

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

New Delhi, 20th August, 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 July, 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 A.M. Bajaj, Additional Secretary (FM), DEA
18. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
19. All Heads of Divisions in Department of Economic Affairs.
JS(Budget)/JS(BC&IER)/JS(Inv)/ Adviser(C&C/FSLR/FS&CS)/Adviser (IER)/
CAAA.
20. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
21. Guard File – 2020.

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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of July, 2020.

1. Macro-economic Overview

With India unlocking, the worst seems to be over as most of the high frequency indicators, such as IIP, consumption of steel and production of cement, power generation etc, have shown significant improvement in the month of May/June following unlocking of the economy. However, rising COVID cases and intermittent state lockdowns in July may pose a risk to quick and sustained recovery. With the forecast of a normal monsoon, uninterrupted harvesting of Rabi crops, enhanced Kharif sowing and record procurement of wheat, agriculture is set to cushion the shock of COVID pandemic on the Indian economy in 2020-21. On the back of buoyant FDI, resurgence of FPI flows and current account surplus, foreign exchange reserves have crossed half a trillion mark as on 26th June. This safeguards almost a year of India's imports that bodes well for a resilient external sector. The details of important information in tabular form is given at Annexure.

2. Other important Developments

2.1 The Special Liquidity Scheme of ₹30,000 crores for NBFCs and HFCs is being implemented w.e.f. 1st July, 2020 as a follow up of one of the announcements under AtmaNirbhar package made by the Hon'ble Finance Minister on 13th May, 2020. The Scheme has been launched to improve the liquidity position of NBFCs/HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector. The Scheme has received a very positive response. As on 23rd July, 2020, five (5) proposals involving an amount of ₹3090 crores have already been sanctioned. Further, 35 more applications have been received seeking financing upto ₹13776 crores, which are under process.

2.2 Currency Swap Agreement between the RBI and Central Bank of Sri Lanka (CBSL): No Objection was communicated to RBI for entering into USD 400 Million currency swap arrangement with CBSL under the 'Framework of Currency Swap Arrangement for SAARC Member Countries, 2019-22.

2.3 (a) Loan Agreement for the MSME Emergency Response Development Policy Loan of amount US\$750 million was signed with the World Bank (IBRD) on July 6, 2020.

(b) Loan Agreement for Second National Ganga River Basin Project was signed with the World Bank (IBRD) on July 7, 2020 for loan assistance of US\$ 381 million of US\$ 400 million.

2.4 (a) Appointment of Chairman, International Financial Services Centres Authority (IFSCA) has been made.

b) The relevant provisions of the Finance Act, 2019 amending the Indian Stamp Act, 1899 and the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 had been Notified on 10th December, 2019 and the said Act & Rules have been implemented w.e.f. 01st July, 2020.

2.5 During the month of July, 2020, with the approval of Hon'ble FM, One Line of Credit (LoC) has been extended to Nigeria of USD 74.96 million for two solar projects viz. (i) 50 MW Solar Power Plant in Bauchi, GoN (USD 66.60 million) and (ii) Solar PV Renewable Energy Micro Utility (REMU) in six political zones of Nigeria (USD 8.36 million).

2.6 Draft Note for CCEA for the continuation and revamping of VGF Scheme for Social Sectors was prepared and the same has been approved by the Finance Minister. The Note was sent to the PMO and Cabinet Secretariat for the comments. After incorporating the comments of the Cabinet Secretariat, the Final Cabinet Note has been prepared. Some queries were received from PMO and the replies on the same have been sent vide OM dated 8th July 2020.

2.7 The Cabinet Note for signing and ratification of agreement between Government of India and NDB for establishment of Indian Regional Office of NDB was considered by the Cabinet and approved.

2.8 Following important meetings were held during the month of July, 2020: -

- i. Hon'ble Finance Minister, Smt. Nirmala Sitharaman and Governor, RBI represented India in the G20 3rd Finance Ministers and Central Bank Governors (FMCBG) Meeting under the G20 Saudi Presidency which was held virtually on July 18, 2020. During this meeting, the G20 Finance Ministers and Central Bank Governors endorsed the G20 FMCBG communique, July 2020.
- ii. Hon'ble Finance Minister, Smt. Nirmala Sitharaman chaired a meeting on 23.7.2020 to review the status of "Special Window", SWAMIH Fund.
- iii. Secretary (EA) took a meeting on 4.7.2020 with all the stakeholders including CEO, Development of Museums and Cultural Spaces (DMCS) and SPMCIL on the issue of setting up of a museum on Numismatics and Trade in historic Old Mint Building Kolkata, as per Budget para 75(1) of year 2020-21.
- iv. Secretary (EA) attended the 4th Meeting of the G20 Finance and Central Bank Deputies under the G20 Saudi Arabia Presidency as India's G20 Finance Deputy which was held virtually on July 16 & 17, 2020.
- v. G20 Framework Working Group (FWG) under the G20 Saudi Arabia Presidency met virtually on July 7 & 8, 2020. The G20 FWG is co-chaired by India and UK and Shri Sanjeev Sanyal, Principal Economic Advisor co-chaired the meeting.

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- vi. Shri Sameer Khare, Additional Secretary (FB&ADB) chaired the 108th meeting of DEA's Screening Committee for externally aided projects, which was held on 15th July, 2020.
- vii. A meeting of the Committee of Secretaries was held on 02.07.2020 under Chairmanship of Cabinet Secretary on the NIP Projects & other Priority Public projects on 2nd July 2020. The CoS recommendations have been received and also communicated to NITI Aayog, Railway Board and infrastructure Ministries for action vide DO dated 23.07.2020.
- viii. G20 Sherpas' Second Extraordinary virtual meeting under the KSA Presidency was held virtually on 24th July, 2020. India's G20 Sherpa Shri Suresh P. Prabhu participated in the virtual meeting. From DEA side, Advisor (IER) and Director (IER) assisted Sherpa during the meeting.
- ix. A round of Bilateral Investment Treaty (BIT) discussion with Russia was held on 8th July 2020 through Video Conference.
- x. EFC meeting held on 21.7.2020 on "Capital Infusion into NIIF Infrastructure Debt Financing Platform comprising Aseem Infrastructure Finance Limited (AIFL) and NIIF Infrastructure Finance Limited (NIIF IFL)".

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: 10

Important Economic Development

(In Tabular Form)

Table 1: Growth of GVA at Basic Prices by Economic Activity and GDP at Market Prices (per cent)			
Sectors	Growth rate at constant (2011-12) prices (per cent)		
	2017-18 2 nd RE	2018-19 1 st RE	2019-20 PE
Agriculture, forestry & fishing	5.9	2.4	4.0
Industry	6.3	4.9	0.9
Services	6.9	7.7	5.5
GVA at basic prices	6.6	6.0	3.9
GDP at market prices	7.0	6.1	4.2

Source: National Statistical Office (NSO).
Notes: 2nd RE: Second Revised Estimates, 1st RE: First Revised Estimates, PE: Provisional Estimates

Table 2: Quarter-wise Growth of GVA and GDP at Constant (2011-12) Prices (per cent)								
Sectors	2018-19				2019-20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture, forestry & fishing	3.8	2.5	2.0	1.6	3.0	3.5	3.6	5.9
Industry	7.5	4.8	5.0	2.6	4.2	0.5	-0.3	-0.6
Services	7.4	7.4	7.4	8.7	5.5	6.5	5.7	4.4
GVA at basic price	6.9	6.1	5.6	5.6	4.8	4.3	3.5	3.0
GDP at market prices	7.1	6.2	5.6	5.7	5.2	4.4	4.1	3.1

Source: National Statistical Office (NSO).

Table 3: INFLATION- CPI-C, WPI (in per cent)			
	Jun-19	May-20	Jun-20
CPI-C	3.18	6.27	6.09
WPI	2.02	-3.21	-1.81

Source: NSO for CPI-C and OEA, DPIIT for WPI

Table 4: MONETARY DEVELOPMENT	
Item	17th July 2020
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	5.8
Bank Credit Year-on-Year growth [#]	6.1
Note: # as on 3 rd July 2020	

Table 5: Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
June, 2019	25.01	40.29	-15.28
June, 2020	21.91	21.11	0.79

Table 6: Services Trade Performance (in US\$ billion)			
May, 2020	16.77	9.94	6.83
Source: Provisional data as per the Press Release dated 15.07.2020 of the Department of Commerce.			

Table 7: Balance of Payments		
Items	2018-19 Q4	2019-20 (P) Q4
Current Account Balance (in US\$ billion)	-4.6	0.6
Current Account Balance /GDP (Per cent)	-0.7	0.1
Source: Reserve Bank of India.		

Table 8: Foreign Exchange Reserves (in US\$ billion)	
March, 2020	477.8
17 th July 2020	517.6
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
27 th July, 2020	74.7620	95.8937	87.5289	70.7900

Source: Reserve Bank of India.

Table 10: External Debt (US\$ Billion)			
	as at end of March 2019 PR (1)	as at end of March 2020 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	543.1	558.5	2.8

Source: Quarterly Report on External Debt as at end-March 2020, Reserve Bank of India.

Table 11: Industrial Production Highlights*		
Monthly Growth	March-2019	March-2020
Industrial Production Growth Rate (IIP)	2.7	-18.3
Cumulative Growth	2018-19	2019-20
April-March	3.8	-0.8

* As per the Quick Estimates released by the NSO, MOSPI (based on new series of 2011-12)

Table 12: Eight Core Industries*		
Monthly Growth	May-2019	May-2020
Growth of Eight Core Industries.	3.8	-23.4
Cumulative Growth	2019-20	2020-21
April-May	4.5	-30.0

*Released by DPIIT, Ministry of Commerce & Industry
