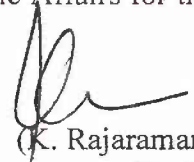


No. A-45011/2/2019-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 22nd April, 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 March, 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. Guard File – 2019.

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

Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs for the month of March, 2019.

1. Macro-economic Overview

1.1 *Headline inflation* based on Consumer Price Index (New Series- Combined) in February, 2019 was 2.6 per cent as compared to 4.4 % in February, 2018. Inflation based on Wholesale Price Index (WPI) stood at 2.9 % in February, 2019 as compared to 2.7 % in February, 2018.

1.2 The *yield on 10-Year Government securities* stood at 7.33 % on 22nd March, 2019 compared to 7.59 % of 23rd March, 2018.

1.3 India's *Foreign exchange reserves* stood at US\$ 406.7 billion as on 22nd March, 2019, showing a decrease of US\$ 17.8 billion over the level of US\$ 424.5 billion at end-March 2018. The average monthly exchange rate of rupee (reference rate) for the month of March 2019 was Rs. 69.48 per US dollar as against Rs 71.22 per US dollar in February 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 1.7 per cent in January-2019 as compared to the growth of 7.5 per cent in January-2018.

1.5 On a cumulative basis, for the period April- January, 2018-19, the *industrial growth* was 4.4 per cent as compared to the growth of 4.1 per cent during April- January, 2017-18. Eight Core Industries registered a growth of 2.1 per cent in February- 2019 as compared to 5.4 per cent in February- 2018. The growth of core industries during April-February, 2018-19 is 4.3 per cent as compared to 4.3 per cent during April- February, 2017-18.

1.6 India's merchandise exports during February 2019 were valued at US\$ 26.7 billion as compared to US\$ 26.0 billion during February 2018, exhibiting a growth of 2.4 %. India's Imports during February 2018 were valued at US\$ 36.3 billion which declined by 5.4 % over the level of imports valued at US \$ 38.3 billion in February 2018.

1.7 India's *oil imports* during February 2019 were valued at US\$ 9.4 billion which was 8.1 % lower as compared to US\$ 10.2 billion in February 2018. The trade deficit for February 2019 was estimated at US\$ 9.6 billion as against the deficit of US\$ 12.3 billion during February 2018. Exports & Import of services during January 2019 were valued at US\$ 17.7 billion and US\$ 11.0 billion. Trade balance in Services for January, 2019 was estimated at US\$ 6.7 Billion.

2. Other important Developments

2.1 (a) The Securities & Exchange Board of India (SEBI), in consultation with the Government, has approved the framework for the process of accreditation of investors for the purpose of *Innovators Growth Platform (IGP)*. SEBI Board also approved amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the SEBI (Real Estate Investment Trusts) Regulations, 2014 w.r.t. reduction in the minimum allotment and trading lot, Increase in the leverage limit, etc., in order to encourage wider class of investor participation, boost liquidity and for the growth in this segment of financial markets. The SEBI Board on 1.3.2019 approved the proposal to enable participation by Mutual Funds and Portfolio Managers in Exchange Traded Commodity Derivatives in India subject to certain safeguards. Further, Category – III Alternative Investment Funds which are already permitted to participate in Commodity derivatives, have now been permitted to deal with goods received in delivery against physical settlement of such contracts, if any. In order to secure the interests of the debenture holders and to enable Debenture Trustees (DTs) to perform their duties effectively and promptly, SEBI Board has approved certain amendments to the regulatory framework for DTs regarding minimum net worth requirement of a DT, meeting of DTs etc. In order to facilitate ease of doing business for the custodians, the SEBI Board on 01.03.2019 approved the proposal to amend the SEBI (Custodian) Regulations, 1996 to grant permanent registration to custodians instead of periodical renewal every three years.

(b) The Reserve Bank of India (RBI), in consultation with the Government of India, has introduced a separate scheme called '*Voluntary Retention Route*' (VRR) to encourage Foreign Portfolio Investors (FPIs) to undertake long-term investments in Indian debt markets vide AP DIR Series Circular dated March 1, 2019.

(c) Finance Minister gave approval for extension of two *Lines of Credit (LoCs)* through EXIM Bank of India, (i) amounting to USD 800 million to Government of Maldives for Developments of Projects (ii) LoC of amounting USD 10.40 million extended to Government of Swaziland for construction of Disaster Recovery Site (DRS).

(d) Following *loan agreements* were signed during the month:-

- i. Loan agreement for the project titled "Dam Rehabilitation and Improvement Project for Additional financing" was signed between the India and the World Bank for an amount USD 137 million on March 8, 2019.
- ii. Loan Agreement signed with the World Bank for USD 25.2 Million for Chhattisgarh Public Financial Management and Accountability Program on 5th March, 2019.
- iii. Additional Financing for Uttarakhand Disaster Recovery Project was signed on 05.03.2019 for USD 96 million.
- iv. Innovation in Solar Power and Hybrid Technologies Project was negotiated on 01.03.2019 for USD 150 million.
- v. Andhra Pradesh Health Systems Strengthening Project was negotiated on 06.03.2019 for USD 328 million.

- vi. Resilient Kerala Development Program was posed to the WB on 25.03.2019 for USD 500 million. Two ADB loans were signed in the month of March, 2019: Mumbai Metro Rail System-USD 926 million signed on 01.03.2019;
- vii. Assam Urban Infrastructure Investment Program-USD 26 million signed on 08.03.2019.

2.2 Following major Meetings were held during the month of March 2019:-

(a) Secretary (EA) led a delegation of the Department of Economic Affairs to Brussels to have a number of Bilateral meetings with the EU on 20th March and to participate in the High Level Conference on "*Scaling Up Sustainable Finance: Towards a Global Approach*" organised by EU on 21st March, 2019. The EU has proposed regulations in the European Parliament proposing certain disciplines/ restrictions on financing by European entities on projects which are not within the ambit of 'sustainable projects'. These are expected to come into effect from 2020. We would remain engaged with the EU as this might affect flow of European finance to Indian projects.

(b) Secretary (EA) attended a meeting of *Financial Stability and Development Council-Sub Committee (FSDC-SC)* held on 14/03/2019 at RBI Mumbai under the Chairmanship of Governor (RBI).

(c) Secretary (EA) chaired a meeting on setting up of Computer Emergency Response Team in Financial Sector (CERT-Fin) on 27.3.2019 with participation of Secy (MeitY), DG (CERT-In) and Financial Regulators. In this meeting, options to establish an effective Cert-Fin were discussed.

(d) The DEA-AFD Annual consultation Meeting 2019 was held between DEA, Ministry of Finance and the AFD, France on 7th March, 2019 at New Delhi. The Indian side was led by Dr. C.S. Mohapatra, Addl. Secretary, DEA and the AFD delegation was led by Mr. Remi Genevey, Director Asia Department (Paris), AFD.

(e) Shri K Rajaraman, Additional Secretary (Investments) participated in the 18th Board meeting, 5th Budget & HR Committee and 10th Audit & Risk Committee meetings of *New Development Bank* in Cape Town, South Africa on 31.3.2019. These meetings were followed by the *Annual Meetings of NDB Board of Governors* on April 1-2, which Secretary (EA) attended as India's Alternate Governor.

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	:	12
