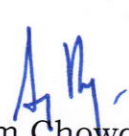


A-45011/4/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 22nd March, 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 January, 2023.


(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 2309- 5091

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 – 2022.

A-45011/4/2023-Coord.II
Government of India
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 January, 2023**

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

Macroeconomic Overview:

Owing to ongoing global geopolitical tensions, the IMF, in its January 2023 update of the World Economic Outlook (WEO), has projected global output to decline from 6.2 per cent in 2021 to 3.4 per cent in 2022 and to 2.9 per cent in 2023. The World Bank, in its January 2023 edition of Global Economic Prospects (GEP), estimates global growth to decelerate from 2.9 per cent in 2022 to 1.7 per cent in 2023.

As per the IMF estimates, global inflation is expected to cool from 8.8 per cent in 2022 to 6.6 per cent in 2023, while remaining above the pre-pandemic (2017-19) levels of about 3.5 per cent. At the same time, the World Bank projects global headline Consumer Price Index (CPI) inflation at 5.2 per cent in 2023, above its 2015-19 average of 2.3 per cent.

Global trade situation is expected to worsen in 2023 as monetary tightening will entail a twin impact- it will reduce demand and, consequently, the volume of trade; and, at the same time, lower prices and, accordingly, the value of trade. As per the World Bank, global trade growth is expected to decelerate further to 1.6 per cent in 2023 from 4.0 per cent in 2022. The IMF projects it to decline to 2.4 per cent in 2023 from 5.4 per cent in 2022.

The Economic Survey 2022-23, presented on January 31, 2023, projects Indian real GDP to grow at 6.5 per cent in FY24. This projection is broadly comparable to the estimates provided by various multilateral agencies. The actual outcome for real GDP growth will probably lie in the range of 6.0 per cent to 6.8 per cent, depending on the trajectory of economic and political developments globally. **Growth is expected to be brisk, supported by vigorous credit disbursal, and increased capex spending coupled with the strengthening of the balance sheets of the corporate and banking sectors.** Further support to economic growth will

come from the expansion of public digital platforms and path-breaking measures such as PM GatiShakti, the National Logistics Policy, and the Production-Linked Incentive schemes to boost manufacturing output.

Even though the Consumer Price Index (CPI) inflation rose to 6.5 per cent in January 2023, headline inflation in India has been showing a downward trend in the second half of FY22. Softening global commodity prices have led to a decrease in Wholesale Price Index (WPI) inflation over the last few months. WPI inflation declined to a 24-month low of 4.74 per cent in January 2022. Limited volatility of headline inflation on either side of the 6 per cent ceiling is a reflection of the ongoing adjustment India's economy is making to the downward trending path. Accordingly, the Monetary Policy Committee of the RBI has raised the policy rates by a softer 25 basis points (bps) in its February 2023 meeting, as compared to higher increases earlier in the tightening cycle.

Domestic economic activity remained robust even as a global economic slowdown materializes, as evident in the second-highest ever GST collections of ₹1.6 lakh crore in January 2023. While increasing electronic toll collection reflect steadily rising commercial activity, the sustained growth in the volume of e-way bill generation point to increased spending and value addition in the manufacturing sector.

Manufacturing activity, as indicated by the PMI manufacturing, remained firmly in the expansionary zone in January 2023. Corroborating the evidence of PMI Manufacturing activity, the Index of Industrial Production (IIP) and the Index of Eight Core Industries (ICI) have also displayed healthy growth in December 2022, registering YoY growth of 5.4 per cent and 8 per cent, respectively, in period Apr-Dec 2022.

The services sector is also expanding and driving economic activity. As of January 2023, PMI Services has remained in the expansionary zone for 18 consecutive months. The growth in activity was supported by favourable demand conditions and ongoing increases in new work. Transport services activity over the April-January FY23 period (Apr-Dec in the case of air passenger traffic) across rail, freight and air modes remained significantly above the corresponding levels of the previous two years.

Overall demand conditions remained conducive to carrying forward the momentum built up in the economy. The demand for fuel in January 2023, as gauged by fuel consumption, was the second-highest in FY23. Steady growth in automobile sales and UPI transaction value and volumes also reflect healthy demand conditions. Credit disbursements by scheduled commercial banks also remained in double-digit territory. The results of the

RBI's consumer confidence survey reveal that consumer confidence improved further both for the current period as well as for the year ahead.

In the context of the above developments, I would also like to briefly touch upon the enhanced resilience of the Indian economy envisaged through the Union Budget FY24 announced by Hon'ble Finance Minister on February 1, 2023

- India's Union Budget FY24 ensures macroeconomic stability by budgeting a fiscal deficit of less than 6 per cent of GDP.
- The Budget has also announced key interventions to support the high growth of the Indian economy and bring weaker sections of society into the mainstream. Measures announced for the MSME sector, such as relief to MSME suppliers, and the enhanced credit guarantee scheme through the infusion of ₹9,000 crore to the corpus, are expected to reduce the cost of funds and aid the small enterprises' sector.
- The Budget FY24 has yet again provided a Capex stimulus to growth by increasing the Centre's Capex budget to ₹10 lakh crore, 33 per cent higher compared to the previous year, continuing its push towards investment-driven growth amid global headwinds.
- Further, an increase in the basic exemption limit from ₹2.5 lakh to ₹3 lakh under the New Personal Income Tax Regime (NPITR), and rationalization of tax slabs are expected to increase spending and spur consumption demand.

2. Important Developments:

(i) The following key meetings and exchanges were held in the context of **Indian G20 Presidency:**

(a) The following Finance Track meetings under G20 India Presidency were held during this month:

- The First G20 Global Partnership for Financial Inclusion (GPFI) Working Group meeting was held in Kolkata during January 9-11, 2023.
- The first G20 Infrastructure Working Group(IWG) meeting was held in Pune during January 16-17, 2023. On the sidelines of this meeting, a high level workshop was organised by Asian Development Bank(ADB) titled "Financing Cities of Tomorrow" on January 16, 2023.

- The first G20 International Financial Architecture Working Group(IFA WG) meeting was held in Chandigarh during January 30-31, 2023.
- (b) A tele-conversation was held between Hon'ble Finance Minister and the Chancellor of the Exchequer of the UK to discuss trade & investment, G20 and other issues of mutual interest.
- (c) A meeting was held between the undersigned and Deputy Managing Director (IMF) to discuss India's G20 Presidency, economic developments in the region and financial situation of Sri Lanka.
- (ii) The following notifications were issued in January 2023:
- (a) Commemorative Coin of denomination of Rs. 75/- on occasion of 75 years of Raising of National Cadet Corps.
- (b) Following key regulations have been notified to facilitate insurance activities in GIFT IFSC :
- IFSCA (Appointed Actuary) Regulations, 2022.
 - IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022.
 - IFSCA (Investment by International Financial Service Centre Insurance Office) Regulations, 2022.
 - IFSCA (Insurance Products and Pricing) Regulations, 2022.
- (iii) India conveyed its Financing Assurance to IMF for Sri Lanka's prospective Extended Fund Facility-supported program and committed to support Sri-Lanka with financing/debt relief consistent with restoring Sri Lanka's public debt sustainability under the IMF-supported program.
- (iv) The following loan/grant agreements were signed with multilateral and bilateral development agencies:
- (a) The following Loans were signed with the World Bank:
- Loan of USD 245 million for Rail Logistics Project.
 - Loan of USD 150 million for Punjab Building Fiscal and Institutional Resilience Program.

- (b) AIIB Board of Directors approved the proposed sovereign-backed loan of USD 378 million for the 'Chennai Peripheral Ring Road Sections II and III Project.'
- (v) The following capacity building programmes in infrastructure sector were held during this month:
- Training Programme on Project Management tools and methodology for better project planning, execution and monitoring held at ISB, Hyderabad.
 - Training Programme on Fiscal Policy and Accounting & Finance Analytics held at IIM Indore.
 - Training Programme on Project Procurement & Risk Management held at NITIE Mumbai.
- (vi) The following important meetings/workshops were held/attended at the official level:
- (a) India-Korea BIT dispute final tribunal hearing held at Singapore.
 - (b) 44th Session of UNCITRAL Working Group III on ISDS reforms held in Vienna.
 - (c) Screening Committee that considered proposals seeking multilateral and bilateral financing.
 - (d) World Bank's Capital Adequacy Framework discussions with World Bank Group's VP and CRO.
 - (e) Fourth meeting of Pandemic Fund Board.
 - (f) 10th round of BIT negotiations between India and Russia.
 - (g) 13th round of BIT negotiations between India and UAE.

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 : 02

Awaiting Approval in the Department : 05