

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

New Delhi, ^{27th} July, 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 June, 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)/ JS(IPF)/Adviser(C&C/FSRL/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 DEA for the month of June, 2020.

1. Macro-economic Overview

The details of important information in tabular form is given at Annexure.

2. Other important Developments

2.1(a) Amendments to the Indian Stamp Act, 1899: It has been decided that amendments in the Indian Stamp Act, 1899 would come into effect from 1st July, 2020 and Rules made thereunder for Rationalized Collection Mechanism of Stamp Duty across India with respect to Securities Market Instruments.

The Regulators-RBI & SEBI have been authorized by the Central Govt. to issue circulars/operational guidelines under Indian Stamp Act, 1899 so as to ensure smooth Implementation w.e.f. 1st July, 2020.

(b) Following important decisions were taken by SEBI during the month of June, 2020:

S. No.	Name of the Agency	Date	Important Policy Decision
(i)	SEBI	16.6.2020	SEBI, has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to relax the requirement of minimum 6 months' time gap between two consecutive QIP issues.
(ii)	SEBI	16.6.2020	SEBI has temporarily relaxed certain provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, for raising the creeping acquisition limit of 5% to 10%, subject to certain conditions.
(iii).	SEBI	22.6.2020	SEBI has relaxed the framework for stressed companies to raise funds from the market, through preferential issue based on the last two weeks price subject to certain conditions.
(iv)	SEBI	25.6.2020	SEBI Board has approved certain amendments in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for completion of acquisition through bulk and block deals during the open offer period; depositing 100% of open offer amount in escrow.
(v)	SEBI	25.6.2020	SEBI Board has approved some amendments to the Settlement Regulations, 2018 including -Promoters to be included along with the Principal Officer for the purpose of calculation of the base amount. Further, in order to save time, instead of issuing settlement notice under Regulation 18, a paragraph shall be included in the show cause notice, informing about the option to file a settlement application.

2.2 (a) MSME Emergency Response Development Policy Loan for USD 750 million was negotiated with the World Bank on June 12, 2020.

(b) The first tranche of the multi-tranche financing facility for NCRTC's Delhi-Meerut Regional Rapid Transit Corridor project for USD 500 million was negotiated with the ADB on June 23, 2020.

(c) Signing of loan agreements between India and the World Bank is scheduled for June 29, 2020 for: (i) \$200 million for Tamil Nadu Housing Sector Strengthening Program; and (ii) \$50 million for Tamil Nadu Housing and Habitat Development Project.

2.3(a) The Credit Facility Agreement/ Loan Agreement for Euro 200 million for the project Accelerating India's COVID-19 Social Protection Response Program was signed between DEA and AFD on 18th June 2020.

(b) Loan Agreement for Euro 23 million and Grant Agreement for Euro 1 million for the project Tripura – Climate Resilience of Forest Ecosystems, Biodiversity & Adaptive Capacities of Forest Dependent Communities were signed between DEA and KFW on 19th June 2020.

(c) Government to Government Financial Cooperation (FC) Agreement 2019 (I) and Technical Cooperation (TC) Agreement 2019 were signed between DEA and the German Embassy on 22.06.2020 to formalise the commitment of Euro 45.85 million for technical Cooperation and Euro 959.20 million for Financial Cooperation for funding various projects.

2.4 The current security features in the Indian Bank notes were last revised in the year 2005. The Government has approved the RBI's proposal of new security features in banknotes for implementation as per the section 25 of RBI act 1934 to RBI on 16.06.2020. Issuance of Indian banknotes with new security features to the public are likely to commence from 31st March 2022.

2.5 Financial Stability & Cyber Security Division (FS&CS) is taking all necessary action in consultation with DFS and RBI to ensure that the Special Liquidity Scheme for NBFCs/HFCs/MFIs, announced as a part of the Atma Nirbhar Bharat package, is implemented quickly.

2.6 Status of Approval of Cabinet Note for signing and rectification of agreement between Government of India and NDB for establishing Indian Regional Office of NDB: Final Cabinet Note was submitted to the Cabinet Secretariat on 26.6.2020.

2.7 Secretarial assistance to the Empowered Group on Economic and Welfare Measures has been provided during the month.

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

- i. Secretary (EA) chaired the 6th meeting of Strategic Planning Group (SPG) held with RBI and other stakeholders on 8.6.2020. Important decisions in view of Corona-19 pandemic situation were taken, in order to maintain business continuity of production units and uninterrupted supply of currency notes and coins to the public.
- ii. Secretary (EA) attended the 24th meeting of the Sub-Committee of Financial Stability and Development Council (FDSC-SC) chaired by Governor, RBI which was held on June 18, 2020 through video conference. Secretary (EA) was joined by Chief Economic Adviser, Additional Secretary (FS&CS) and Secretary (FSDC) on behalf of DEA. The meeting discussed issues inter alia, on assessment of the Economy and Financial Stability, Inter-Regulatory Coordination and Financial Sector Developments.
- iii. Secretary (EA) also participated in the 583rd meeting of Central Board of the Reserve Bank of India (RBI) held on 26.06.2020 under the Chairmanship of Shri Shaktikanta Das, Governor through video conference. Secretary, Department of Financial Services also participated in this meeting among other Board Directors. There was discussion on overall macroeconomic conditions – both domestic and global; financial sector situation; and the impact of various monetary, regulatory and other measures taken by the RBI in the context of the COVID-19 pandemic; current economic situation and the evolving challenges posed by the pandemic. The Board also discussed the Reserve Bank's activities during the period (July 2019-June 2020), the budget for the next accounting year July 2020 to March 2021 (aligned with the Government's financial year), other policy and operational matters.
- iv. Secretary (EA) chaired the third IMSC meeting on Fintech which was held on 9th June, 2020.
- v. Dr. C.S. Mohapatra, Additional Secretary (FS&CS) attended a Webex call on 2nd June 2020 on behalf of Secretary (EA) for a virtual meeting of FSB's Standing Committee on Standards Implementation (SCSI). The draft proposal by the Implementation Monitoring Task Force (IMTF) on how implementation monitoring should be supported and organised going forward and the peer review report of Germany were the major issues discussed.
- vi. Dr. C.S. Mohapatra, Additional Secretary (FS&CS) participated in the FSB Plenary Meeting chaired by Mr. Randal K. Quarles, Governor and Vice Chairman of the US Federal Reserve, held through teleconference on 26th June, 2020. The meeting, inter-alia discussed latest financial stability developments relating to COVID-19, financial authorities' policy responses, and areas for cross-border and cross-sectoral coordination.
- vii. Tripartite Portfolio Meetings (through video conference) to review the on-going and pipeline projects assisted by ADB and World Bank, and co-chaired by Sh. Sameer Khare, Additional Secretary (FB and ADB) with the respective Country Director, were held.

[June 10: WB pipeline; June 16-17: WB on-going; June 18-19: ADB on-going; and June 24: ADB pipeline].

viii. Sh.Sameer Khare, Additional Secretary (FB and ADB) chaired the 107th meeting of the DEA Screening Committee for externally aided projects, on June 11, 2020.

ix. Sh.Sameer Khare, Additional Secretary (FB and ADB) also chaired a meeting through video-conference on June 22, 2020 under the with MoHFW, joined by the multilateral and bilateral agencies, to discuss the requirements of external assistance for the PM-ASBY project.

x. DEA participated in VC relating to exchange of lists under ongoing India Korea CEPA upgradation negotiations was held with Korea under the aegis of DoC on 12th June, 2020.

xi. Second round BIT negotiations between India and Uzbekistan to discuss on Bilateral Investment Treaty (BIT) was held on 10-11 June, 2020.

xii. Remote IDA Meeting was held on June 24, 2020 which was attended by Director (WB) and 4th Steering Committee meeting of IMF-SARTTAC held on June 3, 2020 which was attended by Director (IMF).

xiii. Board Meeting of National Investment and Infrastructure Fund Limited (NIIFTL) was held on 22.6.2020.

xiv. Board Meeting of NIIFTL was held on 18.6.2020.

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 : 07

Important Economic Development
(In Tabular Form)

Table 1: Growth of GDP (percent)

	2017-18	2018-19	2019-20
	2 nd RE	1 st RE	PE
Real	7.0	6.1	4.2
Nominal	11.1	11.0	7.2

Table 2: Growth of GVA at constant (2011-12) Prices (per cent)

	• 2017-18	• 2018-19	• 2019-20
	• 2 nd RE	• 3 rd RE	• PE
• Agriculture & Allied Sectors	• 5.9	• 2.4	• 4.0
• Industry	•	•	•
• Mining & quarrying	• 4.9	• -5.8	• 3.1
• Manufacturing	• 6.6	• 5.7	• 0.03
• Electricity, gas, water supply & other utility services	• 11.2	• 8.2	• 4.1
• Construction	• 5.0	• 6.1	• 1.3
• Services	•	•	•
• Trade, hotel, transport, communication and services related to broadcasting	• 7.6	• 7.7	• 3.6
• Financial, real estate & professional services	• 4.7	• 6.8	• 4.6
• Public administration, defence and other services	• 9.9	• 9.4	• 10.0
• GVA at basic price	• 6.6	• 6.0	• 3.9

RE - Revised Estimate

Table 3: Quarter wise real growth rates of GDP and GVA

	2019-20			
	Q1	Q2	Q3	Q4
Gross Domestic Product	5.2	4.4	4.1	3.1
Gross Value Added	4.8	4.3	3.5	3.0

Table 4: INFLATION- CPI-C, WPI (in percent)

	May-2019	March-2020	Apr-2020	May-2020
CPI-C	3.05	5.84	-	-
WPI	2.79	0.42	-	-3.21

Note: CPI-C figures for the month of April & May, 2020 and WPI figure for April 2020 are not available owing to the disruptions in data collection caused by Covid-19 pandemic and consequent lock-down.

Table 5: MONETARY DEVELOPMENT

Item	19 th June 2020
Policy Repo Rate	4.00
10-Year G-Sec Par Yield (FBIL)	5.86
Bank Credit Year-on-Year growth #	6.2

Note: # as on 5th June 2020

Table 6: Merchandise Trade Performance (Customs Basis) (in US\$ billion)

	Exports	Imports	Trade Balance
May, 2019	30.0	45.4	-15.4
May, 2020	19.1	22.2	-3.1

Table 7: Services Trade Performance (in US\$ billion)

April, 2020	16.5	9.3	7.2
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Source: Provisional data as per the Press Release dated 15.06.2020 of the Department of Commerce, Ministry of Commerce and Industry.

Table 8: Balance of Payments		
Items	2018-19 Q3	2019-20 (P) Q3
Current Account Balance (in US\$ billion)	-17.8	-1.4
Current Account Balance / GDP (Per cent)	-2.7	-0.2
Source: Reserve Bank of India.		

Table 9: Foreign Exchange Reserves (in US\$ billion)	
March, 2020	477.8
12th June, 2020	507.6
Source: Reserve Bank of India	

Table 10: Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)				
	US Dollar	Pound Sterling	Euro	Japanese yen
22nd June 2020	76.0620	94.2074	85.1935	71.1300
Source: Reserve Bank of India.				

Table 11: External Debt (US\$ Billion)			
	as at end of December 2018 PR (1)	as at end of December 2019 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	521.2	563.9	8.2
Source: Quarterly Report on External Debt as at end-December, 2019, Department of Economic Affairs, Ministry of Finance.			

Table 12: 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
Source: Quick Estimates released by the NSO MOSPI, (based on new series of 2011-12)		

Table 13: Eight Core Industries		
Monthly Growth	April-2019	April-2020
Growth of Eight Core Industries.	5.2	-38.1
Cumulative Growth	2018-19	2019-20
April-March	4.4	0.4
Source: DPIIT, Ministry of Commerce & Industry		
