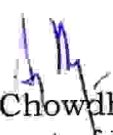


No. A-45011/4/2021-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 20th July, 2021

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 May, 2021.


(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. Chief Economic Adviser, DEA.
12. Additional Secretary (Shri A. Giridhar) Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Dr. C.S. Mohapatra, Additional Secretary (FS &CS), DEA
14. Shri K. Rajaraman, Additional Secretary (Admn. & Investment), DEA.
15. Ms.Meera Swarup, AS&FA(Finance).
16. Shri A.M. Bajaj, Additional Secretary (FM), DEA
17. Shri Rajat Kumar Mishra, Additional Secretary (Budget), DEA.
18. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA

19. All Heads of Divisions in Department of Economic Affairs.
Sr.Adviser(C&C/FSLR/FS&CS)/JS(BC&IER)/JS(Inv)/Adviser
(IER)/CAAA.
20. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New
Delhi.
21. Guard File – 2021.

Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of May, 2021.

1. Macro-Economic Overview

The onset of the second wave of COVID-19 poses a downside risk to the momentum in India's economic recovery in the first quarter of 2021-22. With the peaking of the second wave in first half of May, 2021, the decline in new cases has been as fast as was the rise. The continuous upscaling of India's vaccination drive, meticulous observation of COVID-appropriate behaviour and pro-active application of India's successful first-wave pandemic management policies raises hopes of a muted impact of the second wave on the economy. As per the Provisional Estimates of GDP released by National Statistical Office (NSO), real GDP growth is estimated to contract by 7.3% in 2020-21 as against a growth of 4.0% in 2019-20. Real GDP growth for fourth quarter (Q4) of 2020-21 is estimated to grow at 1.6%, as compared to a growth of 3.0% in Q4 of 2019-20. On the supply side, agriculture and allied sector grew at 3.6% in 2020-21. Whereas, on the demand side, while government consumption grew at 2.9% in 2020-21, private consumption contracted by 9.1% (Table 2). Fixed investment measured as Gross Fixed Capital Formation (GFCF) contracted by 10.8% in 2020-21. Exports and imports of goods and services also contracted by 4.7% and 13.6% respectively in 2020-21. The sector-wise growth rates are given in the table at Annexure.

2. Other Important Developments

- (i) International Financial Services Centre Authority (IFSCA) issued Circulars/Guidelines related to Finance Company/Financial Units along with Guidelines for Certificate of Deposits. Besides, IFSCA also issued fee structure for various Insurance Offices and Insurance Intermediary Offices.
- (ii) The Finance Contract for second tranche of Euro 150 million for Pune Metro Rail Project was signed on 7th May, 2021 between Government of India and European Investment Bank.
- (iii) India has decided to contribute 26% of the total of deferred charges and Special Contingent Account -1 i.e., Special Drawing Rights (SDR) 13.5 million out of its share of 51.8 million SDR towards Sudan debt relief.

(iv) Gujarat Outcomes for Accelerated Learning (Goal) project was signed for a loan amount of USD 500 million on 19th May, 2021 with The International Bank for Reconstruction and Development (IBRD).

(v) A Project on Supporting Andhra's Learning Transformation (SALT) Operation Project with loan amount of USD 250 million on 13th May, 2021 was negotiated with IBRD.

3. Important meetings held during the month of May, 2021:

(i) Secretary (EA) attended the 16th Informal Meeting of SAARC Finance Ministers on the side-lines of 54th Annual Meeting of Asian Development Bank (virtual). Ministers/Heads of delegation made brief statements on the theme 'Economic Recovery from COVID-19: Towards Inclusive and Resilient Growth'.

(ii) Secretary (EA) co-chaired the 4th India-Switzerland Financial Dialogue in which Senior Economic Adviser (FS&CS) participated as a lead discussant on New Technology and Financial Services.

(iii) As one of the Board members, Secretary (EA) attended the 589th Meeting of Central Board of the Reserve Bank of India.

(iv) Secretary (EA) also chaired the 102nd meeting of Public Private Partnership Appraisal Committee (PPPAC) to consider the proposal of Development of Eco-tourism resorts in Minicoy Island, Lakshadweep under PPP mode. PPPAC accorded 'In-Principle and Final Approval' to the project proposal and recommended the proposal for approval of the competent authority.

(v) 103rd Meeting of the PPPAC was also chaired by Secretary (EA) wherein "In Principle" approval was granted to the project proposal of Ministry of Railways for Development of Surat MMTH and Udhna Railway Station on PPP mode.

(vi) Four meetings of Empowered Group on Economic Welfare (EGEW) were held in May, 2021.

(vii) Additional Secretary, DEA, attended the second meeting of the Steering Committee to operationalize International Bullion Exchange. He also chaired the second meeting of the Task Force on Sustainable Finance.

(viii) Senior Economic Adviser, DEA, participated in a meeting of the Financial Stability Board (FSB) Standing Committee on Standards Implementation (SCSI), which monitors implementation of international financial standards, to discuss the content of the next Annual Report to be submitted to G20, and the consistency of COVID-19 Policy responses of Member jurisdictions with international standards. In addition, as a member from India in the peer review

group under FSB, he also participated in various meetings of the group. He also attended the consultative Workshop held with private sector and practitioners of corporate restructuring during the month.

(ix) The FSB Regional Consultative Group (RCG) for Asia held a virtual meeting to discuss vulnerabilities and financial stability issues affecting Asia and the impact of the COVID-19 pandemic on the region. The 23rd meeting of Early Warning Group (EWG) was held to discuss the financial system vulnerabilities and monitoring as well as major economic developments having bearing on risk outlook. A meeting of the Working Group on Climate Risk was held to discuss the stocktake summary and further timelines of the report.

(x) A round of discussion between India and Switzerland on Bilateral Investment Treaty (BIT) and the 4th round of negotiations between India and UAE on BIT were also held.

(xi) In an IMF Comprehensive Surveillance Review (CSR) meeting, India conveyed its comments to Executive Director Office, IMF opposing inclusion of climate change in IMF surveillance.

(xii) DEA, jointly with New Development Bank, organized a Virtual Seminar on Financing Social Infrastructure and use of Digital Technologies under India's BRICS Chair 2021.

(xiii) The 5th Tripartite Portfolio Review Meeting (TRPM) of Asian Infrastructure Investment Bank (AIIB) projects was held during the month of May, 2021.

4. Minimum Government, Maximum Governance

In particular, use of ICT in submission of Information is being encouraged.

5. Non-Compliance of ACC directions/orders

Nil

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

Awaiting Approval in the Department: 12

Table 1: Growth of GVA at Basic Prices by Economic Activity and GDP at Market Prices (per cent)

Sectors	Growth rate at constant (2011-12) prices (per cent)	
	2019-20 1 st RE	2020-21 PE
Agriculture, forestry & fishing	4.3	3.6
Industry	-1.2	-7.0
Mining & quarrying	-2.5	-8.5
Manufacturing	-2.4	-7.2
Electricity, gas, water supply & other utility services	2.1	1.9
Construction	1.0	-8.6
Services	7.2	-8.4
Trade, hotel, transport storage	6.4	-18.2
Financial, real estate & prof. services	7.3	-1.5
Public administration, defence and other services	8.3	-4.6
GVA at basic prices	4.1	-6.2
GDP at market prices	4.0	-7.3

Source : National Statistical Office (NSO), MoSPI

Note : RE: Revised Estimates, PE: Provisional Estimates

Table 2: Annual Real Growth in Demand Side of GDP and its Components (percent)

Components	2019-20	2020-21
	1 st RE	PE
Total Consumption	5.9	-7.3
Government Consumption	7.9	2.9
Private Consumption	5.5	-9.1
Gross Fixed Capital Formation	5.4	-10.8

Exports	-3.3	-4.7
Imports	-0.8	-13.6
GDP	4.0	-7.3
Source : National Statistical Office (NSO), MoSPI		
Note : RE: Revised Estimates, PE: Provisional Estimates		

Table 3 : INFLATION- CPI-C, WPI (in Per Cent)			
	April 2020	March 2021	April 2021
CPI-C	7.22	5.52	4.29
WPI	(-)1.57	7.39	10.49
Source: NSO for CPI-C and OEA, DPIIT for WPI			
Note: 1. WPI inflation for last two months and CPI-C inflation for last one month is provisional.			
2. CPI-C inflation for April 2020 is imputed, which is based on limited set of observations due to COVID-19 pandemic.			

Table 4 : MONETARY DEVELOPMENT	
Item	14.5.2021
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.2
Bank Credit Year-on-Year growth *	6.0
Note: # as on 7.5.2021.	

Table 5 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
April 2020	10.4	17.1	-6.8
April 2021	30.6	45.7	-15.1

Table 6 : Services Trade Performance (in US\$ billion)			
	Exports	Imports	Trade Balance

March 2021	20.5	12.5	7.9
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Source: Provisional data as per the Press Release dated 14.5.2021 of the Department of Commerce, Ministry of Commerce and Industry.

Table 7 : Balance of Payments		
Items	2019-20 (Apr-Dec)	2020-21 (P) (Apr-Dec)
Current Account Balance (in US\$ billion)	-25.1	32.4
Current Account Balance / GDP (Per cent)	-1.2	1.7

Source: Reserve Bank of India.

Table 8: Foreign Exchange Reserves (in US\$ billion)	
March 2020	477.8
May 21, 2021	592.9

Source: Reserve Bank of India

Table 9 : Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)				
	US Dollar	Pound Sterling	Euro	Japanese yen
May 11, 2021	73.4518	103.6757	89.1514	67.4400

Source: Reserve Bank of India

Table 10 : External Debt (US\$ Billion)			
	as at end of December 2019 PR (1)	as at end of December 2020 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	564.0	563.5	-0.08

Source: Quarterly Report on External Debt as at end December 2020, DEA

Table 11 : Industrial Production Highlights			
Monthly Growth	January 2020	February 2020	March 2020

Industrial Production Growth Rate (IIP)	2.2	5.2	-18.7
Monthly Growth	January 2021	February 2021	March 2021
Industrial Production Growth Rate (IIP)	-0.9	-3.4	22.4

Table 12 : Eight Core Industries			
Monthly Growth	February 2020	March 2020	April 2020
Growth of Eight Core Industries	6.4	-8.6	-37.9
Monthly Growth	February 2021	March 2021	April 2021
Growth of Eight Core Industries	-3.8	11.4	56.1
