

A-45011/03/2024-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 6th September, 2024

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, 2024.



(Susruta Samanta)

Deputy Secretary to the Government of India
Tel No. 2309- 5244

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, Dhoolpur 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, AS&FA(Finance).
14. Ms. Aparna Bhatia, Advisor(Admn./Coord./ C&C)
15. Ms. Manisha Sinha, AS(OMI/Crypto assets and Fund Bank)
16. All Heads of Divisions in Department of Economic Affairs:
JS(IPP/JS(ISD)/JS(Inv)/JS(Budget)JS(FM)/All Advisers/CAAA
17. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
18. Guard File – 2024.

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Government of India
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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of July, 2024.

1. Important policy decisions taken and major achievements during the month:

Macroeconomic Overview:

As per World Economic Outlook, published by the International Monetary Fund in July 2024, the global economic growth was 3.2 per cent in 2023. Diverging growth patterns have emerged among countries. The stark cross-country differences in growth are on account of domestic structural issues, uneven exposure to geopolitical conflicts and the impact of monetary policy tightening.

Indian economy has carried forward the momentum built in FY23 into FY24 despite considerable external challenges. India's real GDP grew by 8.2 per cent in FY24, exceeding 8 per cent mark in three out of four quarters of FY24. The focus on maintaining macroeconomic stability ensured minimal impact of external headwinds.

The Government's thrust on capex and sustained momentum in private investment has boosted capital formation growth. Gross Fixed Capital Formation increased by 9 per cent in real terms in 2023-24. Moving forward, healthier corporate and bank balance sheets will further strengthen private investment. The positive trends in residential real estate market indicate that the household sector capital formation is increasing significantly.

Inflationary pressures stoked by global troubles, supply chain disruptions, and vagaries of monsoons have been deftly managed by administrative and monetary policy responses. As a result, after averaging 6.7 per cent in FY23, retail inflation declined to 5.4 per cent in FY24. Inflation declined to 3.5 per cent in July 2024.

The fiscal balances of the Central Government have improved progressively despite expansionary public investment. Tax compliance gains driven by procedural reforms, restraint in revenue expenditure, and increasing digitisation helped India achieve this fine balance.

The external balance has been pressured by subdued global demand for goods, but strong services exports largely counterbalanced this. As a result, current account deficit stood at 0.7 per cent of the GDP during FY24, an improvement from the deficit of 2.0 per cent of GDP in FY23.

Indian economy has recovered and expanded in an orderly fashion post pandemic. The real GDP in FY24 was 20 per cent higher than its level in FY20, a feat that only a very few major economies achieved. Prospects for continued strong growth in FY25 beyond look good, subject to geopolitical, financial market and climatic risks.

2. Important Developments:

(i) Hon'ble Finance Minister of India presented the Budget for 2024-25 on 23rd July, 2024. The Budget envisages concerted efforts on the nine priorities, viz., Productivity and resilience in Agriculture, Employment & Skilling, Inclusive Human Resource Development and Social Justice, Manufacturing and Services, Urban Development, Energy Security, Infrastructure, Innovation, Research & Development and Next Generation Reforms.

(ii) The budget strikes a critical balance amongst several objectives – growth, employment, welfare spending, robust capital investments and fiscal consolidation & improving quality of expenditure. Capital expenditure is budgeted to increase by 17.1%. In line with the commitment made in the Budget 2021-22, the Government would pursue a broad path of fiscal consolidation to attain a level of fiscal deficit lower than 4.5 per cent of GDP by 2025-26 with resultant consolidation of debt to GDP ratio while continuing with efforts to usher and sustain broad-based inclusive economic growth and welfare for the people.

(iii) The following important meetings were attended at the official level:

- a) Under IMF's **Financial Sector Assessment Program (FSAP) 2024 Mission**, the technical closing meeting on securities oversight was held between World Bank, Ministry of Finance and financial market regulators virtually on 2nd July, 2024;
- b) Secretary Economic Affairs met with Mr. Martin Raiser, **Regional Vice President South Asia, World Bank** on 3rd July, 2024;

- c) Inter-ministerial meeting to review the progress of **international arbitration cases against Government of India** under BIPA/BIT was held on 3rd July, 2024 through Video Conferencing;
- d) **India-European Union Investment Protection Agreement (IPA) Negotiations** were held through VC on 4th and 24th July, 2024;
- e) The 3rd meeting of the **G20 Sustainable Finance Working Group** under the Brazilian presidency was held on 09th – 10th July, 2024 in Brazil. The meeting was preceded by a Workshop on financing nature-based solutions on 8th July, 2024.
- f) **Bilateral Investment Treaties (BIT) Negotiations** were held through VC between **India- Australia** on 08th and 18th July, 2024; **India-Uruguay** on 12th July, 2024; **India – Russia** on 18th and 19th July, 2024 and India-Israel on 25th July, 2024;
- g) A virtual meeting of **AiIB Board of Directors** was held on 18th July, 2024;
- h) 11th Round of **India-Korea CEPA** upgrade negotiations concerning Investment were held on 19th July, 2024 through VC.
- i) **Inter-Ministerial Committee (IMSC) meeting on Lines of Credit (LOCs)** to partner countries was held on 22nd July, 2024 wherein Rupee LOCs and other issues were discussed;
- j) The **Preparatory Committee (PrepCom) for the Fourth International Conference on Financing for Development (FfD4)** was held in Addis Ababa, Ethiopia on 22nd – 26th July, 2024 to review the progress in implementation of Addis Ababa Action Agenda as an integral part of Agenda 2030 and also to identify ideas to accelerate implementation of SDGs.;
- k) **India-Thailand Preliminary discussions on BIT** were held on 25th July, 2024 through VC;
- l) The 3rd **G20 Finance Ministers and Central Bank Governors (FMCBG)** meeting was held on 25th – 26th July, 2024 in Rio De Janeiro, Brazil. The Indian delegation was led by Chief Economic Adviser and Deputy Governor, RBI. The FMCBG meeting was preceded by:
 - i. Third **BRICS Finance and Central Bank Deputies meeting** under the Russian Chairmanship of BRICS, held on 23rd July, 2024

- ii. Fourth **G20 Finance and Central Bank Deputies Meeting** on 22nd – 24th July, 2024, during which the Deputies negotiated the G20 communiqué, leading to its adoption by FMCBGs.
- iii. **Ministerial Meeting of the Task Force for the Establishment of a Global Alliance against Hunger and Poverty** on 23rd – 24th July, 2024 in preparation for its formal launch at the G20 Rio de Janeiro Summit in November 2024
- m) The 44th meeting of the **Empowered Committee Viability Gap Funding Scheme** was held on 27th July, 2024 to discuss the matter of signing premium sharing agreement & Tripartite Agreement in the project development of Vizhinjam International Multipurpose seaport terminal.;
- n) The **15th Indo-German Finance Ministries Senior Officials Meeting** was held through VC on 30th July, 2024.;
- o) **IMF SARTTAC Eighth Annual Steering Committee Meeting** was held on 31st July, 2024;
- p) **India-Qatar BIT Negotiations** were held on 31st July and 1st August 2024 in Doha, Qatar;
- (iv) The following **loan/grant agreements** were signed with multilateral/ bilateral development agencies:
 - a) Loan of USD 170 million with Asian Development Bank (ADB) to consolidate and strengthen India's health system preparedness and response capacity to future pandemics;
 - b) Loan of USD 200 million with Asian Development Bank (ADB) to improve solid waste management and sanitation in 100 cities across eight states in India;
 - c) Grant Agreement of USD 2,52,300 from New Development Bank (NDB) for Technical Assistance for Kohima Town Water Supply Augmentation Project;
 - d) Additional Financing of JPY 24,069,800,000 (equivalent USD 150 million) from World Bank for Karnataka Urban Water Supply Modernization Project.

- e) The Exchange of Notes and Loan Agreement for the "Mumbai Metro Line 3 Project (Tranche V)" for JICA loan of JPY 84.261 billion were signed on 05th July, 2024 under FY 2024-2025 loan package.
 - f) The Exchange of Notes and Grant Agreement for "Project for Human Resource Development Scholarship" for JICA grant of JPY 223.00 million were signed on 29th July, 2024.
- (v) The following important issues were discussed at the Executive Board of International Monetary Fund (IMF):
- a) Nepal: Comprehensive analysis and update on economic developments and program performance;
 - b) IMF staff's assessment of the Chinese economy and policy recommendations;
 - c) Assessment of the economy of Singapore;
 - d) Article IV consultation Board meetings: China; Republic of Croatia; Saudi Arabia; Canada; USA and Indonesia.
- (vi) The following **Notifications were issued** during the month:
- a) Commemorative Coin of denomination of ₹ 150/- on 150 Years of Bombay Stock Exchange;
 - b) Commemorative Coin of denomination of ₹ 75/- on 75 Years celebration of Supreme Court of India;
 - c) Commemorative Coin of denomination of ₹ 100/- on Birth Centenary of Dr. M. Karunanidhi.

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. Number of Externally Aided Projects cleared by the DEA's Screening Committee during July, 2024: 07

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

Number of proposals cleared	:	04
Awaiting Approval in the Department	:	11