

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

New Delhi, 22nd December, 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 October, 2023.


(Susruta Samanta)

Deputy Secretary to the Government of India
Tel No. 2309- 5244

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 October, 2023.**

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

Macroeconomic Overview:

The Indian economy has demonstrated remarkable resilience amid a global slowdown, buoyed by robust domestic demand. Key rating agencies have also exhibited confidence in India's economic strength. While Moody's has retained India's economic growth at 6.7 per cent for FY 2023-24 (FY24), Fitch has raised India's medium-term potential growth estimate by 70 basis points to 6.2 per cent.

The supply-side economy in FY24, so far, also validates this confidence. In the agriculture sector, the latest estimates in the current year indicate robust output of major Kharif crops. Rabi sowing has also shown healthy progress, fostering expectations of a strong Rabi output. Rural demand has sustained sequential momentum during the second quarter of FY24 as incomes from food grain production have been stable and inflationary pressures have remained moderate. At the same time, increasing production and expansion in sales have been driving growth in the manufacturing sector. Services related activity has also been expanding, driven by favourable demand conditions and a strong influx of new businesses.

On the demand side, private final consumption expenditure (PFCE) has emerged as the strongest driver of India's growth during the current year. The festive season has further strengthened consumption demand. While accumulated savings and declining rates of unemployment constitute the underlying strength of consumption demand, the wealth effect emanating from growing capitalisation of equity markets and rising real estate prices may have also strengthened consumption.

Merchandise exports during October 2023 have recorded highest growth in 11 months. Services exports also remained robust in October 2023. Foreign Portfolio Investors (FPIs), which were net sellers in October 2023, have turned into net buyers in the first half of November 2023. Stability in the rupee and adequacy in forex reserves further support India's improving performance in the external sector.

The Central Government is on track to achieve the budgeted deficit target for the current fiscal year. Continued buoyancy in revenue collections supported by prudent expenditure management has enabled the fiscal deficit to be contained within 40 per cent of the Budget Estimate during the first half of the year. The government's emphasis on capital expenditure has continued during the year as well, imparting an impetus to private investment. The recent steep and rapid decline in global crude oil prices addressed an important source of potential impact on public finances.

Retail inflation, measured by the Consumer Price Index (CPI), has moderated to 4.9 per cent in October 2023, as against 5 per cent in September 2023. This fall in inflation was mainly due to the decline in core (non-food, non-fuel) inflation, while food inflation in October 2023 remained the same as in September 2023. Overall inflation stood at a four-month low in October 2023, while its core component was the lowest in the last 43 months. The trend in Wholesale Price Index (WPI) also suggests that the cost of principal inputs to production in the economy has also declined.

The recently released Periodic Labour Force Survey highlights positive youth- and gender-related trends. A continuous decline in the annual youth unemployment rate accompanied by greater youth participation in the labour force indicates better utilisation of demographic dividends. This has coincided with steady progress in skill development, with nearly 1.4 crore candidates trained under PM Kaushal Vikas Yojana since 2015. From the gender perspective, the female labour force participation rate (FLFPR) has been rising for the past six years.

2. Important Developments:

(i) **The following Finance Track Meetings under G20 India Presidency** were held during October 2023:

- a) The Fourth and final meeting of the G20 Finance Ministers and Central Bank Governors (FMCBG) was organized in two

sessions spread across two days from 12th to 13th October, 2023 on “Strengthening Multilateral Development Banks (MDBs)” and “Global Economy and Crypto Assets” in Marrakesh, Morocco on the side-lines of the IMF/WB Annual meetings. The meeting was jointly chaired by the Hon’ble Finance Minister of India and Governor RBI.

- b) The FMCBG meeting was preceded by the Fourth G20 Finance and Central Bank Deputies (FMCBG Deputies) Meeting on 11th October, wherein the Deputies negotiated the G20 Communiqué which was adopted by the FMCBGs. The two major outcomes in the FMCBG communiqué were the following:
- The G20 FMCBGs welcomed the Report of the G20 Independent Expert Group (IEG) on Strengthening MDBs. Going forward, the G20 International Financial Architecture Working Group has been tasked to deliberate on the IEG recommendations, in consultation with MDBs, and suggest a way forward for better, bigger and more effective MDBs, including ways to work together better as a system. They have been asked to report back to the FMCBGs in their meeting scheduled for April 2024.
 - The G20 FMCBGs adopted the G20 Roadmap on Crypto-assets. IMF and FSB have been tasked to provide regular and structured updates on the progress of implementation of the G20 Roadmap on Crypto Assets.
- c) A number of events were held on the sidelines of the G20 FMCBG and G20 FCBD Meetings. These included G20 Deputies High-Level Seminar on Strengthening the Financial Capacity of MDBs, G20-IMF High Level Dialogue on Capacity Building and 2-Pillar Solution, Global Sovereign Debt Roundtable (GSDR) Principals’ meeting, Launch event of the Partnership for Resilient and Inclusive Supply-chain Enhancement (RISE) and G-7 Africa Roundtable.
- d) Hon’ble Finance Minister held ten bilateral engagements with her counterparts (of selected G20 & invitee countries) and heads of International Organisations (viz., African Union, Brazil, France, Germany, Indonesia, Morocco, Switzerland, UK, IMF, World Bank Group).

(ii) **The following meetings were attended by Hon'ble Finance Minister at the 2023 Annual Meetings of IMF-World Bank Group in Marrakech, Morocco:**

- a) Development Committee Plenary meeting;
- b) International Monetary and Finance Committee (IMFC) restricted breakfast meeting;
- c) IMFC Plenary meeting; and,
- d) US Treasury Roundtable on "IMF Policy Priorities and How the Institution should Support its Membership"

(iii) The following important meetings were held/attended at the official level:

- a) FSB Steering Committee was held on 20th October, 2023, that discussed the work of climate related financial risks and FSB work priorities for 2024.
- b) The 37th Early Warning Group (EWG) meeting was held on 10th October, 2023 that discussed the constitution of the Inter-Regulatory Working Group (IRWG), Macroeconomic Implications of India's Inclusion in J.P.Morgan's GBI-EM Global Index Suite, etc.
- c) The Indian Delegation participated in the Paris Infraweek held from 09th to 13th October, 2023 and presented the outcomes of the G20 Infrastructure Working Group under the Indian G20 Presidency focusing on the flagship priority of Financing Cities of Tomorrow: Sustainable, Inclusive and Resilient.
- d) India - UK Investment negotiations were held in New Delhi from 3rd to 6th October, 2023.
- e) India - UK Investment negotiations were held in London, UK from 13th to 17th October, 2023.
- f) India - UK Investment negotiations were held virtually on 12th & 19th October, 2023.
- g) Bilateral Investment Dispute Review Meeting was held on 20th October, 2023.

(iv) Following **Notification was issued** during this month:

Commemorative Coin of denomination of Rs. 500/- on the occasion of 500th birth anniversary of Rani Durgavati.

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	:	13