

No. A-45011/2/2019-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 21 February, 2019

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, 2019.



(K. Rajaraman)

Additional Secretary to the Government of India
Tel No. 23093230/5012

To

1. All Members of the Union Council of Ministers, Government of India, New Delhi.
2. Secretary to the President of India, Rashtrapati Bhavan, New Delhi.
3. Secretary to the Vice-President of India, 6, Maulana Azad Road, New Delhi.
4. Chairman, Union Public Service Commission, Dholpur House, New Delhi.
5. Private Secretary to the Prime Minister, PMO, South Block, New Delhi.
6. Private Secretary to Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
7. Vice Chairman, Niti Aayog, Yojna Bhawan, New Delhi.
8. All Members of Niti Aayog, Yojna Bhawan, New Delhi.
9. Secretaries to all the Ministries/Departments, Government of India, New Delhi.
PPS to Secretary (EA), PPS to Secretary (Revenue), PPS to Secretary (Expenditure), OSD to MOS (F).
10. Chief Economic Adviser, DEA.
11. Additional Secretary (Shri A. Giridhar) Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
12. Additional Secretary (FB&ADB), DEA
13. Dr. C.S. Mohapatra, Additional Secretary, DEA
14. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
15. All Heads of Divisions in Department of Economic Affairs.
JS(Budget)/JS(C&C/UN&OMI)/JS(IPF)/JS(FM)/Adviser(IER)/JS&FA(Finance)/CAAA.
16. Ms. Rajasree Ray, Adviser, DEA.
17. Dr. Shashank Saksena, Adviser (FSRL), DEA
18. Shri Arun Kumar, Adviser, DEA
19. Shri R.C. Gupta, OSD (FATF), DEA.
20. Senior PPS to Chief Economic Adviser, DEA.
21. Guard File - 2019.

Subject: Monthly Summary on important policy decisions pertaining to DEA for the month of January, 2019.

1 Macro-economic Overview

1.1 As per the first advance estimate of national income released by Central Statistics Office (CSO) on 7th January 2019, the growth rates of Gross Domestic Product (GDP) at constant and current market prices are estimated to be 7.2% and 12.3% respectively in 2018-19.

1.2 The CSO released revised estimates of national income, consumption expenditure, saving and capital formation, for the years 2015-16, 2016-17 and 2017-18 on 31st January 2019. The revised growth rates of GDP for the years 2015-16, 2016-17 and 2017-18 are 8.0 %, 8.2% and 7.2% respectively.

1.3 Growth rates of gross value added (GVA) at basic prices for the years 2015-16, 2016-17 and 2017-18 is revised at 8.0%, 7.9% and 6.9% respectively.

1.4 Headline inflation based on Consumer Price Index (New Series- Combined) in December, 2018 was 2.2% as compared to 5.2% in December, 2017. Inflation based on Wholesale Price Index (WPI) stood at 3.8% in December 2018 as compared to 3.6% in December, 2017.

1.5 India's Foreign exchange reserves stood at over US\$ 400 billion as on 1st February, 2019, scaling back \$400 billion mark after more than six months.

1.6 On a cumulative basis, for the period April- November, 2018-19, the industrial growth was 5.0% as compared to the growth of 3.2% during April- November, 2017-18.

1.7 Eight Core Industries registered a growth of 2.6% in December- 2018 as compared to 3.8% in December- 2017. The growth of core industries during April-December, 2018-19 is 4.8% as compared to 3.9% during April- December, 2017-18.

1.8 India's merchandise exports during December 2018 were valued at US\$ 27.9 billion as compared to US\$ 27.8 billion during December 2017, exhibiting a growth of 0.3%. India's Imports during December 2018 were valued at US\$ 41.0 billion which declined by 2.4% over the level of imports valued at US \$ 42.0 billion in December 2017.

1.9 India's oil imports during December 2018 were valued at US\$ 10.7 billion which was 3.2% higher compared to US\$ 10.4 billion in December 2017. The trade deficit for December 2018 was estimated at US\$ 13.1 billion as against the deficit of US\$ 14.2 billion during December 2017. Exports & Import of services during November 2018 were valued at US\$ 16.7 billion and US\$ 10.1 billion. Trade balance in Services for November, 2018 was estimated at US\$ 6.6 Billion.

2. Other important Developments

2.1 (A) The following two loan agreements were signed between Government of India and Japan International Cooperation Agency (JICA) on January 18, 2019 for two projects:

- i) Construction of Chennai Peripheral Ring Road (Phase 1) for JPY 40.074 billion.
- ii) Program for Japan-India Cooperative Actions towards Sustainable Development Goals in India for JPY 15.000 Billion

B) The Framework Agreement (Loan Agreement) for Pune Metro Rail Project was signed for Euro 245 million between Government of India and AFD, France on 28th January 2019. This loan will be used by MAHA Metro for construction and operation of 31.254 Km long Metro rail system and Integrated multi-modal transport system along the Metro Corridor.

(C) Approval was accorded for extension of Four Lines of Credit through EXIM Bank of India—(i) amounting to USD 75 million to Govt. of Cuba for installation of 75 MWP Photovoltaic Solar Parks, (ii) USD 215.68 to Govt. of Malawi for Drinking Water Supply Schemes under Southern Region Water Board, (iii) USD 11.13 million to Govt. of Suriname for 'Rehabilitation and Upgradation of De Kelkcentrale N.V. Milk Processing Plant and (iv) USD 5.00 million to Govt. of Eritrea as new LoC by capitalizing the interest overdues of an earlier LoC.

(D) The following MoUs were signed in the month of January, 2019 with DFID/F&CO.

| S. No. | Project Name | Date of Signing/ Current Status | Project period | Technical Grant Assistance (in £ million) |
|--------|---|------------------------------------|----------------|--|
| 1 | India-UK Financial Services Technical Assistance Programme - signed with F&CO | MoU signed on 9-1-2019 | 2018-2023 | 6 - 8 |
| 2 | UK-India Fast Track Start-up Fund (FSF) – signed with DfID | MoU signed on 9-1-2019 | 2018-2032 | 8 (TA*) 30 (DCI*) |
| 3 | Sustainable Cities for Shared Prosperity (SCSP) – No cost extension- signed with F&CO | MoU signed on 9-1-2019 | 2018-2023 | 9.5-10.5 |

*DCI- Development Capital Investment

2.2 Following Meetings were held during the month of January, 2019:-

- a) Secretary (EA) along-with Mr. Kazuya Nashida, Director-General of International Cooperation Bureau, Minister of Foreign Affairs, Government of Japan co-chaired the India-Japan Strategic Dialogue on Official Development Assistance on 7th January 2019 at New Delhi.
- b) 91st Meeting of Screening Committee of DEA chaired by Additional Secretary (FB & ADB) was held on 22nd January, 2019 and considered around 19 projects for external assistance.

c) Review Meeting of World Bank Pipeline Projects chaired by Additional Secretary (FB&ADB) was held on January 30, 2019 with WBG.

d) Advisor (IER) led the Indian delegation to the First BRICS Finance and Central Bank Deputies Meeting under the 2019 Brazilian Chairmanship on January 16, 2019. Advisor (IER) also attended the First G20 Finance and Central Bank Deputies Meeting under the 2019 Japanese Presidency on January 17-18, 2019 and First G20 Sherpa Meeting under the 2019 Japanese Presidency on January 19-20, 2019.

2.3 Cabinet accorded Ex-post facto approval on 23.1.2019 for the amendment to the 'Framework on Currency Swap Arrangement for SAARC Member Countries' to incorporate 'standby Swap' amounting to USD 400 million operated within the overall size of the Facility. The incorporation of 'Standby Swap' within the approved SAARC Swap Framework would provide necessary flexibility to the Framework and would enable India to provide a prompt response to the current request from SAARC member countries for availing the swap amount exceeding the present limit prescribed under the SAARC Swap Framework.

2.4 Reserve Bank of India in consultation with Government of India has announced the new External Commercial Borrowings Framework on 16th January, 2019 to further improve the ease of doing business vide A.P. (DIR Series) Circular No.17. This also provides for removal of mandatory hedging for infrastructure ECB of 5 years or more.

2.5 SEBI, vide circular dated 10.01.2019[I], has rationalized constitution of regulatory *Committees at Market Infrastructure Institutions* (MIIs) such as stock exchanges and depositories to ensure an effective oversight of functioning of such entities by giving more powers to Public Interest Directors, SEBI also decided that a stock exchange, after grant of recognition, can commence trading operations with a minimum of 25 trading members, in place of the earlier requirement of minimum 50 members. Similarly, a newly recognized clearing corporation can now commence clearing and settlement operations with a minimum of 10 clearing members, in place of the earlier requirement of minimum 25 clearing members.

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

| | | |
|--------------------------------------|---|----|
| Cleared | : | 01 |
| Awaiting Approval in the Department: | | 16 |
