobiles in the Country.**
 - > For this, amendments are to be made in **Central Motor Vehicle Rules 1979.**
- H-CNG is a **blend of hydrogen and CNG**, the ideal hydrogen concentration being 18%.
 - > CNG is **compressed natural gas.**
 - > As **natural gas is mainly composed of methane**, CNG emits less air pollutants — carbon dioxide, carbon monoxide, nitrogen oxides and particulate matter — than petrol or diesel.
- **Benefits of H-CNG:**
 - > Compared to conventional CNG, use of H-CNG can reduce emission of carbon monoxide up to 70%.
 - > **Safer than hydrogen** due to its lower energy content.
 - > **Usable with existing CNG infrastructure**, no major engine modifications are required.
 - > **Improves engine efficiency** etc.
- **Challenges of using H-CNG:** determining optimized hydrogen/natural gas ratio, lack of storage and supply infrastructure, more expensive than CNG.
- **Other steps to promote green energy in automobile sector:** Inclusion of hybrid electric vehicles, battery electric vehicles, clean diesel vehicles, and vehicles using blends of biodiesel and ethanol fuel etc.

MINISTRY OF SHIPPING WAIVES WATERWAYS USAGE CHARGES (WUC) FOR THREE YEARS

- WUC has been waived off considering the **Centre's vision to promote inland waterways as a supplementary, eco-friendly and cheaper mode of transport.**
 - Presently, Inland Waterways Authority (IWAI) of India levies **WUC for plying of Inland cargo vessels on national waterways** which acted as a **hindrance in administration of traffic movement and collection of traffic data.**
 - IWAI is the **statutory authority** in charge of the waterways in India.
- Intended Benefits:**
 - It is estimated to **increase the inland waterway traffic movement to 110 Million Metric Tonnes (MMT)** in 2022-23 from 72 MMT in 2019-20.
 - It will **attract the industries to use the national waterways** for their logistical needs and promote the ease of doing business.
 - It will **reduce burden on other transport modes.**
- India has about **14,500 km of navigable waterways** which comprise of rivers, canals, backwaters, creeks, etc.
 - National Waterways Act 2016**, declared 111 rivers or river stretches, creeks, estuaries in India as **National Waterways.**
 - Inland Water Transport in India **has only 0.5% modal share;** compared to 42% in Netherlands, China 8.7%; USA 8.3% and Europe 7%.



ALSO IN NEWS

<p>India, UK to work on enhanced trade partnership leading to future Free Trade Agreement (FTA)</p>	<ul style="list-style-type: none"> Decision was taken at a meeting of the Joint Economic and Trade Committee (JETCO). JETCO provides a forum to UK companies to enhance their links and develop new partnerships with India business and decision makers. Trade between UK and India was worth £24 billion last year, and India is now the second largest investor in the UK economy.
<p>RBI signs \$400 mn currency swap facility for Sri Lanka</p>	<ul style="list-style-type: none"> It aims to meet short-term international liquidity requirements following the economic crisis resulted from COVID-19. A currency swap (generally between Central Banks) is an agreement or contract to exchange currencies with predetermined terms and conditions. They are used to obtain foreign currency loans at a better interest rate than could be got by borrowing directly in a foreign market. It can be bilateral or multilateral.
<p>KVIC's Kumhar Sashaktikaran Yojana</p>	<ul style="list-style-type: none"> Recently, Centre distributed 100 electric potter wheels to 100 trained artisans under the Kumhar Sashaktikaran Yojana. Kumbhar Sashaktikaran Program is an initiative of the Khadi and Village Industries Commission (KVIC) for empowerment of potters community in the remotest of locations in the country. It provides the following support to potters. <ul style="list-style-type: none"> Training for advanced pottery products Latest, new technology pottery equipments. Market linkages and visibility through KVIC exhibitions
<p>Astrophysics Stratospheric Telescope for High Spectral Resolution Observations at Submillimeter-wavelengths (ASTHROS)</p>	<ul style="list-style-type: none"> It is NASA's new mission to send a telescope, on a football stadium-sized balloon, high into the stratosphere to observe wavelengths of light invisible from the Earth. The mission will try to find answers about formation of giant stars in the galaxy. It is to be launched in December 2023 from Antarctica.
<p>Indian Railways (IR) to RFID Tag all wagons by December 2022</p>	<ul style="list-style-type: none"> Radio-frequency identification tags (RFID) will be used for tracking all wagons which will make it easier to track and know the exact position of all the wagons, locomotives and coaches. Radio-Frequency Identification (RFID) is the use of radio waves to read and capture information stored on a tag attached to an object. A tag can be read from up to several feet away and does not need to be within direct line-of-sight of the reader to be tracked. <ul style="list-style-type: none"> It is similar to barcoding in that data from a tag or label are captured by a device that stores the data in a database.
<p>Enhanced and revised pictorial health warnings on all tobacco products from December 1</p>	<ul style="list-style-type: none"> Government notified new sets of specified health warnings for all tobacco product packs by amending Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008. Persons engaged directly or indirectly in the manufacture, production, supply, import or distribution of cigarettes or any tobacco products have to ensure that the specified health warnings exactly as prescribed. Violation of the provision is a punishable offence with imprisonment or fine.

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