

2020



drishti

CURRENT AFFAIRS

ECONOMIC DEVELOPMENT

30th Dec 2019 - 4th Jan 2020



BusinessLine



1. Merchant Discount Rate

Why in News?

The Finance Minister has announced that the Merchant Discount Rate (MDR) charges for businesses with over ₹50 crore annual revenues will be waived off from January 1, 2020.

- The move is expected to boost payments via home-grown real-time payments system Unified Payments interface (UPI) at merchant locations, along with RuPay debit cards.

Merchant Discount Rate

- MDR is a fee charged from a merchant by a bank for accepting payments from customers through credit and debit cards in their establishments.
- MDR is being compensated among three stakeholders: the card issuing bank, the lender which puts the PoS terminal and payment gateways such as Mastercard or Visa for their services.
- MDR charges are usually shared in pre-agreed proportion between the bank and a merchant.
- It is expressed in percentage of the transaction amount.

2. MANI APP

Why in News

The Reserve Bank of India (RBI) has launched a mobile app- **Mobile Aided Note Identifier (MANI)** to help visually-impaired people to identify the denomination of currency notes.

- Post demonetisation, concerns were raised about visually-impaired people having problems in identifying the new currency denominations.
- The application can scan the currency notes using the camera of the mobile phone. However, the app does not authenticate a note as either genuine or counterfeit.
- It also gives audio output in Hindi and English.
- The application will work on Android and iOS operating systems.
- It will work in offline mode once installed.

3. National Infrastructure Pipeline

Why in News?

Recently, the Government has released a report of the task force on the **National Infrastructure Pipeline for 2019-2025**.

- It has outlined plans to invest more than ₹102 lakh crore on infrastructure projects by 2024-25, with the Centre, States and the private sector to share the capital expenditure in a 39:39:22 formula.
- Task Force was constituted to draw up the National Infrastructure Pipeline (NIP) for each of the years from financial years 2019-20 to 2024-25.

National Infrastructure Pipeline

- NIP will enable a forward outlook on infrastructure projects, which will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive, as it includes economic and social infrastructure projects.
- During the fiscals 2020 to 2025, the following sectors amount to around 70% of the projected capital expenditure in infrastructure:
 - Energy (24%)
 - Roads (19%)
 - Urban (16%)
 - Railways (13%)

4. Current Account Deficit

Why in News?

According to the data released by the **Reserve Bank of India (RBI)**, the current account deficit (CAD) has narrowed to 0.9% of GDP or \$6.3 billion in the July-September quarter of the current fiscal from \$19 billion in the same period last year.

Current Account Deficit

- The current account measures the **flow of goods, services, and investments into and out of the country**.
- It represents a country's foreign transactions and, like the capital account, is a component of a country's **Balance of Payments (BOP)**.
- A nation's current account maintains a record of the country's transactions with other nations, that includes:
 - Trade of goods,
 - Services, and
 - Net Transfer Payments.
- It is measured as a percentage of GDP. The formulae for calculating CAD is:
 - $\text{Current Account} = \text{Trade Gap} + \text{Net Current Transfers} + \text{Net income (abroad)}$
- A country with rising CAD shows that it has become uncompetitive, and investors may not be willing to invest there.
- There is a deficit in Current Account if the value of the goods and services imported exceeds the value of those exported.
- In India, the Current Account Deficit could be reduced by boosting exports and curbing non-essential imports such as gold, mobiles, and electronics.
- **Current Account Deficit and Fiscal Deficit** are together known as **twin deficits** and both often reinforce each other; i.e., a high fiscal deficit leads to higher CAD and vice versa.