

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

New Delhi, 31st December, 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 November, 2019.

Spuria
31/12/19
(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. 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. Shri K. Rajaraman, Additional Secretary (Admn. & Investment), DEA.
13. Sh. Sameer Kumar Khare, Additional Secretary (FB&ADB), DEA
14. Dr. C.S. Mohapatra, Additional Secretary (FS &CS), DEA
15. Ms. Meera Swarup, AS&FA(Finance).
16. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
17. All Heads of Divisions in Department of Economic Affairs.
JS(Budget)/ JS(IPF)/JS(FM)/JS(BC&IER)/JS(Inv)/ Adviser(C&C/FSLR/FS&CS)/Adviser(IER)/ CAAA.
18. Ms. Rajasree Ray, Adviser, DEA.
19. Shri Arun Kumar, Adviser, DEA
20. Shri Rajesh Malhotra, Addl. DG (M&C), M/o Finance, North Block, New Delhi.
21. Guard File – 2019.

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

1. Macro-economic Overview

- 1.1 As per the estimates of Gross Domestic Product (GDP) released by National Statistical Office (NSO) on 29th November 2019, the growth of GDP was 4.5% in the second quarter (July-September) (Q2) of 2019-20, as compared to the growth of 7.0% recorded in the corresponding quarter of the last year.
- 1.2 Gross Value Added (GVA) in Q2 of 2019-20 grew by 4.3% with sectoral growth of 2.1%, 0.5% and 6.8% respectively for agriculture, industry, and services sectors.
- 1.3 As per the provisional estimates of national income for the year 2018-19, the growth of GDP was 6.8% in 2018-19. GDP growth was higher at 8.2% and 7.2% respectively in 2016-17 and 2017-18.
- 1.4 Headline inflation based on Consumer Price Index (New Series- Combined) in October 2019 was 4.62% as compared to 3.38% in October 2018. Inflation based on Wholesale Price Index (WPI) stood at 0.16% in October 2019 as compared to 5.54% in October 2018. Inflation in terms of Consumer Price Index for Industrial Workers (CPI-IW) in September 2019 was 6.98% as compared to 5.61% in September 2018. Inflation in terms of Consumer Price Index for Agricultural Labourers and Consumer Price Index for Rural Labourers stood at 8.11% and 7.93% in October 2019 respectively.
- 1.5 Policy repo rate was reduced by 25 bps from 5.40% to 5.15% in October 2019. This was the fifth cut by Monetary Policy Committee in 2019. Bank credit growth stands at 8.9% at end October 2019 as compared to 14.6% in corresponding period of the previous year. The yield on 10-Year Government Securities stood at 6.67% on 8th November 2019 as compared to 7.81% on 9th November 2018.
- 1.6 India's Current Account Deficit (CAD) at US\$ 14.3 billion (2.0% of GDP) in Q1 of 2019-20 narrowed from US\$ 15.8 billion (2.3% of GDP) in Q1 of 2018-19 but was higher than US\$ 4.6 billion (0.7% of GDP) in the preceding quarter. The CAD contracted on a year-on-year (y-o-y) basis, primarily on account of higher invisible receipts at US\$ 31.9 billion as compared with US\$ 29.9 billion a year ago. Net services receipts increased by 7.3% on a y-o-y basis, mainly on the back of a rise in net earnings from travel, financial services and telecommunications, computer and information services. Private transfer receipts, mainly representing remittances by Indians employed overseas, rose to US\$ 19.9 billion, increasing by 6.2% from their level a year ago. In the financial account, net foreign direct investment was

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US\$ 13.9 billion in Q1 of 2019-20 as compared with US\$ 9.6 billion in Q1 of 2018-19. Foreign portfolio investment recorded net inflow of US\$ 4.8 billion in Q1 of 2019-20 – as against an outflow of US\$ 8.1 billion in Q1 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\$ 6.3 billion in Q1 of 2019-20 as against an outflow of US\$ 1.5 billion a year ago. In Q1 of 2019-20, there was an accretion of US\$ 14.0 billion to the foreign exchange reserves (on BoP basis) as against a depletion of US\$ 11.3 billion in Q1 of 2018-19.

1.7 India's Foreign exchange reserves stood at US\$ 442.6 billion as on 25th October, 2019 showing an increase of US\$ 30.7 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 October 2019 was 71.04 per US dollar as against 71.33 per US dollar in September 2019.

1.8 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 (-) 4.3% in September 2019 as compared to the growth of 4.6% in September 2018. On a cumulative basis, for the period April-September, 2019-20, the industrial growth was 1.3% as compared to the growth of 5.2% during April-September, 2018-19. Eight Core Industries registered a growth of (-) 5.8% in October 2019 as compared to 4.8% in October 2018. The growth of core industries during April-October 2019-20 is 0.2% as compared to 5.4% during April-October 2018-19.

1.9 India's merchandise exports during October 2019 were valued at US\$ 26.4 billion as compared to US\$ 26.7 billion during October 2018, exhibiting a decline of 1.1 per cent. India's merchandise imports during October 2019 were valued at US\$ 37.4 billion which declined by 16.3 per cent over the level of imports valued at US\$ 44.7 billion in October 2018. During October 2019, oil imports and non-oil imports declined by 31.7 per cent and 9.2 per cent respectively over October 2018.

1.10 The trade deficit for October 2019 was estimated at USD 11.0 billion as against the deficit of USD 18.0 billion in October 2018.

1.11 Exports & Import of services during September 2019 were valued at US\$ 17.5 billion and US\$ 11.1 billion respectively. Trade balance in Services for September 2019 is estimated at US\$ 6.4 billion.

2. Other important Developments

2.1 (a) International Financial Services Authority Bill – 2019 was introduced in the Lok Sabha on 25th November, 2019 after obtaining approval of Union Cabinet on 20th November, 2019.

(b) The first meeting of the Task Force on National Infrastructure Pipeline was held on 09.09.2019 and till date, 19 meetings of Task Force have been held. The National Infrastructure Pipeline Report for FY 2019-20 to FY 2024-25 is expected to be submitted shortly. This is the

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first time ever that such an exercise has been undertaken in India. This is expected to lead to improve infrastructure project preparation, reduce time and cost overruns, and attract foreign investment into infrastructure.

(c) Public Private Partnership Appraisal Committee (PPPAC) in the 90th meeting recommended the proposal of M/o Shipping for Deepening and Optimization of Paradip Port Trust (PPT) Inner Harbour Facilities including Construction of Western Dock Captive Berths to handle cape size vessels on PPP mode.

(d) The “Framework on Currency Swap Arrangement for SAARC Countries” was approved by the Government of India on March 1st, 2012. The Framework was formulated with the intention to provide a line of funding for short term foreign exchange requirements or to meet balance of payments crises till longer term arrangements are made. Under the facility, RBI offers swaps of varying sizes to each SAARC member country (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka) depending on their two months import requirement and not exceeding US\$ 2 billion in total, in US\$, Euro or INR subject to a floor of USD 100 Million and a maximum of USD 400 million. Apart from the country specific limits, there is also a provision of ‘Standby Swap’ of USD 400 Million within the approved Framework to be operated from the unutilized balance available, within the overall size of the Facility of USD 2 billion. The ‘Standby Swap’ facility was incorporated with the approval of the Union Cabinet in January, 2019 to address the additional Swap request of SAARC Member States that exceeds their country specific limit. Earlier, the validity of the framework was extended in 2015 by the Union Cabinet and in 2017 by Hon’ble Finance Minister. The validity of the Framework was scheduled to expire after 13th November, 2019. The ‘Framework on Currency Swap Arrangement for SAARC Countries’ along with some modifications has been further extended by Hon’ble Finance Minister for a period of three years i.e. till 13th November, 2022. Till date Bhutan, Sri Lanka and Maldives have availed this facility.

(e) A proposal for setting up the “Special Window for Affordable and Middle Income Housing (SWAMIH) as an Alternate Development Fund(s) with an overall size of Rs.25000 crore for last-mile funding of stressed housing projects was approved by the Cabinet on 6.12.2019. The first fund SWAMIH AIF-I has been registered and Investment Committee constituted thereafter.

2.2 With the approval of FM, Eight Lines of Credit (LoCs) have been extended during the month of November 2019, details of which are as under.

S.No.	Name of Country	Million/(USD)	Project	Date of Approval
1.	Govt. of Mali	60.65	For 50 MW Solar Photovoltaic Power Plant at Fana, Mali	07.11.2019
2.	Govt. of Guinea	20.22	For two solar Projects	07.11.2019
3.	Govt. of Suriname	35.80	For undertaking the project Rural Electrification through solar DG hybrid PV Systems in 50 remote	14.11.2019

			villages of Suriname.	
4.	Govt. of Rwanda	122.00	For two solar projects	14.11.2019
5.	Govt. of Bolivia	100.00	For undertaking development projects in Bolivia.	14.11.2019
6.	Govt. of Sri Lanka	400.00	For undertaking Development and Infrastructure Projects	13.11.2019
7.	Govt. of Guinea	170.00	For Strengthening the drinking water supply of Grand Conakry-Horizon 2040.	13.11.2019
8.	Govt. of Seychelles	100.00	For Procurement, Upgradation, Maintenance of Defence Related Equipment and Vehicles and implementation of Defence Project.	29.11.2019

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

As per the provisional unaudited Statement of Monthly Accounts for the Month of October, 2019, Total Non-Debt Receipts upto October, 2019 were ₹9,34,460 crore which is 44.9% of BE 2019-20 compared to 44.4% of BE 2018-19 in Corresponding Period of Previous Year (COPPY). Total Revenue Receipts were 46.2% of BE in 2019-20 compared to 45.7% in COPPY. Gross Tax Revenue at the end of October, 2019 was 42.7% of BE (COPPY – 45.7% of BE). Tax Revenue (net) was 41.4% of BE (44.7% in COPPY) while Non-tax Revenue receipts were 71.6% of BE (52.1% in COPPY). Non-Debt Capital Receipts were 22.4% of BE (20.8% in COPPY). On the expenditure side, total expenditure at the end of October, 2019 was ₹ 16,54,905 crore which is 59.4% of BE (59.6% in COPPY). This comprised Revenue Expenditure of 59.4% of BE (59.7% in COPPY) and Capital Expenditure of 59.5% of BE (59% in COPPY). Interest Payments were 43.8% of BE compared to 50.7% in COPPY.

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

- i. Hon'ble Finance Minister Smt.Nirmala Sitharaman led an Indian delegation to attend the seventh meeting of the Cabinet-level India-US Economic and Financial Partnership Dialogue held at New Delhi on 1st November, 2019. The Joint Statement signed between the Minister of Finance and U.S. Secretary of Treasury was issued during the meeting.
- ii. Secretary (EA) attended the 21st Meeting of the Financial Stability and Development Council (FSDC) on 7th November, 2019 under the Chairpersonship of Hon'ble Finance Minister Smt.Nirmala Sitharaman.
- iii. Secretary (EA) attended the meeting of Global Development Network (GDN) held on 13th November, 2019.
- iv. Secretary (EA) also chaired a meeting regarding BASEL III regulations and their impact on the Banking Sector and MSMEs on 13th November, 2019 in New Delhi.
- v. Secretary (EA) attended a meeting on Nov 14, 2019 at New Delhi to discuss modernizing of statistical systems to ensure timely availability of high quality data.

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- vi. Shri Sameer Khare, AS (FB&ADB) chaired the 101st Meeting of Screening Committee of DEA which was held on Nov 19, 2019.
- vii. Shri Sameer Khare, AS (FB & ADB) chaired a meeting on November 15, 2019 in New Delhi to discuss technical assistance from World Bank for impact assessment of budget announcements and just-in-time analytics on key policy reform areas.
- viii. Shri Sameer Khare, AS (FB & ADB) also chaired a meeting on 18th November, 2019 at New Delhi regarding Pipeline Review of World Bank financed projects.
- ix. Dr. C.S. Mohapatra, AS (BC) co-chaired with the Additional Secretary, New Zealand Treasury the meeting of the Seventh India – New Zealand Economic Policy Dialogue held on 28.11.2019 in New Delhi.
- x. The Indo-German Annual Negotiation Meeting, 2019 under the Indo-German Bilateral Development Cooperation was held on 27th November, 2019 in New Delhi. The meeting was co-chaired by Dr. C.S. Mohapatra, Additional Secretary, DEA from the Indian side and Dr. Claudia Warning, Director General Federal Ministry for Economic Cooperation and Development co-chaired from the German side.

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
