


No. A-45011/4/2021-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 3rd March, 2022

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, 2021.


(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 23095091

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. Ms.Meera Swarup, AS&FA(Finance).
14. Shri A.M. Bajaj, Additional Secretary (FM), DEA
15. Shri Rajat Kumar Mishra, Additional Secretary (Budget), DEA.
16. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
17. All Heads of Divisions in Department of Economic Affairs.

Sr.Adviser (C&C/FSLR/FS&CS)/JS (IPP)/(ISD)/JS(Budget)/JS (C&C)/
JS(Inv)/ Advisor(BC) /Adviser (Admn)/ Advisor (Investment) /
Advisor (Economic Division) / Advisor (IER) / Advisor (IPP) / CAAA.

18. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
19. Guard File – 2021.

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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of December, 2021.

1. Macro-Economic Overview

India's economic recovery is expected to gain strength in the current quarter of the financial year, as evident from High Frequency Indicators (HFIs) crossing their pre-pandemic levels in the corresponding months of 2019. Major multi-lateral and credit rating agencies expect India to grow between 8%-10% in 2021 (FY 21-22) and so does the Government. IMF has projected India's growth at 9.5% to be the fastest among major countries. However, the rise in Omicron cases across states is a risk to economic recovery. The sector wise growth rates are given in the **Annexure**.

2. Important Developments:

- (i) Two notifications under the relevant provisions of the Securities Contracts (Regulation) Act, 1956 were issued (i) declaring 'bullion spot delivery contract', 'bullion depository receipt with underlying bullion' as securities enabling them to be issued and traded in international financial services centres under the International Financial Services Centres Authority Act, 2019 and (ii) declaring 'Electronic Gold Receipts' as securities.
- (ii) A Line of Credit of US\$ 200 million was extended to Government of Kyrgyzstan through EXIM Bank.
- (iii) The following agreements were signed with multilateral and bilateral development agencies:
 - (a) A loan of Euro 250 million for Agra Metro Rail Project from European Investment Bank;
 - (b) A loan of Euro 442.26 million for Surat Metro Rail project from KfW;
 - (c) A loan of Euro 140 million and a grant of Euro 2 million for Energy Reform Programme, Madhya Pradesh from KfW;
 - (d) A loan of USD 125 million for Uttarakhand Integrated and Resilient Urban Development Project (tranche 1) from Asian Development Bank (ADB);

- (e) A loan of USD 150 million for Inclusive, Resilient and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu Project from ADB;
- (f) A loan of USD 350 million for Sustainable Urban Development and Service Delivery Program (tranche 1) Project from ADB;
- (g) A loan of USD 112 million for Assam Skill University Project from ADB;
- (h) A loan of USD 150 million for Chennai City Partnership: Sustainable Urban Services Program from World Bank;
- (i) A loan of USD 160 million for Shimla-Himachal Pradesh Water Supply and Sewage Services Improvement Program from World Bank.
- (j) A loan of USD 80 million for Himachal Pradesh Rural water supply project was signed from New Development Bank; and
- (k) A loan of USD 125 million for West Bengal Building State Capability for Inclusive Social Protection from World Bank.

3. The following important meetings were held during the month of December, 2021:

- i. A roundtable interaction of Hon'ble Prime Minister with a select group of investors representing Venture Capital and Private Equity Funds was held.
- ii. An international seminar was held on the side-lines of the First G20 Finance and Central Bank Deputies meeting in which Hon'ble Finance Minister participated virtually in a high level discussion on G-20's current theme under Indonesia's Presidency: "Recover Together, Recover Stronger".
- iii. Hon'ble Finance Minister met Ms. Gita Gopinath, First Deputy Managing Director, International Monetary Fund during her visit to India and discussed issues relating to international and Indian economy.
- iv. A proposal for development of Sonnagar-Gomoh Section (261.3581 Km) of Eastern Dedicated Freight Corridor on Hybrid-Design-Build-Finance-Operate-Transfer (DBFOT) model on Public Private Partnership (PPP) mode was recommended during the 106th PPP Appraisal Committee (PPPAC) Meeting.
- v. A proposal for Development (Creation, Upgradation, Operation, Maintenance and Utilisation) of Bharat Net through PPP was recommended during the 107th PPPAC Meeting.

- vi. Viability Gap Funding support for development of food grain silos at Kaimur and Buxar (Bihar) on DBFOT (Design, Build, Finance, Operate and Transfer) basis on PPP mode by Food Corporation of India was granted final approval during the 39th Executive Committee Meeting.
- vii. International Development Association-20 Replenishment 4th meeting was held virtually with World Bank ED (India).
- viii. Proposals for seeking financing from Multilateral Development Banks / Bilateral Agencies were considered during the 123rd meeting of DEA Screening Committee.
- ix. Asian Infrastructure Investment Bank Board of Directors' meeting was held to consider various policy review & investment operations and USD 250 million for India Gujarat Education Infrastructure and Technology Modernization Program was approved.
- x. New Development Bank Board of Directors' meeting was held to consider various policy review and investment operations.
- xi. The first G-20 Finance and Central Bank Deputies meeting under the Indonesian Presidency was held in Bali.
- xii. The second round of negotiations on Investment Chapter was held under the proposed India - UAE Comprehensive Economic Partnership Agreement.
- xiii. The Financial Stability Board's Standing Committee on Standards Implementation (SCSI) meeting was held to discuss SCSI work plan, thematic peer reviews and Monitoring Non-banking financial institution reforms.
- xiv. A meeting with Multilateral Investment Guarantee Agency (MIGA), World Bank, International Finance Corporation, Ministry of New and Renewable Energy, Dedicated Freight Corridor Cooperation of India and State Bank of India was held to discuss the contour of engagement for MIGA guarantee under projects implemented by Public Sector Undertakings.
- xv. Annual General Meeting of National Investment and Infrastructure Fund Trustee Limited (NIIFTL) and Board meetings of NIIFTL and National Investment and Infrastructure Fund Limited were held during the month.
- xvi. An exploratory (first) round of discussions on Bilateral Investment Treaty (BIT) was held with Myanmar.
- xvii. Fourth round of negotiations on BIT was held with Uzbekistan.

4. Minimum Government, Maximum Governance

In particular, use of ICT in submission of information is being encouraged.

5. Non-Compliance of ACC directions/orders

Nil

6. FDI proposals cleared during the month and status of FDI proposals awaiting approval in the Department:

Awaiting Approval in the Department: 12

7. Progress of implementation of reforms to increase efficiency in decision making in Government:

- i. Channels of submission have been reviewed and changes are being implemented.
- ii. Due to shortage of staff at various levels, several officers are working on Desk Officer pattern.
- iii. E-office version 7.0 has been implemented in DEA
- iv. Pending matters are being followed up.
- v. Several IT tools and IT platforms are being used/implemented thereby increasing the efficiency in the Department. 90% of files in the Department are e-files.

Annexure

Table 1: Real Growth in demand side of GDP and its components (per cent)			
Components	Growth over Q2 of 2020-21	Growth over Q1 of 2021-22	Recovery over H1 of 2019-20
Total Consumption	8.6	4.8	92.7
Government Consumption	8.7	(-) 14.2	94.7
Private Consumption	8.6	9.2	92.3
Gross Fixed Capital Formation	11.0	11.8	91.8
Change in Stock	2.7	7.8	102.1
Valuables	183.3	603.6	155.1
Exports	19.6	8.4	113.0
Imports	40.6	16.8	104.8
GDP	8.4	10.4	95.6
Source: National Statistical Office, MoSPI.			

Table 2: Real Growth of GVA and its components on the supply side (per cent)			
Sectors	Growth over Q2 of 2020-21	Growth over Q1 of 2021-22	Recovery over H1 of 2019-20
Agriculture & Allied Sectors	4.5	(-) 16.2	108.0
Industry	6.9	5.9	98.6
Mining & quarrying	15.4	(-) 14.0	102.5
Manufacturing	5.5	7.9	99.9
Electricity, gas, water supply & other utility services	8.9	5.2	107.2
Construction	7.5	8.7	92.1
Services	10.2	16.2	92.6
Trade, Hotels, Transport, Communication and Services related to Broadcasting	8.2	24.9	80.1
Financial, Real Estate & Professional Services	7.8	7.0	98.2
Public administration, defence and other services	17.4	24.7	101.1
GVA at basic prices	8.5	7.9	96.3
Source: National Statistical Office, MoSPI.			

Table 3: INFLATION - CPI-C, WPI (in Per Cent)			
	November 2020	October 2021	November 2021
CPI-C	6.93	4.48	4.91
WPI	2.29	12.54	14.23

Source: NSO for CPI-C and OEA, DPIIT for WPI
Note : WPI inflation for last two months and CPI-C inflation for last one month is provisional.

Table 4: MONETARY DEVELOPMENT	
Item	17.12.2021
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.45
Bank Credit Year-on-Year growth #	7.3

Note: # as on 03.12.2021

Table 5: Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
November 2020	23.6	33.8	(-) 10.2
November 2021	30.0	52.9	(-) 22.9

Table 6: Services Trade Performance (in US\$ billion)			
October 2021	19.9	11.6	8.2

Source: Provisional data as per the Press Release dated 14.12.2021 of the Department of Commerce, Ministry of Commerce and Industry.

Table 7: Balance of Payments		
Items	2020-21 (April-September)	2021-22 (April-September) (P)
Current Account Balance (in US\$ billion)	34.4	(-) 3.0
Current Account Balance / GDP (Per cent)	3.0	(-) 0.2

Source: Reserve Bank of India.

Table 8: Foreign Exchange Reserves (in US\$ billion)	
End-March, 2021	577.0
24.12.2021	635.1
Source: Reserve Bank of India	

Table 9: Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)				
	US Dollar	Pound Sterling	Euro	Japanese yen
21.12.2021	75.5925	99.9020	85.2497	66.4500
Source: Reserve Bank of India				

Table 10: External Debt (US\$ Billion)			
	as at end of September 2020 PR (1)	as at end of September 2021 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	556.8	593.1	6.5
Source: Quarterly Report on External Debt as at end September 2021, DEA.			

Table 11: Industrial Production Highlights Monthly Growth (YoY) in per cent			
Index of Industrial Production (IIP)	August 2020	September	October 2020
	(-) 7.1	1	4.5
	August 2021	September	October 2021
	11.9	3.1	3.2

Table 12: Eight Core Industries Monthly Growth (YoY) in per cent			
	September 2020	October 2020	November 2020
Eight Core Industries (ICI)	0.6	(-) 0.5	(-) 1.1
	September 2021	October 2021	November 2021
	4.5	8.4	3.1
