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**Government of India**  
**Ministry of Finance**  
**(Department of Economic Affairs)**

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New Delhi, 10<sup>th</sup> November 2022

**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 September, 2022.

  
(Ravinder Kumar)  
Director(Ad.IV & Coordination)  
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 (DFS), PPS to Secretary (DIPAM), PPS to Secretary(DPE)
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. Shri T. Natrajan, AS(Admn./Coord./ C&C )
15. Ms. Manisha Sinha, AS(G20 logistics(Coord-II)/OMI/Crypto assets and CBDC)
16. Shri Rajat Kumar Mishra, AS( FB & ADB) & CVO
17. All Heads of Divisions in Department of Economic Affairs.  
JS(IPP/JS(ISD)/JS(Inv)/JS(Budget)/JS(FM)/All Advisers/CAAA
18. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
19. Guard File - 2022.

Ministry of Finance

Department of Economic Affairs

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Subject: **Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA| for the month of September, 2022**

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

**Macroeconomic Overview:**

Significant increase in Capital Expenditure: India's growth in the first six months of FY 2022-23 began with a significant increase in capital expenditure by the Government that until August of FY 2022-23, stood 46.8 % higher than the corresponding period of the previous year. Rising capital expenditure levels were supported by stronger revenue generation following an improvement in tax compliance. The Central Government's fiscal deficit up to August of the current year stood at 32.6 % of the budgeted level, only slightly higher than the corresponding period of the previous year.

Manufacturing continued in expansionary zone: PMI Manufacturing continued in the expansionary zone in September 2022, driven by new business growth, demand resilience, and expanded operating capacities. In addition, business sentiment also rose as input cost inflation fell to a 23-months low on the back of declining prices of industrial metals, leading to an increase in profits of the private corporate sector.

Services sector to drive growth: For much of the April-September period, the contact-based services sector has shown considerable promise to support growth by ventilating the pent-up demand. The tourism industry has made good progress in the last six months, while recent government initiatives like the Ayush visa and Heal in India can assist in capturing a larger share of the global medical tourism market in times to come.

Strengthened banking system supported growth performance: The robust growth performance in the first half of the current fiscal has been ably supported by a well-capitalized banking system that witnessed an upswing in credit disbursement to the retail, industry and services segments. Non-food credit growth almost doubled from 8.7 % in March 2022 to 16.4 % in September 2022, reflecting not only acceleration in the growth of current economic activities but also an anticipation of continued acceleration in the future as well. The growth in credit to industries has been driven by an increase in bank credit to MSMEs aided by the ECLG scheme.

Inflation remains above RBI tolerance band: Average Wholesale and retail inflation, which stood at 16.1 % and 7.3 %, respectively, in Q1 FY 2022-23 declined to 12.4 % and 7.04 % respectively in Q2 of FY 2022-23. Notably, retail inflation has remained stable all through the period of April-September at near 7 %. With WPI inflation declining to 10.7 % in September and now much closer to the CPI inflation

of 7.4 % in September, the pass-through of input costs appears to be considerably achieved, omitting any slack that may add to inflationary pressures later.

FDI inflows remain robust: Foreign direct investment inflows during April-July increased from US\$ 13.1 billion in 2021-22 to US\$ 18.8 billion in the current year. Despite hikes in policy rates by Fed, FPI outflows declined in H1 of FY 2022-23 as compared to the preceding half year of H2 of FY 2021-22, as foreign portfolio investors became net buyers in Q2 of FY 2022-23 with a net investment of US\$ 3.3 billion.

Subdued global growth casting a pall of uncertainty over India's external sector: India's exports witnessed a decline in Q2 of 2022-23 with moderation in international trade, declining consumer spending in advanced nations, and aggressive monetary policy tightening, all combining to reflect a bleak global economic outlook in the year ahead. Slowing exports and sustained imports have almost doubled the merchandised trade deficit from \$ 76.3 billion in H1: 2021-22 to \$148.5 billion in H1: 2022-23. The rising trade deficit has resulted in the widening of the Current Account Deficit (CAD) from 1.5 % of GDP in Q4:2021-22 to 2.8 % of GDP in Q1:2022-23.

India to be fastest growing economy, despite global challenges: At this juncture, India may have lesser concerns than the world on growth and stability. Yet, the last six months have also increased uncertainty for India as it has for the global economy. The IMF has revised its forecast for growth of the world output in 2022 from 3.6 % in April to 3.2 % in October, while that of India has been reduced from 8.2 % to 6.8 %.

### **1. Important Developments:**

- (a) Deputy Prime Minister of Singapore visited GIFT IFSC to sign FinTech Co-operation Agreement (CA) between Monetary Authority of Singapore (MAS) and the International Financial Services Centres Authority (IFSCA) to facilitate regulatory collaboration and partnership in FinTech.
- (b) Guidelines and Application Form for IFSCA FinTech Incentive Scheme, 2022 were issued.
- (c) Focused workshops were conducted with following States to explore the progress in infrastructure development through existing required initiatives under Infra Financing, Infra Implementation and PPP encouragement :-
  - with States of Bihar UP, MP & Chhattisgarh on 30th September, 2022 in Varanasi.
  - with states of Himachal Pradesh, Punjab, Uttarakhand & UT of Jammu & Kashmir, Ladakh & Chandigarh on 9th September, 2022 in Chandigarh

- (ii) Following loan/grant agreements were signed with multilateral and bilateral development agencies.
  - (a) Loan of Euro 48 million from French development agency Agence Francaise de Development (AFD) for 24x7 Water Supply for Pan City (Chandigarh) project.
  - (b) Loan of Euro 100 million from KfW for Ahmedabad Metro Project Phase-2.
  - (c) Loan of Euro 211 from AFD in two tranches (1<sup>st</sup> Tranche Euro 100 million and 2<sup>nd</sup> tranche Euro 111 million- Ahmedabad Metro Project Phase-2.
  - (d) Financial Cooperation (FC) Agreement for formalisation of Euro 1191 million, FC commitment and Technical Cooperation (TC) Agreement for formalisation of Euro 90.41 million TC commitment.
- (iii) Following capacity building programmes in infrastructure sector were held during this month:
  - (a) Training Programme on Project Finance for infrastructure projects
  - (b) Training Programme on Public Private Partnership and Infrastructure Development
  - (c) Training Programme on Fiscal Policy, Accounting and Finance Analytics Training programme on Contract Design, Bidding Process, Negotiations, Monitoring of Contracts, Minimising & Managing Litigation
- (iv) A stakeholder's workshop programme was held by Infrastructure Finance Secretariat (IFS)
- (v) An Expert Committee was constituted to examine and suggest appropriate measures to address regulatory and other issues to enable scaling up investments by Venture Capital and Private Equity Investment.
- (vi) Hon'ble FM participated in the following meetings during this month:-
  - (a) Meeting with Mr Makhtar Diop, MD, IFC and executive Vice President - IFC
  - (b) Meeting with Ms. Kristalina Georgieva, Managing Director (MD), International Monetary Fund (IMF) to discuss India's upcoming G20 Presidency and Indian Economy.
  - (c) First India-Singapore Ministerial Roundtable (ISMR) meeting with Singapore's delegation led by Dy. Prime Minister Mr. Lawrence Wong to discuss ways of enhancing co-operation between India and Singapore in emerging and futuristic areas.
  - (d) 26th Meeting of the Financial Stability and Development Council (FSDC) to discuss the Early Warning Indicators and India's preparedness to deal with them, improving the efficiency of the existing Financial/Credit Information Systems etc.

(vii) Following meetings at the official level were held or attended.

- (a) Annual Article IV consultations between India and the International Monetary Fund (IMF) to discuss the State of the Indian economy, climate change issues, reform initiatives and growth prospects.
- (b) 21st meeting of the Institutional Mechanism (IM) to consider the proposal of Ministry of Electronics & Information Technology (MeitY) and Ministry of Power (MoP) to include Data Centers and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems in the Harmonized Master List of Infrastructure sub-sectors (HML).
- (c) Meeting to discuss strategic role of GIFT IFSC in New Aatmanirbhar Bharat and inter-regulatory Issues of GIFT-IFSC.
- (d) Meeting with the Financial Stability Board (FSB) to discuss FSB's probable contribution and work plan during G20 Indian Presidency in 2023.
- (e) IMFC Deputies Meeting to discuss global outlook, policy priorities, MD's Global Policy Agenda (GPA), the building blocks of the IMFC communiqué and arrangements for Annual Meetings 2022.
- (f) 132nd meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/ Bilateral Agencies.
- (g) First meeting of the Governing Board of the Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness and Response (PPR) at the World Bank's Headquarters in Washington, D.C. (in hybrid format).
- (h) TPRM for on-going World Bank Assisted Projects.
- (i) IDA20 Launch event in Tokyo, Japan.
- (j) "43rdEC Meeting to consider Ganga Expressway (in 4 Groups) on Public Private Partnership (PPP) basis for VGF support under VGF Scheme of DEA.
- (k) 1st round of negotiations between India and Canada on Investment Chapter under Early Progress Trade Agreement.
- (l) 2nd Board meeting of National Investment and Infrastructure Fund Limited for FY 2022-23.
- (m) 31st Board Meeting of National Investment and Infrastructure Fund Trustee Limited (NIIFTL).
- (n) Meeting of FSB's Plenary to discuss outlook for financial stability in light of recent economic and financial developments and status of the reports to be submitted to the G20 Finance Ministers.
- (o) Meeting of FSB Standing Committee on Standards Implementation to discuss Evaluations on the effects of G20 financial reforms and SCSI 2023 work priorities.

- (p) Meeting of AIIB Board of Directors to consider AIIB's Policy issues and investment Operations including Energy Sector Strategy, and 2023 Business Plan and Budget.
- (q) Meeting of NDB Board of Directors to discuss on the various issues including impact & implications of Recent Developments in the financial markets on NDB, membership Expansion of NDB, BRICS integrated Digital Platform and Funding Update.
- (r) 136th Session of Executive Board, IFAD at Rome, Rome, Italy.
- (s) Technical Session with African Development Bank(AfDB) (ADF-16)
- (t) Meeting with African Development Bank(AfDB) (ADF-16) to discuss resource mobilization

**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	:	01
Awaiting Approval in the Department	:	07