

A-45011/04/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 04th January, 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 November, 2023.


(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, 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 November, 2023.**

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

Macroeconomic Overview:

The estimates of National Income for the second quarter (Q2) of Financial Year 2023-24 (FY24) were released by MoSPI on 30th November. The real GDP growth in Q2 is estimated as 7.6 per cent, which is higher than RBI's forecast of 6.5 per cent and median projections of 6.8 per cent by professional forecasters. The H1(Q1+Q2) growth is estimated as 7.7 per cent, which continues to be highest among the major economies during the April-September period of 2023. **In view of the impressive growth performance, RBI has revised India's growth forecast for FY24 from 6.5 per cent to 7.0 per cent.** CPI inflation's forecast, however, remains at 5.4 per cent for FY24. This reflects the assessment that the Indian economy is now on a **non-inflationary growth path.** However, the RBI continues to be cautious and has kept repo and all other rates unchanged.

The Q2 GDP estimates reaffirm the sustained contribution of private consumption and gross fixed capital formation (GFCF) to growth. While the trend of declining unemployment and inflation rates is imparting strength to private consumption, government capex, which increased by 40 per cent in H1, continues to reinforce GFCF. Weak global growth has slowed India's merchandise exports although services exports, reflecting India's growing comparative advantage, continue to be strong. Imports have risen faster on the back of India's growing income levels, but this has somewhat increased the trade deficit relative to GDP in Q2 of FY24.

These demand side growth drivers have stimulated both the manufacturing and construction sectors, which have registered high growth rates in Q2. Strong demand for real estate by households is instrumental in driving growth in construction. However, trade, hotels, and transport

services have slightly moderated in Q2 although financial and professional services growth continue to be strong. The decline in urban unemployment rate from 7.4 per cent in H1 of FY23 to 6.6 per cent in H1 of FY24 has tilted growth more towards greater inclusivity. The latest release of Periodic Labour Force Survey (PLFS) has estimated the unemployment rate at 6.6 per cent in Q2, same as in Q1.

The fiscal deficit continues to support macroeconomic stability using only 45 per cent of the budgeted level in the first seven months of FY24. This is not only lower than the previous year but also the average of the last five years in the corresponding period. Strong revenue buoyancy, witnessed in the GST monthly collections (crossing ₹ 1.6 lakh crore in October 2023 for the sixth time in FY24) along with the corporate and personal income tax collections (registering 17.4 per cent and 31.1 per cent growth in the first seven months respectively), have been instrumental in safeguarding fiscal discipline.

The current account deficit (CAD), another pillar of macroeconomic stability, also remained comfortable. RBI's Survey of Professional Forecasters, released in December, indicates that CAD relative to GDP in FY24 will be 1.7 per cent. Forex reserves will also be ample to finance the CAD. The Forex reserves have accumulated to USD 604 billion as on 1st December 2023, rising from USD 591 Billion as on 3rd November 2023.

Hence, growth outlook and macroeconomic stability of the Indian economy continues on a strong footing.

2. Important Developments:

(i) The following G20 events were organised:

- a) The Ministry of Finance, in association with the Ministries of Commerce & Industry, Labour & Employment, Skill Development and Entrepreneurship hosted a seminar on "Strong, Sustainable, Balanced, and Inclusive Growth" in Sushma Swaraj Bhawan, New Delhi on 6th November, 2023. The seminar was organised to discuss and deliberate on the outcomes of the G20 New Delhi Leaders Declaration with a focus on three issues: "Unlocking Trade for Growth", "Preparing for the Future of Work" and "Financial Inclusion and Productivity Gains through Digital Public Infrastructure for Strong and Sustainable Growth: The Way Forward". The event

was inaugurated by the Hon'ble Finance Minister of India, Ms. Nirmala Sitharaman. This was followed by three panel discussions, on trade, the future of work and financial inclusion respectively.

- b) The Ministry of Finance hosted a seminar on "Multilateral Institutions for 21st Century" in collaboration with the Centre for Social and Economic Progress in Sushma Swaraj Bhawan, New Delhi on 15th November, 2023. The seminar was organized to discuss and deliberate on the outcomes of the G20 New Delhi Leaders Declaration with a focus on two issues: "Reforming International Financial Institutions" and "Managing Global Debt Vulnerabilities". During the inaugural session, Secretary (EA) made the opening remarks and Mr. Suman Bery, Vice Chairman, NITI Aayog provided the keynote address. Two panel discussions were organised on reforming International Financial Institutions and Managing Global Debt Vulnerabilities respectively.
- c) The 2nd Voice of the Global South Summit was held on 17th November, 2023, under the overarching theme of "Together, for Everyone's Growth, with Everyone's Trust". The summit focused on sharing the key decisions taken during India's Presidency keeping in mind the interests of the Global South. The dedicated session of the Finance Ministers was hosted by the Ministry of Finance, chaired by Secretary (EA) on the theme "Financing People-Centric Development". During the session, Global South members emphasized the importance of global forums like the G20 to facilitate discussions on mobilizing timely and adequate financing to achieve Sustainable Development Goals and energy transition goals, achieving last-mile financial inclusion and advancing efforts towards people-centric financing for development.
- d) A national workshop on "Leveraging private finance for urban infrastructure development – Learnings from G20 Infrastructure Working Group (IWG)" was organised by Department of Economic Affairs, along with the Ministry of Housing and Urban Affairs (MoHUA) and International Finance Corporation (IFC) on 29th November 2023 in New Delhi to

disseminate the outcomes of the G20 Infrastructure Working Group (IWG).

- e) A G20 National Workshop on Advancing the Sustainable Finance Agenda was organised by Ministry of Finance on 30th November, 2023 at Sushma Swaraj Bhawan. Secretary (EA) and Mr. Bibek Debroy, Chairman, Economic Advisory Council of the PM at the National Workshop made special remarks. Representatives from RBI, SIDBI, IBA, MoF & academic institutions & Research Organisations many private organizations participated in the workshop. The workshop was also attended by officers of MoF.

(ii) The following important meetings were held/attended at the official level:

- a) The 143rd meeting of DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies was held on 03rd November, 2023.
- b) AIIB Board of Directors met virtually in Budget, Human Resources and Compensation Meeting from 29th to 30th November, 2023.
- c) The Indo-German Annual Negotiation Meeting 2023 was held on 1st November, 2023 at Vigyan Bhawan, New Delhi. During the meeting, the German side made new financial commitments amounting to EUR 1047.4 million.
- d) The 29th Audit, Risk and Compliance Committee meeting was held virtually on 27th November, 2023.
- e) The 42nd Board of Directors meeting of NDB was held virtually on 28th November, 2023.
- f) The 25th meeting of Budget, Human Resources and Compensation Committee meeting of NDB was held virtually on 27th November, 2023.
- g) The 12th Meeting of the Approval Committee held on 21st November, 2023 approved support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring

Transaction Advisor (TA) for undertaking development of Integrated Sports Complex on PPP mode for Rs. 2.23 Cr.

- h) The 13th meeting of the Approval Committee held on 23rd November, 2023 approved support under the IIPDF Scheme to the proposal of IIM Mumbai for hiring Transaction Advisor (TA) for undertaking development of Centre for Fintech excellence, accommodation and other facilities for students and faculty on PPP mode for Rs. 4.0356 Cr.
- i) Secretary DEA led the India-UK Bilateral Investment Treaty (BIT) discussions/negotiations on 2nd and 22nd November, 2023.
- j) 9th Round of India-Australia BIT negotiations were held on 2nd and 3rd November, 2023 through DVC.
- k) India-Peru Investment negotiations were held virtually on 3rd November, 2023
- l) 13th Round of India-Russia BIT negotiations were held on 9th November, 2023 through DVC.
- m) 16th Round of India - UAE BIT negotiations were held on 22nd and 23rd November, 2023 through DVC.
- n) 17th Round of India-UAE negotiations were held on 29th and 30th November 2023, through DVC.
- o) The Inter-Ministerial Standing Committee (IMSC) on Lines of Credit (LOC) to partner countries was held on 22nd November, 2023.

(iii) The following loan agreements were signed with multilateral development agencies:

- a) Policy Based Loan of USD 400 million from Asian Development Bank (ADB) on 13th November 2023, to support urban reform agenda for creating high quality urban infrastructure, improving service delivery, and promote efficient governance systems.
- b) Loan and Financial Assistance of USD 1.5 billion from World Bank on 10th November, 2023 for MNRE's project proposal

namely 'First Low Carbon Energy Programmatic Development Policy Operation'.

- c) Loan of USD 200 million from World Bank for "Himachal Pradesh Power Sector Development Program for USD 200 million signed on 6th November, 2023.

(iv) The following important issue was discussed at the Executive Board of International Monetary Fund (IMF):

- India's 2023 Article IV report.

(v) The following Notifications were issued during this month:

- a) Commemorative coin of denomination of ₹ 75/- on the occasion of Platinum Jubilee Celebration of National Defence Academy, Khadakwasla, Pune.
- b) Commemorative coin of denomination of ₹ 525/- on the occasion of 525th Birth Anniversary of Saint Meera Bai.
- c) Commemorative coin of denomination of ₹ 75/- on the occasion of Platinum Jubilee Celebration of Armed Force Medical College, Pune.

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	:	06
Awaiting Approval in the Department	:	14

6. Number of Externally Aided Projects cleared by the DEA's Screening Committee during November, 2023: Six (06) projects, viz. 3 loans aggregating USD 1040 million and 3 technical assistance proposals.

7. Number of VGF projects cleared/approved during November, 2023: One (01) project, with project cost of ₹7055 crore and VGF of ₹ 1950 crore.

8. **Number of PPPAC projects cleared/approved during November, 2023:** One (01) PPP project of Tuticorin Port Trust with project cost of ₹7055 crore.
9. **LOCs recommended under Indian Development and Economic Assistance Scheme (IDEAS) during November, 2023:** One (01) new LOC of USD 412 million to Mongolia.

