


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

New Delhi, 18th March, 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 January, 2020.


(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.
JS(Budget)/ JS(IPF)/JS(FM)/JS(BC&IER)/JS(Inv)/ Adviser(C&C/FSLR/FS&CS)/
Adviser(IER)/ CAAA.
19. Shri Arun Kumar, Adviser, DEA
20. Ms. Rajasree Ray, Adviser, DEA.
21. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
22. Guard File – 2020.

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Subject: Monthly Summary on important policy decisions pertaining to DEA for the month of January, 2020.

1. Macro-economic Overview

1.1 As per the First Revised Estimates of Gross Domestic Product (GDP) released by National Statistical Office (NSO) on 31st January 2020, the growth of GDP was 6.1% in 2018-19, as compared to the growth of 7.0% in 2017-18 and 8.3% in 2016-17.

1.2 Gross Capital Formation as percentage of GDP was 32.2% in 2018-19, as compared to 34.2% in 2017-18, and 32.0% in 2016-17.

1.3 Gross Savings as percentage of GDP was 30.1% in 2018-19, as compared to 32.4% in 2017-18, and 31.3% in 2016-17.

1.4 The First Advance Estimates of National Income released by National Statistical Office (NSO) on 7th January 2020 had estimated a growth of 5.0% in 2019-20 over the Provisional Estimates of GDP for 2018-19 released on 31st May 2019.

1.5 Gross Value Added (GVA) in 2019-20 is estimated to grow at 4.9% (First Advance Estimates) with sectoral growth of 2.8%, 2.5%, and 6.9% respectively for agriculture, industry, and services sectors over the Provisional Estimates of GVA for 2018-19 released on 31st May 2019.

1.6 Headline inflation based on Consumer Price Index (New Series- Combined) in December 2019 was 7.35% as compared to 2.1% in December, 2018. Inflation based on Wholesale Price Index (WPI) stood at 2.59% in December, 2019 as compared to 3.5% in December, 2018. Inflation in terms of Consumer Price Index for Industrial Workers (CPI-IW) in November 2019 was 8.61% as compared to 4.9% in November 2018. Inflation in terms of Consumer Price Index for Agricultural Labourers and Consumer Price Index for Rural Labourers stood at 11.06% and 10.64% in December, 2019 respectively.

1.7 Policy repo rate remain same to 5.15% in January 2020. Bank credit growth stands at 7.6% on 3rd January, 2020 as compared to 14.5% in corresponding period of previous year. The yield on 10-Year Government Securities stood at 6.86% on 17th January 2020 compared to 7.32% on 18th January 2019.

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1.8 India's Foreign exchange reserves stood at US\$ 462.2 billion as on 17th January, 2020 showing an increase of US\$ 50.3 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.

1.9 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 1.8% in November-2019 as compared to the growth of 0.2% in November -2018. On a cumulative basis, for the period April-November, 2019-20, the industrial growth was 0.6% as compared to the growth of 5.0% during April- November, 2018-19. Eight Core Industries registered a growth of 1.3% in December-2019 as compared to 2.1% in December - 2018. The growth of core industries during April-December, 2019-20 is 0.2% as compared to 4.8% during April- December, 2018-19.

1.10 India's merchandise exports during December 2019 were valued at US\$ 27.4 billion as compared to US\$ 27.9 billion during December 2018, exhibiting a decline of 1.8%. India's merchandise imports during December 2019 were valued at US\$ 38.6 billion which declined by 8.8% over the level of imports valued at US\$ 42.4 billion in December 2018. During December 2019, oil imports and non-oil imports declined by 0.8% and 11.6% respectively over December 2018.

1.11 The trade deficit for December 2019 was estimated at USD 11.3 billion as against the deficit of USD 14.5 billion in December 2018.

1.12 Exports & Import of services during November 2019 were valued at US\$ 18.0 billion and US\$ 11.5 billion respectively. Trade balance in Services for November 2019 is estimated at US\$ 6.5 billion.

2. Other important Developments

2.1 SEBI in consultation with Central Government has notified the new SEBI (Portfolio Managers) Regulations, 2020 for regulating the Portfolio Management Services vide gazette notification 16.1.2020.

2.2 The provisions of Finance (No. 2) Act, 2019 regarding amendment in SCRA, 1956 and SEBI Act, 1992 have been enforced from 20.1.2020 vide Gazette Notification dated 20.1.2020.

2.3 Based on references received from GoI, SEBI vide Circular dated January 3, 2020 has mandated Credit Rating Agencies (CRAs) to downgrade the rating assigned to the instruments of an issuer not cooperating for more than 6 months to non-investment grade with INC status. Further, if non-cooperation by the issuer continues for further six months from the date of downgrade no CRA shall assign any new ratings to such issuer until the issuer resumes cooperation or the rating is withdrawn.

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2.4 Indian Stamp Act, 1899:

(i) In order to facilitate ease of doing business and to bring in uniformity and affordability of the stamp duty on securities across States and thereby build a pan-India securities market, the Central Government, after due deliberations, amended the Indian Stamp Act, 1899 through Finance Act, 2019.

(ii) The amended provisions of the Indian Stamp Act, 1899 were scheduled to be enforced from 09th January, 2020 vide gazette notification dated 10th December, 2019 issued by Department of Revenue. Further, Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 under the amended Act were also notified in the official gazette on 10th December, 2019 to regulate the liability of instruments of transaction in stock exchanges and depositories to duty. The rules were also scheduled to be enforced from 09th January, 2020. However, it was decided to extend the date of enforcement to 1st April 2020 as Draft notification for declaring CCIL trading platforms / trade repositories as “stock exchange” and Registrar and Transfer Agents (RTA) handling physical folios of mutual funds to be declared as “depositories” was in the process for notification.

(iii) Meanwhile vide Gazette notification dated 8th January 2020 issued by Department of Revenue notified the Clearing Corporation of India Limited, a “designated trade repository”, as a “stock exchange” and the “Registrars to an Issue and/or Share Transfer Agents” registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as a “depository” for the limited purposes of acting as a “collecting agent” under the Indian Stamp Act 1899 and the rules made thereunder.

(iv) SEBI, vide circular dated 16th January, 2020 has further enabled trading of Options in Goods by prescribing the product design and risk management framework for this new product in commodity derivative market.

2.5(i) The first meeting of the Task Force on National Infrastructure Pipeline (NIP) was held on 09.09.2019. Subsequently, several meetings were held with various Departments/Ministries engaged in infrastructure development, Corporates engaged in infrastructure development & construction, Banks/Financial Institutions, Private Equity Funds and Industry Associations including CII, FICCI & ASSOCHAM.

(ii) The summary of Report of the Task Force on National Infrastructure Pipeline was released on 31.12.2019 by the Finance Minister. The NIP summary report had projected total infrastructure investment of Rs.102 lakh crore during the period FY 2020 to 2025 in India. However, as more data from Central ministries and State Governments has become available,

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as on 28.01.2020, projected total infrastructure investment during the period FY 2020 to 2025 stands at Rs.111 lakh crore.

(iii) Draft CCEA Note on establishment of the Credit Enhancement company has been circulated to the concerned ministries. This initiative will de-risk the banking sector, enable more funding space for them for new projects, encourage funding of infrastructure from the bond market and attract patient capital from pension and insurance funds into infrastructure.

2.6 With the approval of FM, two Lines of Credit (LoCs) have been extended during the month of January, 2020, details of which are as under:

S.No.	Name of Country	Million / USD)	Project	Date of Approval
1.	Govt. of Nicaragua	20.1	For reconstruction of Chavarria Hospital	28.01.2020
2.	Govt. of Nicaragua	7.35	For construction of Departmental Hospital in the Municipality of Silais Las minas	28.01.2020

2.7 (i) The Legal Agreements for project titled "State of Maharashtra's Agribusiness and Rural Transformation Project" was signed on 24.01.2020 between Govt. of India, Government of Maharashtra and World Bank for an assistance of US\$ 210 million (with a total project cost of US\$ 300 million). The project development objective is to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra. This would be achieved by expanding access to new and organized markets for producers and enterprises with complementary investments in technical services and risk management capabilities.

(ii) The Legal Agreements for project titled "Assam Inland Water Transport Project" was signed on 16.01.2020 between Government of India, Government of Assam and World Bank for an assistance of US\$ 88 million (with a total project cost of US\$ 110 million). The project development objectives are to: a) improve passenger ferry infrastructure and service in Assam and b) to improve the institutional capacity and framework for inland water transport in Assam.

2.8 Expenditure upto December, 2019 compared to Budgeted Estimates for 2019-20

As per the provisional unaudited Statement of Monthly Accounts for the Month of December, 2019, Total Non- Debt Receipts upto December, 2019 were ₹11,77,922 crore which is 56.6%

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of BE 2019-20 compared to 62.6% of BE 2018-19 in Corresponding Period of Previous Year (COPPY). Total Revenue Receipts were 58.4% of BE in 2019-20 compared to 62.8% in COPPY. Gross Tax Revenue at the end of December, 2019 was 56.2% of BE (COPPY – 62.7% of BE). Tax Revenue (net) was 54.9% of BE (63.2% in COPPY) while Non-tax Revenue receipts were 77.3% of BE (60.3% in COPPY). Non-Debt Capital Receipts were 25.9% of BE (50.5% in COPPY). On the expenditure side, total expenditure at the end of December, 2019 was ₹ 21,09,647 crore which is 75.7% of BE (75.0% in COPPY). This comprised Revenue Expenditure of 75.7% of BE (75.6% in COPPY) and Capital Expenditure of 75.6% of BE (70.6% in COPPY). Interest Payments were 64.2% of BE compared to 73.1% in COPPY.

2.9 Following Meetings were held during the month of January, 2020:-

- i. Secretary (EA) had a meeting with Vice President, South Asia Region (SAR), World Bank Group on 13th January, 2020.
- ii. A meeting was held between Sh.Sameer Kumar Khare, AS (FB and ADB) and Country Manager, IFC and team, and DMIC team comprising CEO and CFO on 14th January, 2020 on the proposal of DMIC to seek transaction advisory services from IFC
- iii. Sh.Sameer Kumar Khare, AS (FB & ADB) met the World Bank Finance Team on 17th January, 2020 regarding Impact of Basel III regulations on NBFCs and flow of credit to MSMEs.
- iv. A meeting between Sh.Sameer Kumar Khare, AS (FB&ADB) with the Country Director (India), World Bank was held on 24th January, 2020 to discuss deliverables emanating from World Bank President's letter to the Hon'ble PM and FM.
- v. Sh.Sameer Kumar Khare, AS (FB&ADB) met the Country Director (India), World Bank on 30th January, 2020 to discuss 2020-21 pipeline, state partnerships and WB Report "Unleashing E-Commerce for South Asian Integration".
- vi. Sh.Sanjeev Sanyal, Principal Economic Adviser and his team participated in the G-20 Framework Working Group (FWG) under the 2020 Saudi Presidency held on 12th – 13th January, 2020 in Riyadh, Saudi Arabia.
- vii. Shri Pawan Kumar, Director attended the 1st G-20 GPFI Meeting and symposium on GPFI under Saudi Arabia presidency held from 22-24th January, 2020 in Riyadh, Saudi Arabia.
- viii. Dr. Ashima Jain, Deputy Secretary and Sh. Hanish Chhabra, Deputy Secretary attended the 1st Meeting of the International Financial Architecture (IFA) Working Group under Saudi G-20 Presidency held on 30-31st January, 2020 in Riyadh, Saudi Arabia.
- ix. 11th FAC meeting of SDF Board of Directors was held on 15th January, 2020 while the 32nd meeting of SDF Board of Directors was held on 16-17th January, 2020. Both the meetings were held in Thimphu, Bhutan. Sh.Virender Singh, Director (IER) to the SDF Board from India attended these meetings.

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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 : 06
