

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

New Delhi, 22nd October, 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 September, 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. 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(C&C/UN&OMI)/JS(IPF)/JS(FM)/JS(BC&IER)/JS(Inv)/Adviser(IER)/ CAAA.
18. Ms. Rajasree Ray, Adviser, DEA.
19. Dr. Shashank Saksena, Adviser (FSRL), DEA
20. Shri Arun Kumar, Adviser, DEA
21. Shri Rajesh Malhotra, Addl. DG (M&C), M/o Finance, North Block, New Delhi.
22. Guard File – 2019.

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

1. Macro-economic Overview

1.1 Headline inflation based on Consumer Price Index (New Series- Combined) in August, 2019 was 3.21% as compared to 3.69% in August, 2018. Inflation based on Wholesale Price Index (WPI) stood at 1.08% in August, 2019 as compared to 4.62% in August, 2018. Inflation in terms of Consumer Price Index for Industrial Workers (CPI-IW) in July, 2019 was 5.98% as compared to 5.61% in July, 2018. Inflation in terms of Consumer Price Index for Agricultural Labourers and Consumer Price Index for Rural Labourers stood at 6.39% and 6.23% in August, 2019 respectively.

1.2 Bank credit growth stands at 10.2% at end August 2019 as compared to 13.4% at the end of corresponding period of the previous year. The yield on 10-Year Government Securities stood at 6.77% on 13th September 2019, as compared to 6.69% on 16th August 2019.

1.3 India's Foreign exchange reserves stood at US\$ 429.6 billion as on September 6, 2019 showing an increase of US\$ 17.7 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 September 2019 was 71.55 per US dollar as against 71.14 per US dollar in August 2019.

1.4 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 July-2019 as compared to the growth of 6.5% in July -2018. On a cumulative basis, for the period April-July, 2019-20, the industrial growth was 3.3% as compared to the growth of 5.4% during April- July, 2018-19.

1.5 India's merchandise exports during August 2019 were valued at US\$ 26.1 billion as compared to US\$ 27.8 billion during August 2018, exhibiting a decline of 6.0%. India's Imports during August 2019 were valued at US\$ 39.6 billion which declined by 13.4% over the level of imports valued at US\$ 45.7 billion in August 2018. India's oil imports during August 2019 were valued at US\$ 10.9 billion which was 8.9% lower as compared to US\$ 11.9 billion in August 2018.

1.6 The trade deficit for August 2019 was estimated at US\$ 13.4 billion as against the deficit of US\$ 17.9 billion during August 2018.

1.7 Exports & Import of services during July 2019 were valued at US\$ 19.1 billion and US\$ 12.8 billion. Trade balance in Services for July 2019 was estimated at US\$ 6.3 billion.

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2. Other important Developments

2.1 (a) Hon'ble FM announced on September 14, 2019 that ECB guidelines will be relaxed to facilitate financing of Home buyers who are eligible under the PMAY in connection with RBI.

(b) On the proposal of Department of Financial Services, Special Security Bonds were issued in Gazette of India vide publication dated 19.9.2019, 26.9.2019 and 27.9.2019 for capital infusion in IDBI Bank Ltd., Eight PSUs and Five PSBs respectively.

(c) (i) Secretary (EA) chaired a Task Force comprising of CEO, NITI Aayog, Secretary, Expenditure, Secretary, of the Administrative Ministries, Additional Secretary (Investment), DEA as Members and Joint Secretary, Infrastructure Policy & Finance Division, DEA as Member Secretary has been constituted with the Approval of Hon'ble Finance Minister to draw up a National Infrastructure Pipeline for each of the years from FY 2019-20 to FY 2024-25. The first meeting of the Task Force was held on 09.09.2019 and fourth Task Force meeting was held on 25.09.2019. So far deliberation with four number of Ministries/Departments viz MoHUA, DoAC& FW, DEPD and MoPNG have taken place to finalize the Infrastructure Pipeline.

(ii) PPPAC has approved 'in-principle' the following projects:

- a. Development of Eco-Tourism Resort in Lalaji Bay, Long Island, Andaman & Nicobar Islands under PPP mode.
- b. Development of Eco-Tourism Resort in Minicoy Island, Lakshadweep Islands under PPP mode.

2.2 During the month, Four Lines of Credit (LoCs) have been extended as per the following details:

- i. Additional LoC amounting to USD 236.00 million has been extended to Government of Mongolia to supplement the USD 1 billion LoC for the Petrochemical Refinery Project in Mongolia;
- ii. Additional LoC amounting to USD 2.01 million has been extended to Government of Ghana for completion of the construction of Foreign Policy Training Institute;
- iii. LoC amounting to USD 50.48 million has been extended to Government of Nigeria for acquisition of training ship from Goa Shipyard Limited (GSL); and
- iv. LoC amounting to USD 70.00 million has been extended to Government of Nigeria for procurement of landing ship tanks (LST) from Goa Shipyard Limited (GSL).

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

As per the provisional unaudited Statement of Monthly Accounts for the Month of August, 2019, the fiscal deficit as on 31st August, 2019 was ₹ 5,53,840 crore, which is 78.7% of Budget Estimates (₹7,03,760 crore) for 2019-20. Fiscal Deficit at the end of August, 2018 was 94.7 % of BE in Corresponding Period of Previous Year (COPPY). Fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of fiscal deficit for the year as it gets impacted by temporal mismatch between flow of not-debt receipts and expenditure up to that month on account of various transitional factors both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

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On the receipts side, Total Non- Debt Receipts upto August, 2019 were ₹6,21,461 crore which is 29.8% of BE (26.4% in COPPY). Total Revenue Receipts were 30.7% of BE in 2019-20 compared to 26.9% in COPPY. Gross Tax Revenue (GTR) at the end of August, 2019 was 26.8% of BE (COPPY – 27.9% of BE). Tax Revenue (net) was 24.5% of BE (24.7% in COPPY) while Non-tax Revenue receipts were 63.4% of BE (40.1% in COPPY). Non-Debt Capital Receipts were 15.2% of BE (16.3% in COPPY). On the expenditure side, total expenditure at the end of Aug, 2019 was ₹ 11,75,301 crore which is 42.2% of BE (43.8% in COPPY). This comprised Revenue Expenditure of 42.4% of BE (43.8% in COPPY) and Capital Expenditure of 40.3% of BE (44.1% in COPPY). Interest Payments were 33.2% of BE compared to 38.1% in COPPY.

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

- i. Secretary (EA) led an Indian delegation for the 9th India-China Financial dialogue which was held on 25.9.2019 at New Delhi. Both sides had in-depth exchange of views on macroeconomic situation and policy, cooperation in multilateral framework, bilateral investment and financial cooperation. A Joint Statement was issued at the conclusion of the Financial Dialogue reflecting the mutual understanding and shared vision of both the countries to further strengthen cooperation in the financial sector.
- ii. Secretary (EA), along-with Chief Economic Advisor had attended the 23rd Financial Stability and Development Council-Sub Committee (FSDC-SC) meeting held under the chairmanship of Governor, RBI. The Sub-Committee was also attended by Chairman, SEBI, Chairman, IRDAI, Chairperson, IBBI, Deputy Governors of the RBI, Secretary, FSDC, Dr. Deepak Mohanty, ED, RBI and Whole Time Member, PFRDA.
- iii. 14th meeting of the Early Warning Group, one of the technical group under FSDC-SC, was held on September 13, 2019. In this meeting major issues discussed included major macroeconomic developments having a bearing on risk outlook, Current global economic slowdown – ramifications for India's financial markets, Developments in the NBFC/HFC sector etc.
- iv. 99th Meeting of Screening Committee of DEA chaired by AS (FB&ADB) was held on 17th September, 2019.
- v. A meeting under chairmanship of AS(FB&ADB) was held on Sep 16, 2019 with MDBs/RBI/SEBI/FM Division to discuss the issue of development of local bond market in India.
- vi. A meeting was held under the chairmanship of AS (FB & ADB) regarding the visit of President, World Bank Group (WBG) to India during October 2019 on September 18, 2019 in DEA. The meeting was attended by representatives from the World Bank, MEA, DoPT, DPIIT (EoDB), MHRD, NITI Aayog, DFS, BC Division, SIDBI and EXIM Bank.
- vii. A meeting was held on September 19, 2019 under chairmanship of AS (FB & ADB) with Mr. Enzo de Laurentiis, Chief Procurement Officer, WB and other WB officials to discuss the Procurement Policy of the World Bank.
- viii. Meeting chaired by AS (FB & ADB), on operationalizing state partnerships under the World Bank Country Partnership Framework (FY 18-22) was held on September 13, 2019. The World Bank was represented by Ms. Bhavna Bhatia, Program Leader, EFI.
- ix. DEA participated in the 28th round of Regional Comprehensive Economic Partnership (RCEP) TNC and related meetings held on 20-27 September, 2019 in Vietnam.
- x. Discussion held on Bilateral Investment Treaty (BIT) between India and UAE through Video Conference on 17th September, 2019.

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- xi. Discussion held on BIT between India and Saudi Arabia through Video Conference on 12thSeptember, 2019.
- xii. A Board meeting of NIIF Trustee Limited was held on 26.09.2019.
- xiii. Annual General Meeting of NIIF Trustee Limited was held on 27.09.2019.

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

Cleared	:	00
Awaiting Approval in the Department	:	08
