


A-45011/4/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 20th April, 2023

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, 2023.


(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 2309- 5054

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, AS&FA(Finance).
14. Ms. Aparna Bhatia, Advisor(Admn./Coord./ C&C).

15. Ms. Manisha Sinha, AS(G20 logistics(Coord-II)/OMI/Crypto assets and CBDC)
16. All Heads of Divisions in Department of Economic Affairs.
JS(IPP/JS(ISD)/JS(Inv)/JS(Budget)JS(FM)/All Advisers/CAAA
17. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
18. Guard File – 2023.

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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of February, 2023

1. Important policy decisions taken and major achievements during the month:

Macroeconomic Overview:

India's real GDP growth in Q3 of FY23, estimated on the Q3 base of FY22, has come in at 4.4 per cent. Growth of real GDP in Q3 over Q2 has been mainly sustained by agriculture and allied activities, mining and quarrying, construction and contact-intensive services sectors from the supply side and Private Final Consumption Expenditure (PFCE) and Government Final Consumption Expenditure (GFCE) from the demand side.

The inclusiveness of resilient economic growth in the third quarter is also reflected in the improvement in employment indicators. As per the Periodic Labour Force Survey (PLFS), the overall urban unemployment rate for people aged 15 years and above declined from 8.7 per cent in the December quarter of 2021 to 7.2 per cent one year later in December of 2022. Net payroll additions under EPFO witnessed YoY growth of 41.4 per cent in December 2022, indicating that employment in the formal sector has passed the stage of recovery and is registering a growth surge. The Naukri Job Speak Index also reflects an uptick in overall hiring activity, observing a sequential monthly growth of 9 per cent in February 2023.

Falling international commodity prices and government measures have aided in easing inflationary pressures in February 2023. CPI inflation moderated to 6.44 per cent in February 2023 compared to 6.5 per cent in January 2023. With WPI inflation declining to a 25-month low of 3.85 per cent in February 2023, its transmission to CPI inflation is soon expected.

Analysis reveals that India is one of the few countries that have a lower corporate debt as a percentage of the GDP in Q3 of 2022 as compared to the corresponding quarter in 2008. Apart from the lowering of debt coinciding with the deleveraging phase in the credit cycle, a declining trend observed since mid-2021 is a reflection of a relatively less debt-financed

strong recovery of India's economy. India's corporate sector credit-GDP ratio is also below its historical trend, indicating ample space for the corporate sector to enlarge its debt burden. The strong debt profile of the corporate sector has proven to be key in maintaining the macroeconomic stability of the economy.

2. Important Developments:

- (i) Hon'ble Finance Minister presented the **Union Budget for 2023-24 on February 1, 2023.**
- (ii) The following **Finance Track meetings under G20 India Presidency** were held during this month:
 - a) The First G20 Finance Ministers and Central Bank Governors (FMCBG) meeting, jointly chaired by Hon'ble Finance Minister of India and Governor, Reserve Bank of India was organised in Bengaluru during February 24-25, 2023. The main deliverable of the meeting was the G20 Chair's Summary and Outcome Document that was negotiated by the G20 Finance and Central Bank Deputies during February 22-23, 2023.
 - b) The following side events/associated meetings were held at the sidelines of the First G20 FMCBG meeting:
 - Hon'ble FM held bilateral meetings with her counterparts from Italy, US, Japan, Canada, Argentina, Renesas Electronics Corp, Spain, Indonesia, BIS, European Commission, United Kingdom, Nepal, France and Australia to discuss issues of mutual interest in G20.
 - Hon'ble FM held bilateral meeting with Ms. Kristalina Georgieva, MD, IMF and Ms. Gita Gopinath, FDMD IMF to discuss IMF related matters.
 - Hon'ble FM held Bilateral meeting with Ms. Nadia Calvino, First Deputy Prime Minister of Spain and IMFC Chair.
 - Following events were organised, with participation at Ministerial and Finance Deputies' level, viz.,

- High-Level Symposium on Digital Public Infrastructure (DPI);
 - Seminar on 'Policy Perspectives: Debating the Road to Policy Consensus on Crypto Assets' and 'Leveraging national payment systems to enhance cross-border payment arrangements';
 - 'Walk the Talk: Policy in Action' event for the Finance Ministers, Central Bank Governors, Heads of International Organizations and their Deputies involving an exclusive visit to the Indian Institute of Science (IISc), Bengaluru to showcase innovations in the Indian technology ecosystem.
- c) The first meeting of India's G20 Task Force on Digital Public Infrastructure for Economic Transformation, Financial Inclusion and Development was held virtually under the chairmanship of Shri Amitabh Kant (G20 Sherpa of India) and Shri Nandan Nilekani.
- d) The First meeting of the G20 Sustainable Finance Working Group (SFWG) was held in Guwahati during February 2-3, 2023. On side-lines of this meeting, a G20 workshop on the 'capacity-building of the ecosystem for scaling-up sustainable finance' and a G20 Panel discussions on 'Financing for SDGs: Blueprint to achieve a Sustainable Future' and on 'Role of Financial Sector Regulators in Financing SDGs & Jan Bhagidari events were organized.
- (iii) Following important meetings were attended by the Hon'ble Finance Minister:
- (a) Virtual meeting with Ms. Kristalina Georgieva, MD, IMF to discuss IMF related issues.
 - (b) Meeting with Dr David R Malpass, President of World Bank Group.
- (iv) Following loan/grant agreements were signed with multilateral and bilateral development agencies:

(a) Exchange of Notes were signed with Government of Japan and Loan agreement were signed with Japan International cooperation Agency (JICA) for the following projects:

- Loan of JPY 9.918 billion (Rs. 560 Crore approx.) for the establishment of Mizoram State Super-Specialty Cancer and Research Centre.
- Loan of JPY 30.755 (Rs. 1,728 Crore approx) billion for Mumbai Trans-Harbour Link Project (III)

(b) The Financial Cooperation (FC) Umbrella Agreement for the year 2022 was signed with Germany for Euro 899.50 million (Loan of Euro 880 million and Euro 19.50 million grant) for financing various development projects under the “Green and Sustainable Development Partnership”.

(v) Following capacity building programmes in infrastructure sector were held during this month:

- (a) Training Programme on Project Finance held at IIBF, Mumbai.
- (b) Training Programme on Project Management and PPP held at IIM Kozhikode.
- (c) Training Programme on Public Private Partnership a basic perspective held at AJNIFM, Faridabad.

(vi) Following important meetings/workshops were held/attended at the official level:

- (a) Secretary (EA) attended the First meeting of BRICS Finance and Central Bank Deputies, virtually under the South African Presidency.
- (b) 7th round of India-UK BIT negotiations in London.
- (c) 4th round of India-Cambodia BIT discussion held through DVC.
- (d) 5th round of India-Saudi Arabia BIT discussion held through DVC.
- (e) The 2nd meeting of the G20 Finance Deputies held in Bengaluru.

- (f) Financial Stability Board (FSB) held the Steering Committee meeting to discuss the FSB's work on crypto-assets and DeFi in 2023 and the FSB work programme, including deliverables to the G20.
- (g) FSB held the SCSI meeting to discuss the Climate risk factors in compensation frameworks, Reform Effectiveness Analysis Network work plan, Thematic review on money market fund (MMF) reforms.
- (h) AIIB Board of Directors met virtually for Consideration of Investment Projects and Second Interim Review of Covid 19 Crisis Recovery facility (CRF).
- (i) 46th Governing Council Meeting of IFAD held in Rome.
- (j) AS (MBC) attended SARTTAC'S Interim Steering Committee Meeting to discuss on SARTTAC operations and activities in FY 23, SARTTAC Budget for Phase II and SARTTAC's Workplan and Training Calendar for FY 24.
- (k) The 137th meeting of DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies.

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	:	NIL
Awaiting Approval in the Department	:	07