

No. A-45011/3/2022-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 8th April, 2022

OFFICE MEMORANDUM

The undersigned is directed to circulate herewith the unclassified portion of Monthly Summary on important policy decisions in respect of Department of Economic Affairs for the Month of February, 2022.



(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 23095091

To

1. All Members of the Union Council of Ministers, Government of India, New Delhi.
2. Vice Chairman, Niti Aayog, Yojna Bhawan, New Delhi.
3. Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
4. Secretary to the President of India, Rashtrapati Bhavan, New Delhi.
5. Secretary to the Vice-President of India, 6, Maulana Azad Road, New Delhi.
6. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi
7. Chairman, Union Public Service Commission, Dholpur House, New Delhi.
8. All Members of Niti Aayog, Yojna Bhawan, New Delhi.
9. Secretaries to all the Ministries/Departments, Government of India, New Delhi.
10. PS to MOS (F), PPS to Finance Secretary, PPS to Secretary (EA), PPS to Secretary (Revenue), PPS to Secretary (Expenditure), PPS to Secretary (DIPAM).
11. Shri V. Anantha Nageswaran, Chief Economic Adviser, DEA.
12. Additional Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Shri .Manoj Sahay, JS&FA(Finance).
14. Shri A.M. Bajaj, Additional Secretary (FM), DEA
15. Shri Rajat Kumar Mishra, Additional Secretary (Budget), DEA.
16. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
17. All Heads of Divisions in Department of Economic Affairs.
SrEconomicAdviser(C&C/FSLR/FS&CS)/JS(C&C and OMI)/JS(Budget)/JS(IPP/JS(ISC)/JS(Inv)/All Advisers/CAAA
18. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
19. Guard File – 2022.

A-45011/3/2022-Admn. III
Ministry of Finance
Department of Economic Affairs

Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of February, 2022

I. Important policy decisions taken and major achievements during the month

1. Macroeconomic Overview:

The real GDP growth estimated for 2021-22 at 8.9 % is likely to be realized and provide the economy the full recovery of real GDP from the level of 2019-20, while also serving as a launch pad for a near 8 % growth projected in the Economic Survey, Budget 2022-23 and RBI's Monetary Policy Committee (MPC) meeting of February, 2022.

The Consumer Price Index has moderated over the last two months, indicating a slowing momentum in inflation. According to surveys of the Reserve Bank of India, the gap between households' current inflation perceptions and future inflation perceptions has reduced, indicating that inflation is expected to be more range-bound around the current levels.

The cumulative growth in Index of Industrial Production for the period April-December 2021-22 stood at 15.2 % as compared to (-)13.3 % in April-December 2020-21. The growth rate of the eight infrastructure sectors - coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity came in at 11.6% during April-January this fiscal as against a contraction of 8.6% during the comparable period last fiscal. The strong comeback in Electricity, Steel, Coal, and Cement production (and recently in refinery products) portends well for an industrial revival, pumped up by the Government's Capex push and improving market conditions. Credit growth to industry rose steeply by 7.6 % YoY in December 2021 compared to 3.8 % in the preceding month with a double-digit growth of 86.5 % to medium industries and 20.5 % growth to micro and small industries.

Overall economic activity remained resilient during the third wave of COVID-19; this is reflected in robust performance of several high frequency indicators like power consumption, PMI manufacturing, exports, e-way bill generation. The sector wise growth rates are given in the **Annexure**. However, the geopolitical tension involving Ukraine and Russia has led to elevated global commodity prices especially of crude oil, edible oil and coal. If this situation persists for a protracted period, it is likely to have an adverse impact on growth and inflation.

2. Important Developments:

- (i) The following agreements were signed/loans negotiated with multilateral and bilateral development agencies:
 - (a) Bilateral Swap Arrangement (BSA) between India and Japan was renewed for another three years w.e.f. 28.02.2022.
 - (b) Government of Japan has pledged Japan International Cooperation Agency (JICA) Official Development Assistance (ODA) for 7 projects with a total commitment of JPY 312.25 billion (approx. Rs. 20,408.63 crore) under FY 2021-22.
 - (c) A Loan of USD 115 million was signed with International Bank for Reconstruction and Development (IBRD) of the World Bank for "Rejuvenating Watersheds for Agricultural Resilience Through Innovative Development (REWARD) Project".
 - (d) A loan of USD 2 million was negotiated with ADB for 'Nagaland Urban Infrastructure Development Project.
 - (e) A loan of USD 2 million was negotiated for Infrastructure Development of Industrial Estates in Tripura" with Govt. of Tripura, Tripura Industrial Corporation Limited (TIDCL) and ADB for Project Readiness Financing (PRF).
- (ii) The following rules/regulations/schemes have been issued pertaining to International Financial Services Centres Authority (IFSCA) Act, 2019:
 - (a) Insurance Web Aggregator Regulations, 2022
 - (b) Fin Tech Incentive Scheme, 2022
 - (c) Annual Report and Returns and Statements and Other Particulars Rules, 2022

(d) Form of Annual Statement of Accounts Rules, 2022.

(iii) Hon'ble Finance Minister attended the following meetings during the month:

- A meeting with Australian Minister of Trade, Tourism and Investment wherein both sides highlighted the importance of an early resolution of on-going issue of taxation of off-shore income of Indian firms in Australia;
- 25th meeting of the Financial Stability and Development Council (FSDC) to discuss various mandates of the FSDC and major macro financial challenges arising in view of global and domestic developments;
- Meeting of the G20 Finance Ministers and Central Bank Governors meeting held under the Indonesian G20 Presidency and a high-level discussion on "Strengthening Global Health Architecture" on the side-lines; and
- Review meeting of National Investment and Infrastructure Fund.

(iv) Other Meetings during the month:

- Meeting of the G20 Finance and Central Bank Deputies held virtually;
- First meeting of BRICS Finance and Central Bank Deputies under Chinese Presidency;
- 125th meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/ Bilateral Agencies held on February 25, 2022 under the Chairmanship of Additional Secretary, DEA;
- FSB Plenary meeting to discuss financial stability issues and Crypto-Assets and Central Counter Party (CCP) financial resources for resolution;
- Two rounds of discussion between India and Australia on Comprehensive Economic Cooperation Agreement (CECA);
- 8th round of discussion between India and UAE on BIT;
- Meeting of AIIB Board of Directors, in which the Board approved Assam Electricity Distribution System Enhancement Project for a loan amount of USD 386 million for India; and
- 45th Governing Council meeting of International Fund for Agricultural Development.

3. Minimum Government, Maximum Governance

The use of ICT in submission of information is being encouraged.

4. Non-Compliance of ACC directions/orders

Nil

5. Details of FDI proposals cleared during the month and status of FDI proposals awaiting approval in the Department:

Number of proposals cleared	:	06
Awaiting Approval in the Department	:	10

Annexure

Table 1 : INFLATION- CPI-C, WPI (in percent)

	January 2021	December 2021	January 2022
CPI-C	4.06	5.66	6.01
WPI	2.51	13.56	12.96

Source: NSO for CPI-C and OEA, DPIIT for WPI

Note: WPI inflation for last two months and CPI-C inflation for last one month is provisional.

Table 2 : MONETARY DEVELOPMENT

Item	11.2.2022
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.70
Bank Credit Year-on-Year growth	7.9

Table 3 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)

	Exports	Imports	Trade Balance
January 2021	27.5	42.0	(-)14.5
January 2022	34.5	51.9	(-)17.4

Table 4: Services Trade Performance (in US\$ billion)

December 2021	25.3	14.9	10.4
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Source: Provisional data as per the Press Release dated 13.1.2022 of the Department of Commerce, Ministry of Commerce and Industry.

Table 5: Balance of Payments

Items	2020-21 (April-September)	2021-22 (April-September)
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Current Account Balance (in US\$ billion)	34.4	(-) 3.0
Current Account Balance / GDP (Per cent)	3.0	(-) 0.2

Source: Reserve Bank of India.

Table 6 : Foreign Exchange Reserves (in US\$ billion)

End-March, 2021	577.0
11.2.2022	630.2

Source: Reserve Bank of India

Table 7: Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)

	US Dollar	Pound Sterling	Euro	Japanese yen
18.2.2022	74.9223	101.9653	85.1627	65.04

Source: Reserve Bank of India

Table 8 : External Debt (US\$ Billion)

	as at end of September 2020 PR (1)	as at end of September 2021 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	556.8	593.1	6.5

Source: Quarterly Report on External Debt as at end September 2021, DEA.

Table 9 : Industrial Production Highlights

Monthly Growth (YoY) in per cent

	October 2020	November 2020	December 2020
Index of Industrial Production (IIP)	4.5	(-)1.6	2.2
	October 2021	November 2021	December 2021
	4	1.4	0.4

Table 10 : Eight Core Industries

Monthly Growth (YoY) in per cent

	November 2020	December 2020	January 2021
Eight Core Industries (ICI)	(-) 1.1	0.4	1.3
	November 2021	December 2021	January 2022
	3.4	4.1	3.7
