

A-45011/4/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 17th July, 2023

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 April, 2023.

(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 2309- 5054

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, AS&FA(Finance).

14. Ms. Aparna Bhatia, Advisor(Admn./Coord./ C&C)
15. Ms. Manisha Sinha, AS(G20 logistics(Coord-II)/OMI/Crypto assets and CBDC)
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 – 2023.

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Subject: **Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of April, 2023.**

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

Macroeconomic Overview:

FY24 for the Indian economy opened on the back of strong activity witnessed in the last quarter of the previous fiscal. GST collections in April 2023 underwent a level shift pushed up by the widening of the tax base and heightened economic activity. Index of Industrial Production (IIP) and Eight Core Industries Index (ECI) averaged steady growth in Q4 of FY23, adding to the capacity utilization hovering close to 75 per cent two quarters earlier. Air passenger traffic in the last quarter of FY23 finally moved beyond pre-pandemic levels. The first month of the new fiscal appears to have sustained the growth momentum of the previous quarter. PMI-Manufacturing was at a four-month high in April 2023, while PMI-Services, in the same month, expanded at the fastest pace in 13 years. Within the services sector, rail freight and port cargo traffic posted their best growth performances for the month of April in many years.

The forecast of a normal monsoon, surplus water reservoir levels, adequate availability of seeds and fertilisers, and robust tractor sales augur well for a healthy kharif sowing season starting in June 2023. Despite unseasonal rains, smooth public procurement of wheat reaching three times the buffer norms of Q1 of FY24 ensures food security. Rural demand is also gaining momentum, as evident in sturdy sales of fast-moving consumer goods (FMCG) companies during Q4 of FY23 and sustained double-digit growth of two and three-wheeler sales in April 2023.

The softening of international prices has led to the easing of domestic inflationary pressures in India. WPI inflation, after remaining in double digits for 18 months, declined to a 34-month low of -0.92 per cent in April

2023. CPI inflation has also gradually declined from a peak of 7.8 per cent in April 2022 to an 18-month low of 4.7 per cent in April 2023. Sticky core inflation has moderated significantly to almost a three-year low in April, signalling a pass-through of lower input costs by producers.

Several measures taken after the Covid-19 outbreak have helped India's exports garner a larger global market share which should help it grow at a reasonable rate despite the slowing of global demand. The Production Linked Incentive (PLI) scheme has driven a substantial increase in exports of electronic goods, particularly smartphones, whose global producers are well on their way to making India a manufacturing hub. Textile and readymade garments exports from India, despite facing stiff competition from other countries in the region, are also shaping up to increase their global presence with the support of the PLI incentive. Re-configuration of geo-political alignment has further helped India diversify its exports of refined crude oil and petroleum products to cater to newer markets.

Services exports, too, rose sharply during the recovery from the pandemic, with the sharpest growth witnessed in business services exports between FY20 and FY23. The sharp increase is linked to the sudden proliferation of Global Capability Centres (GCC) in India. Through GCC, global businesses outsourced their back-office operations to India after wage costs in their parent countries spiked up post the spurt in inflation. Increased demand for digitisation and preference for online delivery of services since the outbreak of the pandemic also encouraged the export of business services.

1. Important Developments:

(i) Following important meetings were attended by the Hon'ble Finance Minister:

(a) Bilateral meeting with Mr. Denis Manturov, Dy. Prime Minister and Minister of Industry & Trade of the Russian Federation in New Delhi to discuss issues of mutual interest including Free Trade Agreement (FTA) and payment arrangement between the two countries.

- (b) First meeting of BRICS Finance Ministers and Central Bank Governors in Washington DC on the sidelines of G20 FMCBG and IMF-World Bank Spring meetings 2023.
- (c) Spring Meetings of IMF and WB along with G20 Finance Ministers & Central Bank Governors meetings (FMCBG) were held in Washington DC from 10 to 16 April, 2023. On the sidelines of the Spring Annual Meetings, the Finance Minister had bilateral engagements with her respective counterparts from G20 countries and Heads of other delegations, including major international organizations, to discuss issues and areas of mutual interests and cooperation under India's G20 Presidency.
- (d) The following meetings/side events held during Spring Meetings 2023 of IMF/WGG which were attended by Hon'ble Finance Minister in Washington DC:
- Development Committee Plenary on 12 April, 2023.
 - Round Table Discussion on MDB Evolution, organized by the World Bank on 12 April, 2023.
 - High Level Event on Enhancing the Economic Empowerment of Women as Entrepreneurs and Leaders, organized by World Bank on 13 April, 2023.
 - Development Committee Dinner on 13 April, 2023.
 - Event "Making it Personal: How Behavioural Change Can Tackle Climate Change" held on 14 April, 2023.
- (e) On the sidelines of IMF/WB Spring meetings, Hon'ble FM participated in a high-level Event on Sri Lanka debt issues in Washington D.C on 13 April 2023. Mr. SUZUKI Shunichi, Finance Minister of Japan and Mr. Emmanuel Moulin, Director General of the Treasury, France and Mr. Shehan Semasinghe State Minister of Finance, Sri Lanka and Mr. Ranil Wickremesinghe, President and Minister of Finance of Sri Lanka attended the meeting. In the event, the Ministers announced the launch of the debt restructuring negotiation process on Sri Lanka

under the three Co-Chairs: India, Japan, and France, to lead coordinated debt restructuring of Sri Lanka.

(ii) The following Finance Track meetings under G20 India Presidency were held during this month:

- (a) The 2nd meeting of the G20 Finance Ministers and Central Bank Governors (FMCBG) under the G20 Indian Presidency was held on 12-13 April in Washington D.C. On the sidelines of World Bank-International Monetary Fund (WB-IMF) Spring meetings The meeting was jointly chaired by Hon'ble Finance Minister and Governor, Reserve Bank of India.
- (b) On the sidelines of the FMCBG meeting, an event on "Macro Financial implications of Crypto Assets" was organised on 14th April for the Finance Ministers, Central Bank Governors, Heads of International Organisations, and their deputies.
- (c) Hon'ble Finance Minister made inaugural remarks in a High Level Seminar on Digital Public Infrastructure (DPI) organized by International Monetary Fund (IMF) in collaboration with DEA during the 2nd FMCBG meeting, on 14th April 2023 on the side lines of its Spring Meetings in Washington. Queen Maxima, Mr Nandan Nilekani, Ms Milinda Gates and MD, IMF were also present as speakers.
- (d) Hon'ble Finance Minister held bilateral meetings with her counterparts from Japan, Canada, Indonesia, Saudi Arabia, IMF, Malawi, USA, Ghana, IFC and Queen Maxima of Netherlands to discuss issues of mutual interest in G20. Secretary (DEA) also held bilateral meetings with USA, Australia, Asia Infrastructure Investment Bank, China, Financial Stability Board, Japan, European Commission and World Bank to discuss G20 matters.

(iii) Following important meetings/workshops were held/attended at the official level:

- (a) Secretary (EA) chaired the 111th Meeting of the PPPAC, considered and recommended the project proposal for monetization of Telecom Tower Asset of BSNL under an Operate-Maintain-Transfer (OMT) concession.

- (b) Secretary (EA) participated in the Second meeting of BRICS Finance and Central Bank Deputies held virtually under the South African Presidency.
 - (c) Financial Stability Board (FSB) SCSI held its meeting to discuss recent developments in the financial sector and evaluation of securitisation reforms.
 - (d) 34th Meeting of the Early Warning Group was held on April 13, 2023.
 - (e) The 35th Meeting of the SAARC Development Fund (SDF) Board was held in Sri Lanka.
 - (f) 7th round of India-Australia Bilateral Investment Treaty negotiations held at Vanijya Bhawan, New Delhi.
 - (g) AS (MBC) chaired the 139th meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies
 - (h) NDB Board of Directors met in Shanghai, China to consider Implementation and Disbursement Report, Quarterly Report on Project Procurement in Non-Member Countries, Annual Report on Multi-tranche Financing Facility, Environment and Social Portfolio Report, Funding Update, 2022 Treasury Investment Portfolio Annual Report, Update on LIBOR Transition, Implementation of the General Strategy for 2022-2026, Independent Evaluation etc.
 - (i) IDA Day meeting was held in Washington DC on 17th and 18th April 2023.
 - (j) Meetings were held on 17 & 18 April, 2023 with CII & EXIM Bank officials for further engagement with AfDB & EBRD.
- (iv) Following notifications were issued during this month:
- (a) Commemorative Coin of denomination of Rs. 100/- on the occasion of 100th Episode of Mann ki Baat.

- (v) AIIB approved the proposed sovereign-backed loan of USD 438.75 million to the Republic of India for the 'Chennai Metro Rail Phase 2 – Balance Corridor 5 Project'.
- (vi) Following capacity building programmes in infrastructure sector were held during this month:
 - (a) Training Programme on Project Planning & Scheduling, held at NITIE, Mumbai.
- (vii) Approval of Hon'ble Finance Minister was conveyed:
 - (a) For offer of one GOI Line of Credit (LoC) of USD 180 million to Democratic Republic of Congo on April 06, 2023 for Completion of Katende Hydroelectric Project (HEP).
 - (b) For rephasing of principal repayment schedule, i.e. by six months from each respective due date post April 7, 2023, in respect of Short Term Line of Credit (STLOC) of USD 500 MILLION TO Government of Sri Lanka on April 20, 2023 for procurement of petroleum products.

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	:	NIL
Awaiting Approval in the Department	:	09