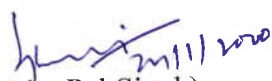


No. A-45011/4/2020-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 24th January, 2020

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 December, 2019.


(Surinder Pal Singh)

Joint Secretary to the Government of India
Tel No. 23092100

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. Sh. Sameer Kumar Khare, Additional Secretary (FB&ADB), DEA
16. Ms. Meera Swarup, AS&FA(Finance).
17. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
18. All Heads of Divisions in Department of Economic Affairs.
19. JS(Budget)/ JS(IPF)/JS(FM)/JS(BC&IER)/JS(Inv)/ Adviser(C&C/FSLR/FS&CS)/Adviser(IER)/ CAAA.
20. Shri Arun Kumar, Adviser, DEA
21. Ms. Rajasree Ray, Adviser, DEA.
22. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
23. Guard File – 2019.

No.A-45011/4/2020-Admn.III
Government of India
Ministry of Finance
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Subject: Monthly Summary on important policy decisions pertaining to DEA for the month of December, 2019.

1. Macro-economic Overview

1.1 Headline inflation based on Consumer Price Index (New Series- Combined) in November 2019 was 5.5% as compared to 2.3% in November 2018. Inflation based on Wholesale Price Index (WPI) stood at 0.58% in November 2019 as compared to 5.4% in November 2018. Inflation in terms of Consumer Price Index for Industrial Workers (CPI-IW) in October 2019 was 7.62% as compared to 5.2% in October 2018. Inflation in terms of Consumer Price Index for Agricultural Labourers and Consumer Price Index for Rural Labourers stood at 9.41% and 9.23% in November 2019 respectively.

1.2 Policy repo rate remained unchanged at 5.15% in December 2019. Bank credit growth stands at 8.0% at end November 2019 as compared to 16.2% in corresponding period of the previous year. The yield on 10-Year Government Securities stood at 6.81% on 20th December 2019 compared to 7.26% on 21st December 2018.

1.3 India's current account deficit (CAD) at US\$ 6.3 billion (0.9% of GDP) in Q2 of 2019-20 narrowed from US\$ 19.0 billion (2.9% of GDP) in Q2 of 2018-19 and was lower than US\$ 14.3 billion (2.0% of GDP) in the preceding quarter. The CAD contracted on a year-on-year (y-o-y) basis, primarily on account of contraction in net merchandise import of US\$ 38.1 billion as compared to US\$ 50.0 billion and higher invisible receipts at US\$ 31.9 billion as compared with US\$ 30.1 billion a year ago. Net services receipts is at the same level (US\$ 20.0 billion) and private transfer receipts, mainly representing remittances by Indians employed overseas, rose to US\$ 20.2 billion, increasing by 3.5% from their level a year ago. In the financial account, net foreign direct investment was US\$ 7.4 billion in Q2 of 2019-20 as compared with US\$ 7.4 billion in Q2 of 2018-19. Foreign portfolio investment recorded net inflow of US\$ 2.5 billion in Q2 of 2019-20 as against an inflow of US\$ 0.2 billion in Q2 of 2018-19 – on account of net purchases in both debt and equity markets. Net inflow on account of external commercial borrowings to India was US\$ 3.4 billion in Q2 of 2019-20 as against an inflow of US\$ 2.2 billion a year ago. In Q2 of 2019-20, there was an accretion of US\$ 5.1 billion to the foreign exchange reserves (on BoP basis) as against a depletion of US\$ 1.9 billion in Q2 of 2018-19.

1.4 India's Foreign exchange reserves stood at US\$ 454.9 billion as on 20th December, 2019 showing an increase of US\$ 43.0 billion over the level of US\$ 411.9 billion at end-March 2019. The average monthly exchange rate of rupee (reference rate) for the month of December 2019 was 71.2 per US dollar as against 71.5 per US dollar in November 2019.

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1.5 As per the Quick Estimates released by the CSO (based on new series of 2011-12), the Index of Industrial Production (IIP) recorded a growth of (-) 3.8% in October 2019 as compared to the growth of 8.4% in October 2018. On a cumulative basis, for the period April-October, 2019-20, the industrial growth was 0.5% as compared to the growth of 5.7% during April-October, 2018-19. Eight Core Industries registered a growth of (-) 1.5% in November 2019 as compared to 3.3% in November 2018. The growth of core industries during April- November 2019-20 is 0.0% as compared to 5.1% during April-November 2018-19.

1.6 India's merchandise exports during November 2019 were valued at US\$ 26.0 billion as compared to US\$ 26.1 billion during November 2018, exhibiting a decline of 0.3%. India's merchandise imports during November 2019 were valued at US\$ 38.1 billion which declined by 12.7% over the level of imports valued at US\$ 43.7 billion in November 2018. During November 2019, oil imports and non-oil imports declined by 18.2% and 10.3% respectively over November 2018.

1.7 The trade deficit for November 2019 was estimated at USD 12.1 billion, as against the deficit of USD 17.6 billion in November 2018.

1.8 Exports & Import of services during October 2019 were valued at US\$ 17.7 billion and US\$ 10.8 billion respectively. Trade balance in Services for October 2019 is estimated at US\$ 6.83 billion.

2. Other important Developments

2.1 (a) (i) SEBI has prescribed norms for Debt ETFs/Index Funds to be adopted by all AMCs. The norm prescribes the constituents, rating level, weight, etc. of debt index. It also prescribes Compliance Procedure and would be applicable to all existing Debt ETFs/Index Funds and those to be launched in the market.

(ii) DEA has amended its Investment Guidelines norms for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds vide notification dated December 11, 2019 to facilitate participation of domestic institutional investors in Units of Debt ETFs regulated by the SEBI and managed by an AMC appointed as per an agreement with Government of India, specifically meant to invest in the bonds of the Central Public Sector Enterprises (CPSEs), Central Public Sector Undertakings (CPSUs), Central Public Financial Institutions (CPFIs) and other Government organizations.

(iii) The International Financial Services Centres Authority Bill – 2019 passed by both Houses of the Parliament in the recent Winter Session 2019. The Bill has subsequently received the assent of the President on 19th December, 2019 and was published in the official gazette on 20th December, 2019. This Bill envisages the establishment of a unified authority for regulating all financial services in IFSCs in India.

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(iv) Subsequent to the proposal of Dept. of Economic Affairs, the Department of Consumer Affairs (DCA) has issued a notification vide Gazette Notification S.O. 4471 (E) dated 16.12.2019 under Essential Commodities Act, 1955 for exempting stock of specific commodities in which derivatives trading is permissible from stock limit if such commodities are kept for delivery on exchange platforms in warehouses accredited by commodity derivatives exchanges and registered with Warehouse Development Regulatory Authority (WDRA).

(b) (i) The first meeting of the Task Force on National Infrastructure Pipeline (NIP) was held on 09.09.2019 and till date, 20 meetings of Task Force have been held with 28 Departments/Ministries engaged in infrastructure development, representatives of corporates engaged in infrastructure development & construction, representatives of Banks/FIs and industry associations i.e., CII, FICCI & ASSOCHAM. The Hon'ble Finance Minister unveiled the abridged version of the report of the Task Force on NIP on 31.12.2019.

ii. The proposals of Ministry of Railways for Development of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis were granted in-principle approval in the 91st Meeting of Public Private Partnership Appraisal Committee (PPPAC) held on 17.12.2019.

iii. The proposal of Ministry of Railways for PPP in Passenger Trains was granted in-principle approval in the 92nd Meeting of Public Private Partnership Appraisal Committee (PPPAC) held on 19.12.2019.

(c) (i) Loan agreement for Euro 150 million and Financing Agreement for Euro 4 million grant for the project Sustainable Urban Infrastructure Development Chennai storm Water Management were signed between DEA and KfW Development Bank on 6.12.2019.

(ii) Loan agreement for the project 'Energy Efficiency Housing Program' -was signed between the State Bank of India (SBI) and KfW Development Bank on 12.12.2019. The program comprises of:

- o Loan Agreement for USD 277 million (USD equivalent of Euro 250 million)
- o Grant Agreement (Investment Grant) for Euro 10 million
- o Grant Agreement (Accompanying Measures) for Euro 1.5 million

(iii) Loan agreement for USD 222.8 million (USD equivalent of Euro 200 million) and Grant Agreement for Euro 1 million Accompanying Measure were signed between Indian Renewable Energy Development Agency (IREDA) and KfW Development Bank on 16.12.2019.

(iv) Loan agreement for Euro 90 million and Grant agreement for Euro 1 million grant for the project 'Andhra Pradesh Climate Resilient Zero Budget Natural Farming project' were signed between DEA and KfW Development Bank on 19.12.2019.

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(v) Credit Facility Agreement / Loan Agreement for Euro 27 million for project 'Non-Motorised Transport' of Kochi Metro Rail Limited was signed between DEA and AFD on 27.12.2019.

2.2 With the approval of FM, One Line of Credit (LoC) has been extended to Government of Togo for USD 40.00 million for electrification of 350 villages through solar photo-voltaic Systems on 17.12.2019.

2.3 Expenditure upto November, 2019 compared to Budgeted Estimates for 2019-20

As per the provisional unaudited Statement of Monthly Accounts for the Month of November, 2019, Total Non-Debt Receipts upto Nov, 2019 were ₹10,12,223 crore which is 48.6% of BE 2019-20 compared to 49.3% of BE 2018-19 in Corresponding Period of Previous Year (COPPY). Total Revenue Receipts were 50.1% of BE in 2019-20 compared to 50.4% in COPPY. Gross Tax Revenue at the end of November, 2019 was 47.7% of BE (COPPY – 51.3% of BE). Tax Revenue (net) was 45.5% of BE (49.4% in COPPY) while Non-tax Revenue receipts were 74.3% of BE (56.6% in COPPY). Non-Debt Capital Receipts were 24.2% of BE (28.5% in COPPY). On the expenditure side, total expenditure at the end of November, 2019 was ₹18,20,057 crore which is 65.3% of BE (66.1% in COPPY). This comprised Revenue Expenditure of 65.6% of BE (66.4% in COPPY) and Capital Expenditure of 63.3% of BE (63.8% in COPPY). Interest Payments were 51.8% of BE compared to 60.5% in COPPY.

2.4 Following Meetings were held during the month of December, 2019:-

- i. Hon'ble Finance Minister Smt. Nirmala Sitharaman met Ms. Gita Gopinath, Economic Counsellor on 20th December, 2019. Secretary (EA) too had a meeting with Ms. Gita Gopinath on 19th December, 2019 during her visit to India in December 2019
- ii. Secretary (EA) had a meeting with Chief Economist, South Asia Region, World Bank on 10th December, 2019.
- iii. Secretary (EA) chaired a meeting on World Bank Presentation on the World Development Report 2020 titled 'Trading for Development in the Age of Global Value Chains' on 6th December, 2019.
- iv. Dr. C.S. Mohapatra, Addl. Secretary (FS & CS) attended a Meeting of the Financial Stability Board (FSB)-Standing Committee on Standards Implementation (SCSI) held on 4th December, 2019 at Paris. The meeting was chaired by Lesetja Kganyago, Governor of South African central bank.
- v. Secretary (EA) along with CEO, NITI Aayog made a presentation to the Prime Minister on the Roadmap for the US\$ 5 trillion economy.

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- vi. Sh. Sameer Kumar Khare, AS (FB&ADB) chaired the 102nd Meeting of Screening Committee of DEA held on 18.12.2019.
- vii. Sh. Sameer Kumar Khare, AS (FB &ADB) chaired a meeting to discuss World Bank's Draft report "Playing to Strengths: A Policy Framework for Mainstreaming North East India" with stakeholders on 30th December, 2019 at New Delhi.
- viii. Sh. Sameer Kumar Khare, AS (FB & ADB) chaired a meeting on 24th December, 2019 to discuss on World Bank's Draft Report "Playing to Strengths: A Policy Framework for Mainstreaming North East India".
- ix. AS (FB & ADB) chaired the Tri-Partite Portfolio Review (TPRM) of ongoing World Bank funded projects in Bhopal during 4-6th December, 2019.
- x. A Digital Video Conference (DVC) with Russian side to discuss to Bilateral Investment Treaty (BIT) was held on 19th December, 2019.
- xi. Board Meeting of NIIF Trustee Limited was held on 31.12.2019.

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 : 05
