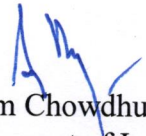


No. A-45011/4/2021-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 5th April, 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 February, 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, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Additional Secretary (FS & CS), DEA
14. Additional Secretary (Admn. & Investment), DEA.
15. AS&FA(Finance).
16. Additional Secretary (FM), DEA
17. Additional Secretary (Budget), DEA.
18. 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. 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 February, 2021.

1. Macro-Economic Overview

With real GDP recording a growth of 0.4% in Q3 of 2020-21 the economy is back in the positive territory. It is a reflection of strengthening of V-shaped recovery that began in Q2 of 2020-21, following a large GDP contraction in Q1 on account of the most stringent lockdown imposed by Government of India relative to other countries. As per NSO's 2nd advance estimates, India's GDP will contract by 8.0% in 2020-21.

The V-shaped recovery has been driven by rebounds in both Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF). The astute handling of the lockdown and a calibrated fiscal stimulus has allowed strong economic fundamentals to trigger quick resumption of activity. While GFCF has improved from a YOY contraction of 46.4% in Q1 to a positive growth of 2.6% in Q3, PFCE has recovered from a contraction of 26.2% in Q1 to a much smaller contraction of 2.4% in Q3.

Real GVA in manufacturing has improved from a contraction of 35.9% in Q1 to a positive growth of 1.6% in Q3 while in construction the recovery has been from a contraction of 49.4% in Q1 to a positive growth of 6.2% in Q3.

The fundamentals of the economy remain strong as gradual scaling back of lockdowns along with the continued support from Atmanirbhar Bharat Mission have placed the economy firmly on the path of revival. The sector wise growth rates are given in the Annexure.

2. Other Important Developments

2.1 (a) Union Budget 2021-22 has been presented in the Parliament on 1.2.2021.

(b) This Department has also laid 2nd Batch of Supplementary Demands for Grants of FY 2020-21 before Parliament in the month of February, 2021.

2.2 (a) With the approval of Hon'ble FM two Lines of Credit (LoCS) have been extended to Maldives amounting USD 40.00 million for development of Sports Infrastructure and USD 50.00 million for Defence projects during the month of February, 2021.

2.3(a) The World Bank project “Strengthening Teaching-Learning and Results for States (Stars)” with loan amount of USD 500 million was signed.

(b) The World Bank project “Nagaland Enhancing Classroom Teaching and Resources (NECTAR) Project” with loan amount USD 68.00 million was signed on 22.2.2021 from International Bank for Reconstruction and Development (IBRD).

(c) A loan of USD 100 million has been signed with the World Bank on 12.2.2021 for Chhattisgarh Inclusive Rural and Accelerated Agriculture Growth Project (CHIRAAG).

(d) Gujarat Outcomes for Accelerated Learning (GOAL) with loan amount of USD 500 million was signed on 11.2.2021 from IBRD.

2.4 Dr. C.S. Mohapatra, Additional Secretary, DEA has been elected as the Indian Director at AIIB on 23.2.2021.

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

(i) A webinar with Ministries/Departments [M/o Health & Family Welfare (Lead), Health Research, AYUSH and Pharmaceuticals], experts and industry members regarding the strategies for this year’s budget implementation chaired by Hon’ble Prime Minister was attended on 23.2.2021.

(ii) Hon’ble Finance Minister, Smt. Nirmala Sitharaman represented India in the First G 20 Finance Ministers and Central Bank Governors meeting under the Italian Presidency which was held virtually on 26.2.2021.

(iii) Hon’ble Finance Minister held a virtual meeting with Managing Director, International Monetary Fund on 24.2.2021 and discussed inter-alia, on outlook of Global Economy, Policy Responses for a Transformative and Equitable Recovery, long-term financing needs at the global level including Special Drawing Rights (SDR) allocation and support for the most vulnerable countries alongwith vaccine production and distribution and COVID situation in India.

(iv) Hon’ble Finance Minister chaired the third review meeting on 26.02.2021 with CEO, NITI Aayog and Secretaries of 22 Infrastructure Ministries/Departments for implementation of NIP and to discuss post-budget action points for infrastructure roadmap ahead.

(v) Secretary (EA) attended the 587th Meeting of Central Board of the Reserve Bank of India (RBI) as one of the Board Members on 16.2.2021 through video conference. Further, as customary for the post-budget meeting, Hon’ble Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman, addressed the Directors of the Central Board where she outlined the thinking behind the Union Budget 2021-22 and the priorities of the Government. The Union Finance Minister was accompanied by Hon’ble Minister of State for Finance and Corporate Affairs, Finance Secretary & Secretary, Department of Revenue, and Secretary, Department of Investment and Public Asset Management.

(vi) Secretary (EA) led the Indian delegation for the 11th India-EU Macroeconomic dialogue held on 19.2.2021 virtually through video conferencing. The delegation from European Union was led by Mr. Maarten Verwey, Director General, Economic & Financial Affairs (ECFIN), European Commission.

- (vii) Secretary (EA), alongwith Deputy Governor, Reserve Bank of India, jointly chaired the first meeting of the BRICS Finance and Central Bank Deputies (FCBD) under India's BRICS Chairmanship in 2021 held on 24.2.2021.
- (viii) Secretary (EA) also chaired the 7th Strategic Planning Group (SPG) meeting held on 22.2.2021 to review the strategic issues pertaining to Currency and Coins.
- (ix) Additional Secretary chaired the 115th meeting of the DEA Screening Committee for externally aided projects, held on 26.2.2021; 45 projects were taken up for consideration in the meeting.
- (x) Virtual meeting with Global Development Network (GDN) President was held on 25.2.2021 by Additional Secretary, chair of GDN assembly.
- (xi) Additional Secretary chaired a meeting on 12.2.2021 regarding awareness programme for Gold Monetisation scheme, with Ministries of Railways, Agriculture, Rural Development and Education.
- (xii) Additional Secretary also chaired a meeting on 19.2.2021 with Gold Refiners, India Gold Promotion Council (IGPC) and World Gold Council (WGC) on the subject of increasing number of London Bullion Market Association (LMBA) accredited gold refineries in India.
- (xiii) Additional Secretary chaired a meeting on 23.2.2021 with Temple Trusts and endowment Departments of major Temple Trusts of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Katra to review their deposits under Gold Monetization Scheme.
- (xiv) Senior Economic Adviser attended a virtual meeting of Financial Stability Board (FSB)'s Standing Committee on Standards Implementation (SCSI) held through a Webex call on 4.2.2021.
- (xv) As a member of Financial Stability Board's Too Big To Fail (TBTF) Evaluation Working Group, Senior Economic Adviser held two virtual meetings on 1.2.2021 and 10.2.2021.
- (xvi) International Development Association (IDA) Day meeting was held virtually on 8.2.2021 to discuss financing options for IDA countries.
- (xvii) 1st Meeting of the Steering Committee set up to suggest measures to facilitate investments by Insurance Companies & Pension Funds into Infrastructure and Alternative Investment Funds (AIFs) related to Infrastructure held on 15.2.2021.
- (xviii) Three meetings of Evaluation Committee on NIIF Infrastructure Debt Financing Platform for evaluation of NIIF Infrastructure Debt Financing (IDF) platform companies held on 16.2.2021, 19.2.2021 and 24.2.2021.
- (xix) A Digital Video Conference between India and Brazil was held on 18.2.2021 to exchange information on the composition and operation of the Joint Committee and to explain how the Ombudsman of Direct Investments is composed of and operates in Brazil.
- (xx) 99th Meeting of the PPPAC held on 19.02.2021 revalidated its Final Approval for the BharatNet project of DoT (Final Approval Granted in 98th Meeting) and granted "In Principle" approval to the Lucknow Railway Station Redevelopment Project of Ministry of Railways.
- (xxi) A meeting was held with International Financial Corporation (IFC) to revise the priority areas for providing No Objection Certificate to IFC under Article III agreement as per the Partnership Framework of WBG (2018-2022).

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)	
	2019-20 1 st RE	2020-21 2 nd AE
Agriculture, forestry & fishing	4.3	3.0
Industry	-1.2	-8.2
Mining & quarrying	-2.5	-9.2
Manufacturing	-2.4	-8.4
Electricity, gas, water supply & other utility services	2.1	1.8
Construction	1.0	-10.3
Services	7.2	-8.1
Trade, hotel, transport storage	6.4	-18.0
Financial , real estate & prof. services	7.3	-1.4
Public administration, defence and other services	8.3	-4.1
GVA at basic prices	4.1	-6.5
GDP at market prices	4.0	-8.0

Source: National Statistical Office (NSO), MoSPI

Notes: RE: First Revised Estimates, AE: Advance Estimates

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

	2019-20 1 st RE	2020-21 1 st AE
Total Consumption	5.9	-7.1
Government Consumption	7.9	2.9
Private Consumption	5.5	-9.0
Gross Fixed Capital Formation	5.4	-12.4

Exports	-3.3	-8.1
Imports	-0.8	-17.6
GDP at market prices	4.0	-8.0
Source: National Statistical Office (NSO), MoSPI Notes: Revised Estimates, AE: Advance Estimates		

Table 3 : INFLATION- CPI-C, WPI (in Per Cent)			
	Jan - 20	Dec - 20	Jan - 21
CPI-C	7.59	4.59	4.06
WPI	3.52	1.22	2.03
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	12.2.2021
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.08
Bank Credit Year-on-Year growth #	5.9
Note: # as on January 29 th , 2021.	

Table 5 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
January 2020	25.9	41.2	-15.3
January 2021	27.5	42.0	-14.5

Table 6 : Services Trade Performance (in US\$ billion)			
December, 2020	18.7	11.5	7.2
Source : Provisional data as per the Press Release dated 15.2.2021 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
19.2.2021	583.9
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
18.2.2021	72.7327	100.7149	87.6148	68.6800
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	October - 19	November - 19	December - 19
Industrial Production Growth Rate (IIP)	-6.6	2.1	0.4
Monthly Growth	October - 20	November - 20	December - 20
Industrial Production Growth Rate (IIP)	4.2	-2.1	1.0

Table 12 : Eight Core Industries			
Monthly Growth	November-19	December - 19	January - 19
Growth of Eight Core Industries	0.7	3.1	2.2
Monthly Growth	November - 20	December - 20	January - 20
Growth of Eight Core Industries	-1.4	0.2	0.1
