

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

New Delhi, 25th February, 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 January, 2021.


(Jasbir Singh)
Deputy Secretary to the Government of India
Tel No. 23093592

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.

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

1. Macro-Economic Overview

India's real Gross Domestic Product (GDP) is estimated to contract by 7.7% in FY2020-21, composed of a sharp 15.7% decline in first half and a modest 0.1% fall in the second half. Sector-wise, agriculture has remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and have been recovering steadily. Government consumption and net exports have cushioned the growth from diving further down. The fundamentals of the economy remain strong as gradual scaling back of lockdowns along with the astute support of Atmanirbhar Bharat Mission have placed the economy firmly on the path of revival. The sector-wise growth rate is given in a tabular form at Annexure.

2. Other Important Developments

2.1 (a) The Credit Facility Agreement/ Loan Agreement for Surat Metro Rail Project was signed between Government of India and Agence Française de Développement (AFD), France on 28th January 2021 for an amount of Euro 250 Million.

(b) Note for "COVID-I9 Crisis Response Support Loan for Social Protection" for JICA ODA loan amounting to JPY 30 billion (around Rs. 2113 crore) was signed and exchanged between Government of India and Government of Japan on 8th January, 2021.

2.2 (a) A Gazette notification was issued on 20th January, 2021 for release of a commemorative coin of Rs. 125 to commemorate the occasion of 125th Birth Anniversary year of Netaji Subhas Chandra Bose.

(b) A Gazette notification was issued on 22nd January, 2021 for release of a commemorative coin of Rs.100, Rs.50 and Rs.10 to commemorate the occasion of 125th Birth Anniversary of Srimat Swami Pranavanandaji Maharaj.

2.3 Government of India has signed two projects of Andhra Pradesh on 6th January, 2021 on Andhra Pradesh Mandal Connectivity and Rural Connectivity Improvement Project (AP MCRCIP) and Andhra Pradesh Road and Bridge Reconstruction Project (APRBRP).

2.4 (a) A policy paper related to rate Transition of Asian Development Bank's Sovereign Operation Loans London Interbank Offer Rate (LIBOR) has been signed with ADB on 27th January, 2021 and also circulated to all the State Government, EAs, PIA, including line ministries for their necessary action on it.

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(b) Loan of USD 105 million has been signed with the World Bank on 5th January, 2021 for West Bengal Inland Water Transport, Logistics and Spatial Development Project.

(c) The new Bilateral Borrowing agreement between International Monetary Fund (IMF) and Reserve Bank of India (RBI) got approval in IMF Board.

2.5 Following important meetings were held during the month of January, 2021:

i. Hon'ble Finance Minister, Ms. Nirmala Sitharaman chaired a Review meeting on 6th January, 2021 to monitor the progress of projects under National Infrastructure Pipeline (NIP) of Ministry of Health & Family Welfare (MoHFW) and Department of Water Resources, River Development and Ganga Rejuvenation (DoWR, RD & GR).

ii. Secretary (EA) alongwith Chief Economic Adviser Dr. K. Subramanian and Senior Economic Adviser & Secretary, Financial Stability and Development Council (FSDC), Dr. Shashank Saksena attended the 26th Meeting of the Sub-Committee of the FSDC chaired by Governor, RBI on 13th January 2021 through video conference.

iii. Additional Secretary chaired the first meeting of the Task Force on Sustainable Finance for India on 19th January 2021.

(iv) Additional Secretary chaired the 114th meeting of the DEA Screening Committee for externally aided projects on 29th January, 2021. Total 26 projects were taken up for consideration and 10 projects were approved.

(v) Additional Secretary attended the virtual mid-year Screening Committee meeting of International Monetary Fund - South Asia Regional Training and Technical Assistance Center (IMF – SARTTAC) on 19th January, 2021.

(vi) Additional Secretary had a virtual meeting with Mr. Alfonso Garcia Mora, Vice President (Asia and Pacific), International Finance Corporation (IFC) regarding IFC issues on 28th January, 2021.

(vii) Additional Secretary chaired a meeting on Gold Monetisation Scheme with Gems & Jewellery Export Promotion council (GJEPC) on 5th January, 2021.

(viii) Additional Secretary chaired a meeting on 13th January, 2021 with State Bank of India (SBI) and Indian Banks' Association (IBA) to review action taken on proposals related to revamping of Gold Monetisation Scheme (GMS).

(ix) Joint Secretary chaired a meeting on International Bullion Centres Recommendations – LBMA (London Bullion Market Association) on 5th January, 2021.

(x) DEA participated in the First G20 Finance and Central Bank Deputies meeting under the Italian Presidency was held virtually on 25-26th January, 2021.

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(xi) The 21st meeting of the Early Warning Group (EWG) was held on 19th January 2021 under the Chairpersonship of Member, SEBI through video conference in which Director (FS&CS) attended on behalf of this Department.

(xii) Meeting regarding 'single point of contact' as a follow up to Virtual Global Investor Roundtable (VGIR) was held on 5th January, 2021.

(xiii) Virtual Tripartite Portfolio Review Meeting (TPRM) was held with ADB and Project Implementing Authorities (PIAs) on 15th January, 2021 for ADB financed projects.

(xiv) Virtual Tripartite Portfolio Review Meeting (TPRM) was held with the World Bank and Project Implementing Authorities (PIAs) on 20-22nd January, 2021 for World Bank financed projects.

(xv) The first meeting of the India-UK Sustainable Finance Forum was held on 21st January 2021 between India and the UK. The Forum consists of representatives from various ministries/departments and regulators from both sides.

(xvi) A Review meeting of Capital Infusion in National Investment and Infrastructure Fund (NIIF) Debt platform was held on 22nd January, 2021.

(xvii) A meeting with Shri Shalabh Tandon, acting Director, IFC and Mr. Jun Zhang, Country Director, IFC regarding International Finance Corporation (IFC) IFC issues was held on 28th January, 2021.

3. Minimum Government, Maximum Governance

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

4. Non-Compliance of ACC directions/orders

Nil

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

Awaiting Approval in the Department: 16

Annexure

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)		
	2017-18 2 nd RE	2018-19 1 st RE	2019-20 1 st AE
Agriculture, forestry & fishing	2.6	4.3	3.4
Industry	5.3	-1.2	-9.6
Mining & quarrying	0.3	-2.5	-12.4
Manufacturing	5.3	-2.44	-9.42
Electricity, gas, water supply & other utility services	8.0	2.1	2.7
Construction	6.3	1.0	-12.6
Services	7.2	7.2	-8.8
Trade, Hotel, Transport Storage	7.1	6.4	-21.4
Financial, Real Estate & Prof. Services	7.2	7.3	-0.8
Public Administration, Defence and other Services	7.4	8.3	-3.7
GVA at Basic Prices	5.9	4.1	-7.2
GDP at Market Prices	6.5	4.0	-7.7
Source: National Statistical Office (NSO).			
Notes: 2 nd RE: Second Revised Estimates, 1 st RE: First Revised Estimates, 1 st AE: First Advance Estimates			

Table 2: Annual Real Growth in Demand Side of GDP and its Components (Per Cent)			
	2017-18 2 nd RE	2018-19 1 st RE	2019-20 1 st AE
Total Consumption	7.4	5.9	-6.9
Government Consumption	6.3	7.9	5.8
Private Consumption	7.6	5.5	-9.5
Gross Fixed Capital Formation	9.9	5.4	-14.5
Exports	12.3	-3.3	-8.3
Imports	8.6	-0.8	-20.5
GDP at market prices	6.5	4.0	-7.7
Source: National Statistical Office (NSO).			
Notes: 2 nd RE: Second Revised Estimates, 1 st RE: First Revised Estimates, 1 st AE: First Advance Estimates			

Table 3: INFLATION- CPI-C, WPI (in Per Cent)			
	Dec-19	Nov - 20	Dec -20
CPI-C	7.35	6.93	4.59
WPI	2.76	1.55	1.22
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 4: MONETARY DEVELOPMENT	
Item	22.1.2021
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	5.95
Bank Credit Year-on-Year growth #	6.4
Note: # as on January 15 th , 2021.	

Table 5: Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
December, 2019	27.1	39.6	-12.5
December, 2020	27.2	42.6	-15.4

Table 6: Services Trade Performance (in US\$ billion)			
November, 2020	17.1	10.1	7.0
Source: Provisional data as per the Press Release dated 15.1.2021 of the Department of Commerce, Ministry of Commerce and Industry.			

Table 7: Balance of Payments		
Items	2019-20 H1	2020-21 (P) H1
Current Account Balance (in US\$ billion)	-22.5	34.8
Current Account Balance / GDP (Per cent)	-1.6	3.1
Source: Reserve Bank of India.		

Table 8: Foreign Exchange Reserves (in US\$ billion)	
March, 2020	477.8
22.1.2021	585.3
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
25.1.2021	72.9297	100.0255	88.8187	70.3200
Source: Reserve Bank of India				

Table 10: External Debt (US\$ Billion)			
	as at end of September 2019 PR (1)	as at end of September 2020 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	557.6	556.2	-0.2
Source: Quarterly Report on External Debt as at end September 2020, DEA			

Table 11: Industrial Production Highlights			
Monthly Growth	September - 19	October - 19	November - 19
Industrial Production Growth Rate (IIP)	-4.6	-6.6	2.1
Monthly Growth	September - 20	October - 20	November - 20
Industrial Production Growth Rate (IIP)	0.5	4.2	-1.9

Table 12: Eight Core Industries			
Monthly Growth	October-19	November-19	December - 19
Growth of Eight Core Industries	-5.5	0.7	3.1
Monthly Growth	October - 20	November - 20	December - 20
Growth of Eight Core Industries	-0.9	-1.4	-1.3
