

No. A-45011/3/2022-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 2nd May, 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 March, 2022.



(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. Shri V. Anantha Nageswaran, Chief Economic Adviser, DEA.
12. Additional Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Shri .Manoj Sahay, JS&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.
SrEconomicAdviser(C&C/FSLR/FS&CS)/JS(C&C
OMI))/JS(Budget)/JS(IPP/JS(ISD)/JS(Inv)/All Advisers/CAAA and
18. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
19. Guard File – 2022.

No. A-45011/3/2022-Admn. III
Ministry of Finance
Department of Economic Affairs

Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of March, 2022

I. Important policy decisions taken and major achievements during the month

1. Macroeconomic Overview:

A strong growth momentum pushed the real GDP in Q3 of 2021-22 to 106.2 per cent of the pre-pandemic Q3 output of 2019-20 and the combined output of first three quarters to 100 per cent of the pre-pandemic level. These estimates reaffirm India's prospects of a resilient and strong recovery and bear testimony to India's strong macroeconomic fundamentals.

GST collections during February 2022 (reflective of January transactions) stood at Rs 1.33 lakh crore registering a double-digit growth of 18 per cent compared to corresponding period last year and 26 per cent higher than the corresponding pre-pandemic level.

Demand for energy continues to remain resilient as global activity expanded during February as indicated by rise in Global PMI composite index to 53.4 – helped by growth of new orders, employment acceleration and strengthening of business optimism.

For April 2021 – February 2022, retail inflation averaged 5.4 per cent, which is 80 basis points lower than 6.2 per cent obtained in the corresponding period of last year. WPI inflation stood at 13.1 per cent in February 2022, as compared to 13.0 per cent in January 2022. A part of the rise in wholesale inflation in 2021-22 (April-February) is attributed to the low base in the previous year. As the base effect fades, WPI inflation is expected to moderate, being limited to sequential growth of the index.

India's manufacturing activity as per PMI manufacturing recovered in February 2022 and stood at 54.9 after decelerating to a four-month low of 54 in the previous month, as new orders and production expanded at a stronger pace in conjunction with an increase in buying activity. Industrial activity is expected to recover in the forthcoming months with Government's thrust on capital expenditure.

Credit to industry witnessed YoY growth of 6.4 per cent in January 2022. Medium industries registered high double-digit YoY credit growth of 74.7 per cent in January, 2022 followed by 19.7 per cent growth witnessed by micro and small industries.

PMI Services marginally improved to 51.8 in February 2022 from 51.5 in January 2022. Strengthening of services is attributed to expansion in new orders, better demand conditions and enhanced business confidence.

In February 2022, performance of merchandise exports continued to remain resilient growing YoY at 25.1 per cent as compared to 25.3 per cent in the previous month. In the 11 months of the current year so far, merchandise exports have been USD 374.8 billion, 46.1 per cent higher than in the corresponding period of the previous year, in-part benefitting from a rebound in the world economy.

Capital goods index of IIP, an indicator of private investment, witnessed an YoY growth of 20.8 per cent in April- January 2021-22 as compared to the corresponding period last year.

High frequency indicators for the current quarter indicate sign of recovery in the economic activity as Omicron induced restrictions are eased with the decline in new cases. Union Government's endeavors to enhance capital expenditure will further boost the growth and employment through multiplier effect. The sector-wise growth rates are given in the Annexure.

2. Important Developments:

- (i) Third and final batch of Supplementary Demands for Grants 2021-22 and Excess Demands for Grants 2018-19 has been passed in the Parliament and notified by Law Ministry.
- (ii) Final adjustment of the dues of States' Share, devolved to States.
- (iii) The following Lines of Credit (LOC) were extended and supported under the Indian Development & Economic Assistance Scheme (IDEAS):
 - (a) LoC of USD 270 million extended to Government of Myanmar for undertaking various development projects in the state.
 - (b) LoC of USD 1 billion by State Bank of India to Government of Sri Lanka for procurement of food, medicines and essential items under Concessional Financing Scheme.
- (iv) The Scheme and Guidelines on Indian Development and Economic Assistance Scheme (IDEAS 2022) have been issued.
- (v) The following agreements/loans were signed with multilateral and bilateral development agencies:
 - (a) Government of India has signed and exchanged with Government of Japan the Exchange of Notes for 7 projects for Japan International Cooperation Agency (JICA) Official Development Assistance (ODA) loan .
 - (b) for an amount of JPY 312.25 billion (Rs.20,409 crore approx.) during the India-Japan Summit held in New Delhi.
 - (c) Government of India has signed JICA ODA loan for an amount of JPY 312.25 billion (Rs.20,409 crore approx.) with Government of Japan.
 - (d) The Grant Agreement has been signed between Government of India and Japan International Cooperation Agency (JICA) for "Improvement of Power Supply in Andaman & Nicobar Islands".

- (e) Government of Japan has pledged Japan International Cooperation Agency (JICA) Official Development Assistance (ODA) for Mumbai Ahmedabad High Speed Rail Tranche III for an amount of JPY 100 billion (Rs.6,536 crore approx.) .
- (f) West Bengal Building State Capability for Inclusive Social Protection has been signed with the World Bank (IBRD) for loan amount USD 125million.
- (g) A ballot form has been signed for World Bank's draft resolution on Addition to International Development Association (IDA) Resources: Twentieth Replenishment and sent to World Bank.
- (vi) The following rules/regulations/schemes have been issued pertaining to International Financial Services Centres Authority (IFSCA) Act, 2019:
 - (a) Performance Review Committee Regulations, 2022
 - (b) Instruction for filling Common Application Form(CAF)
- (vii) The following capacity building training programmes in infrastructure sector were held:
 - (a) Online Training programme by the UK Infrastructure and Projects Authority (UK IPA).
 - (b) Training programme on Capital structure decision and project finance held at IIM Bangalore.
- (viii) Hon'ble Finance Minister attended the following meetings during the month:
 - (a) A meeting with UK Foreign Secretary of State Ms. Elizabeth Truss to discuss bilateral and global issues.
 - (b) A meeting with Ms. Kristalina Georgieva, Managing Director, IMF to discuss the developments in Ukraine and priorities for the upcoming IMF-WB Spring Meetings in April 2022.
- (ix) Other Meetings during the month:
 - (a) A meeting was held with US Dy. NSA & US G20 Sherpa to discuss bilateral, global and affirmative economic agenda.
 - (b) World Bank Group's South Asia Region Vice President Mr. Hartwig Schafer visited India and discussed the issues like status of the pipeline delivery for World Bank FY 22 borrowing space for India and planning of the April Spring Meetings.
 - (c) IMF's Mid-Year Staff consultations with RBI and Wrap up meeting to discuss the findings of the IMF Staff. The consultations aimed to conduct a preliminary study for understanding development in India, and to examine the current policies and medium term growth prospects.

- (d) The 126th meeting of DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies under the Chairmanship of AS (MBC) was held.
- (e) First meeting of the 'Working Group on Transition Finance' under the International Platform on Sustainable Finance (IPSF) was held to exchange views on priorities and discuss an initial draft of Transition Finance to be presented, later, to the Sustainable Finance Working Group of the G20.
- (f) Second meeting of Sustainable Finance Working Group (SFWG) under G20 Indonesian Presidency 2022 was held.
- (g) International Monetary and Financial Committee (IMFC) Deputies Meeting to discuss policy priorities needed to support global economic growth and IMF's role in the current global scenario was also held during the month.
- (h) First meeting of the Standing Committee on Standards Implementation (SCSI) of the Financial Stability Board was held to discuss the schedule and approach for carrying out future country peer reviews, updates to the Financial Stability Board(FSB) Compendium of Standards, and the forward planner of the Implementation monitoring and evaluations.
- (i) Meeting of Asian Infrastructure Investment Bank (AIIB) Board of Directors to consider various policy review and investment operations. The Board approved Dam Rehabilitation and improvement project (Co-financed with World Bank) for the loan amount of USD 250 million for India.
- (j) 34th Board of Directors Meeting was held with New Development Bank (NDB).
- (k) Board meeting of National Investment and Infrastructure Fund Limited (NIIF) was held.
- (l) Second Round of negotiation between India and UK on BIT/Investment Chapter was held.

3. Minimum Government, Maximum Governance

The use of ICT in submission of information is being encouraged.

4. Non-Compliance of ACC directions/orders

Nil

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

Number of proposals cleared : 05

Awaiting Approval in the Department : 08

Table 1 : INFLATION- CPI-C, WPI (in percent)			
	February 2021	January 2022	February 2022
CPI-C	5.03	6.01	6.07
WPI	4.83	12.96	13.11

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 2 : MONETARY DEVELOPMENT	
Item	18.3.2022
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.79
Bank Credit Year-on-Year growth #	8.5

Note: # As on 11.3.2022.

Table 3 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
February 2021	27.6	40.7	-13.1
February 2022	34.6	55.5	-20.9

Table 4: Services Trade Performance (in US\$ billion)			
January 2021	21.6	13.2	8.4

Source: Provisional data as per the Press Release dated 13.1.2022 of the Department of Commerce, Ministry of Commerce and Industry.

Table 5: Balance of Payments

Items	2020-21	2021-22
	(April-September)	(April-September)
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 6 : Foreign Exchange Reserves (in US\$ billion)

End-March, 2021	577.0
18.3.2022	619.7

Source: Reserve Bank of India

Table 7: Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)

	US Dollar	Pound Sterling	Euro	100 Japanese yen
23.3.2022	76.1872	101.1766	84.0883	62.91

Source: Reserve Bank of India

Table 8 : External Debt (US\$ Billion)

	as at end of December 2020 PR	as at end of December 2021 P	Percentage variation [(2/1)-1]*100
Total External debt	568.3	614.9	8.2

Source: Quarterly Report on External Debt as at end December 2021, DEA.

Table 9 : Industrial Production Highlights

Monthly Growth (YoY) in per cent

Index of Industrial Production	November 2020	December 2020	January 2021
	(-) 1.6	2.2	(-) 0.6
	November 2021	December 2021	January 2022
	1.3	0.7	1.3

Table 10 : Eight Core Industries

Monthly Growth (YoY) in per cent

	December 2020	January 2021	February 2021
Eight Core Industries (ICI)	0.4	1.3	(-) 3.3
	December 2021	January 2022	February 2022
	4.1	4.0	5.8
