

# DAILY FINANCIAL NEWS ANALYSIS

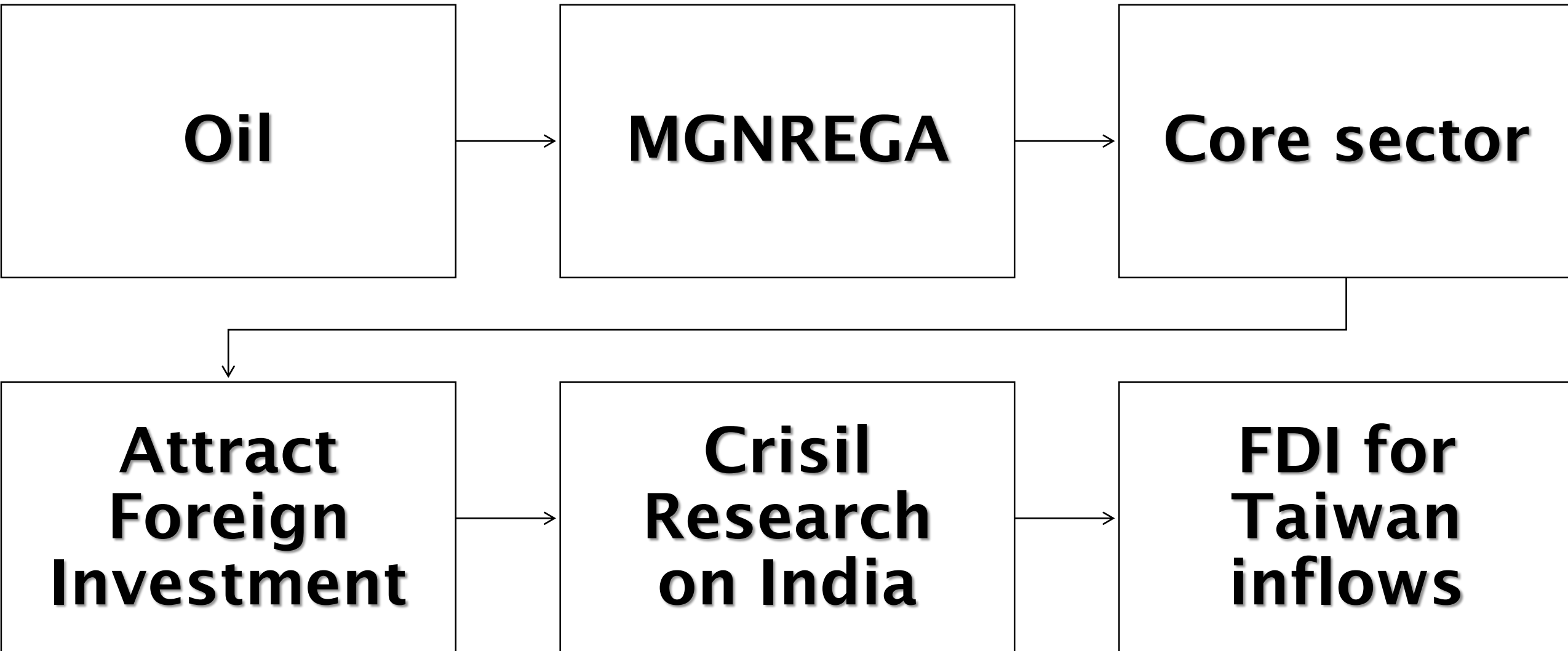
**UPSC  
SBI  
IBPS  
RBI  
SSC**

**by Prashant Mavani**

**FOR ALL  
COMPETITIVE EXAMS**

**1 May 2020**







# UPSC/IAS

(Pre + Mains)



EMI Available





**Download PDF from**



<https://www.facebook.com/PrashantTMavani/>



<https://t.me/PrashantMavani>

- Nose dive in **global oil prices** would have a very favourable effect on **India's macroeconomic health**.
- At the same time, it is likely to have a **net negative impact** on the **exchequer** at a time when the government needs all the revenue it can get.
- Every **\$10** drop in oil prices **reduces** our **oil import bill** by **\$15 billion**.
- Brent Crude prices quoting under **\$20 per barrel** (down from \$60 per barrel in February), and likely to remain soft over the medium term, the **potential saving** on India's energy bill can be large indeed.





- Over **40%** of the Centre's **excise and customs** collections are on account of oil.
- About **30%** of state governments' **revenue** is from oil.
- Further, there is **cess on oil, corporate taxes and dividends** too from **oil companies**, all of which would fall.
- The total loss in revenue is likely to exceed the **saving on cooking gas subsidy**, budgeted at **Rs 40,000 crore** this year.
- **Dividends** from the public sector oil majors, especially the oil producers, would come down.

- **Refiners** who bought their **crude** at a high price and have to **sell their refined products** when prices are **low** will suffer a decline in refining margins, and pay lower corporate taxes.
- Low oil prices would hurt the prosperity of oil-producing nations in **West Asia**, a major **export destination** for India.
- **Remittances** from the region will fall by **23%** might be an **underestimate**.

# MGNREGA

- The **MGNREGA** provides a guaranteed **100 days work in a year** to those seeking employment and has a provision to extend it to **150 days** at a time of **drought or natural calamity**.
- Government is considering increasing the number of guaranteed days of work under the rural employment guarantee scheme from 100 to either **150 or 200**.
- The government anticipates a rise in demand once the lockdown lifts as a lot of **migrant workers** have gone **back home** and **would need work**.
- The data, available since **2013**, shows even the number of households benefiting from the scheme was lowest at **3.4 million in April** this year as against an **average** of **10 million a month**.





# Core sector

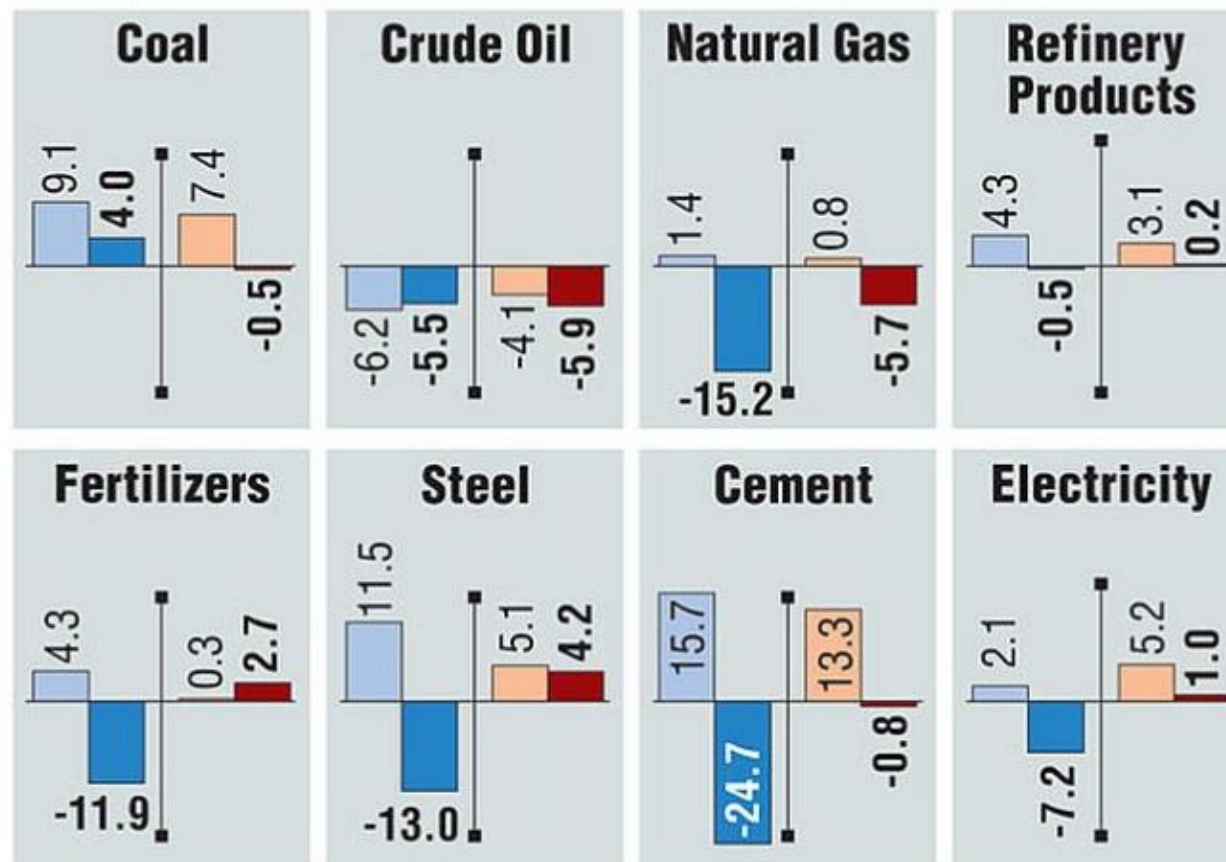
- The output of **eight core infrastructure industries** **shrank** by a record **6.5 per cent** in March.
- Significant dip in production of **crude oil, natural gas, fertiliser, steel, cement** and **electricity** amid the coronavirus lockdown.
- The record contraction in the growth rate of eight core sectors will have its impact on **Index of Industrial Production (IIP)**.
- These sectors account for about **40.27 per cent** in the IIP.
- Several **multilateral agencies** have significantly slashed India's growth projection for **2020-21** due to **coronavirus outbreak**.
- Barring **food** and **pharma** companies, almost all the manufacturing units in the country are closed due to lockdown

# Performance of Core Industries

The Index of eight core industries declined by 6.5% in March 2020 compared to a 5.8% growth in March 2019. During the period April-March 2019-20, the index registered a growth of 0.6% as against a growth of 4.4% during the corresponding period of previous year

Base: 2011-12=100

Growth Rate in Per Cent



■ March 2019 
 ■ April-March 2018-19 
 ■ March 2020 
 ■ April-March 2019-20 
 **KBK Info**graphics

# Attract Foreign Investment

- PM Modi held a “**comprehensive**” meeting to discuss **strategies to attract more foreign investments into India** as well as **promote local investments** to boost the economy against the backdrop of the Covid-19 pandemic.
- An official statement said various strategies to bring investments into India on a **fast-track mode** and to promote **Indian domestic sectors** were discussed in the meeting.
- Finance Minister **Nirmala Sitaraman** and Commerce Minister **Piyush Goyal**, besides others, attended the meeting.



- The meeting also discussed that a scheme should be developed to promote more “**plug and play**” **infrastructure** in the existing industrial lands, plots or estates in the country and provide necessary financing support.
- During the meeting, Modi directed that action should be **taken for a more proactive approach** to “**handhold**” the investors, to look into their problems and help them in getting all the necessary central and state clearances in a time-bound manner.
- Later in a tweet, Modi said the meeting discussed ways to boost investment, both international and domestic.

# Crisil Research on India

- Indian analytical company **Crisil Research** has said that the **coronavirus pandemic** could lead to a **permanent 4% loss** in the country's Gross Domestic Product.
- Global credit rating agency Moody's Investors Service had on April 28 cut India's growth forecast for the year **2020** from 2.5% to **0.2%**.
- Crisil warned that the GDP growth rate may slip towards **0% in 2020-'21** if the nationwide lockdown imposed to combat the coronavirus is **extended beyond May 3**.

- Even if India grows at **7%** from **2021-'22**, it will not catch up with the loss in GDP during 2020-'21.
- The economy would have to grow at **8.5%** between **2021-'22 and 2023-'24** to erase the loss.
- The company said that the government will have to provide fiscal support of up to **Rs 3.5 lakh crore** to revive the economy.
- Crisil also predicted that gross **non-performing assets** of banks could swell to between **11% and 11.5% of GDP** in 2020-'21 from about **9.5%** last fiscal.



# FDI for Taiwan inflows

- Investments from **Taiwan** will be treated as they were **previously** and are excluded from the latest changes.
- The FDI policy was amended on April 18, requiring all investments from countries sharing a land border with India to get prior government approval, irrespective of the sectoral cap.
- **DPIIT** said the FDI policy review was aimed at “**curbing opportunistic takeovers/acquisitions of Indian companies due to the current Covid-19 pandemic.**”
- China treats Taiwan as a **breakaway province** and not as an independent nation.

✓Subscribe

✓Hit: Notification Bell

✓Like

✓Comment



Do you know?

Nalanda = Na+alam+Daa, meaning “*no stopping of the gift of knowledge*”

So do gift share this lecture with your loved ones. Thanks