


No. A-45011/4/2021-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 21 January, 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, 2021.


(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 23095091

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, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Ms.Meera Swarup, Special Secretary, DEA.
14. Shri A.M. Bajaj, Additional Secretary (FM), DEA
15. Shri Rajat Kumar Mishra, Additional Secretary (Budget), DEA.
16. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
17. All Heads of Divisions in Department of Economic Affairs.
Sr.Adviser(C&C/FSI.R/FS&CS)/JS(BC&IER)/JS(Inv)/Adviser (IER)/CAAA.
18. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.

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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of September, 2021.

1. Macro-Economic Overview

India's macroeconomic fundamentals remain strong on the back of fiscal consolidation measures and structural reforms. Agriculture sector continues to grow strong. The sharp rebound in manufacturing and construction sectors places them firmly as growth drivers demonstrating the structural strengthening of the Indian economy. While revival in contact-intensive services sector remains gradual, it is poised to gain pace on the back of rapid inoculation and Government's targeted relief measures for the stressed sectors.

A broad based rebound in several leading macroeconomic indicators in July, August and September offers bright prospects for India's continued economic recovery. With Government and RBI's unflinching commitment to put the economy back on track, India is poised for an even faster recovery in the next three quarters of 2021-22. Rapidly increasing vaccination coverage and richer experience with pandemic management provide the confidence that the recovery can be continued even in the event of a third wave.

As per the latest quarterly bulletin of PLFS for the period October-December 2020 released on 9th September 2021 for urban areas as per Current Weekly Status (CWS), labour force participation rate, i.e. supply of labour, increased from 37.0% in July - September 2020 to 37.3% in October-December 2020; the worker population ratio, i.e. labour force that was employed, improved from 32.1% in July-September 2020 to 33.5% in October-December 2020, while the unemployment rate decreased from 13.3% to 10.3% over the same period. The sector-wise growth rates are given in the table at Annexure.

2. Other Important Developments

(i) In pursuance to the Union Budget announcements of 2018-19 and 2021-22, Securities Exchange Board of India (SEBI) has finalized a framework for establishing gold spot exchanges, in its Board meeting held on 28th September 2021. Gold spot trading is conceived as the trading of Electronic Gold Receipt (EGR) which will be a "security" issued against the physical gold deposited in the vaults registered with SEBI and held in demat form with the SEBI registered depository. SEBI will also be regulating gold vaults through its proposed SEBI (Vault Managers) Regulations, 2021. The Gold Exchange would be a national platform for buying and selling EGRs with underlying standardized gold in India and also create an efficient and transparent national pricing structure for gold with benefits such as investment liquidity, assurance in the quality of gold, etc.

(ii) In order to bolster the Fintech ecosystem at GIFT-IFSC (Gujarat International Finance tec-City-International Financial Services Centre), the government has approved the 'Fintech Incentive Scheme' with a budgetary outlay of Rs 45.75 crores over three years. The scheme envisages customized incentives to support Fintech start-ups based in IFSC through various

stages in their life-cycle such as ideation, incubation, proof of concept, commercialization and up scaling.

(iii) Secretary (EA) had reviewed Capex Outlays, expenditure & monthly targets with Ministry of Railways, Ministry of Road, Highways and Transport, Department of Atomic Energy, Department of Space, Ministry of Home Affairs, Ministry of Civil Aviation on 23rd Sept 2021.

(iv) Loan assistance of USD 500 million has been signed on Sept 10, 2021 with the Asian Infrastructure Investment Bank (AIIB) for financing Government of India's Creating a Coordinated and Responsive Indian Social Protection System Program (CCRISP).

(v) A loan agreement of the Jharkhand Urban Infrastructure Development Company Limited was signed on 8th September, 2021 between Government of India and ADB for an amount of USD 112 million.

(vi) The loan for Maharashtra Rural Connectivity Improvement Project Additional financing an amount of loan of USD 300 million (OCR) was signed with ADB on 8th September, 2021.

(vii) Loan negotiations for:

- a. Aizawl Sustainable Urban Transport Project were held on 14th September, 2021 for an amount of USD 4.5 million.
- b. Agartala City Urban Development Project were held on 16th September, 2021 for an amount of USD 61 million.

(viii) Approval for overseas sale of Commemorative Coin of all themes minted by Security Printing and Minting Corporation of India (SPMCIL), subject to approval of Reserve Bank of India has been conveyed to SPMCIL.

3. Following important meetings were held during the month of September, 2021:

i. Hon'ble Finance Minister chaired the 11th UK-India Economic and Financial dialogue held on 2nd September 2021 virtually through video conferencing. The UK delegation was led by Mr. Rishi Sunak, Chancellor of the Exchequer of UK.

ii. Hon'ble Finance Minister also chaired the 24th meeting of Financial Stability and Development Council (FSDC) organised on 3rd September, 2021.

iii. Secretary (EA) chaired the roundtable on "Accelerating Greenfield Infrastructure Projects through PPPs" which was held on 30th September, 2021.

iv. Additional Secretary, DEA met the French delegation led by HE Mr. Emmanuel Lenain, the French Ambassador to India in the 11th DEA-AFD (French Agency for Development) Annual Negotiation Meeting on 27th September 2021 through virtual platform. The AFD team was led by Mr. Philippe ORLIANGE, Director of Asia Department.

v. Additional Secretary, DEA and the Chairman of the Task Force on Sustainable Finance took an update of the work of Task Force in a meeting with the co-chairs of various working groups on 28th September 2021.

vi. Additional Secretary, DEA chaired a pipeline review meeting held virtually on 8th September, 2021 with the World Bank and the Project Implementing Agencies (PIAs) for review of pipeline projects which are to be implemented with the World Bank financing.

- vii. Additional Secretary, DEA also chaired the 120th meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks / Bilateral Agencies held on 17th September, 2021.
- viii. Additional Secretary, DEA attended the IMFC (International Monetary Financial Committee) Deputies Meeting held virtually on 21st September, 2021 and presented India's perspective on issues of global outlook, policy priorities, MD's Global Policy Agenda (GPA), the building blocks of the IMFC communique and arrangements for Annual Meetings 2021.
- ix. Additional Secretary, DEA chaired a Tripartite Portfolio Review Meeting held virtually with the World Bank and PIAs on 29th September, 2021 for the review of World Bank financed projects.
- x. As Indian Director for New Development Bank (NDB), Additional Secretary, DEA participated in the NDB Board of Directors meeting held on 23rd September, 2021 to inter-alia discuss various policy issues.
- xi. As a Director of Executive Board of IFAD, Joint Secretary, DEA participated in the 133rd meeting of Executive Board of International Fund for Agricultural Development (IFAD) which was held during 13th -16th September 2021 to discuss various policy issues.
- xii. Joint Secretary, DEA participated as Indian Alt Director for AIIB in the AIIB Board of Directors meeting on 22nd – 23rd September, 2021 to discuss various policy issues and investment operations. The AIIB Board approved sovereign-backed loan of USD500 million for Chennai Metro Rail Phase-2 Corridor 4 project.
- xiii. Fourth G-20 Finance and Central Bank Deputies Meeting under the Italian Presidency was held virtually on 13-14th September, 2021. Advisor (IER) as India's Deputy's Deputy and RBI Deputy Governor represented India in the meeting.
- xiv. First round of technical discussion between India and Chile on Bilateral Investment Treaty was held on 3rd September, 2021.
- xv. A meeting of FSB SCSi (Financial Stability Board Standing Committee on Standards Implementation) attended by DEA representatives was held on 16th September, 2021 to discuss (i) 2021 Annual Report to the G20; (ii) Monitoring the use of flexibility and consistency of COVID-19 responses with international standards; (iii) Compensation monitoring; (iv) SCSi 2022 work priorities.
- xvi. Fourth meeting of G20 Sustainable Finance Working Group (SFWG) was attended by DEA virtually on 17th September, 2021 to discuss the final draft of a multi-year G20 Sustainable Finance Roadmap and the Synthesis Report.
- xvii. Fourth round of discussion between India and USA on Investment Incentive Agreement was held on 21st September, 2021.
- xviii. The Plenary meeting of Financial Stability Board was held on 28th September, 2021 to discuss (i) Policy proposals to enhance Money Market Funds' resilience; (ii) Cross-border payments roadmap (iii) Developments in crypto-asset markets; and (iv) 2021 Status Report from the Task Force on Climate-Related Financial Disclosures.

xix. Board meeting of National Investment and Infrastructure Fund Trustee Limited held on 28th September, 2021.

xx. Sixth round of discussion on Bilateral Investment Treaty (BIT) between India and UAE held on 30th September, 2021 through VC.

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:

Disposed during the month : 6

Awaiting Approval in the Department : 18

Annexure

Table 1: Quarterly Real Growth in demand side of GDP and its components (per cent)			
Components	Growth over Q1 of 2020-21	Recovery over Q1 of 2019-20	Growth over Q4 of 2020-21
Total Consumption	13.8	91.2	(-) 15.7
Government Consumption	(-) 4.8	107.4	(-) 7.6
Private Consumption	19.3	88.1	(-) 17.4
Gross Fixed Capital Formation	55.3	82.9	(-) 23.6
Change in Stock	45.9	98.0	(-) 16.0
Valuables	456.1	38.8	(-) 79.1
Exports	39.1	108.7	0.8
Imports	60.2	94.7	(-) 7.1
GDP	20.1	90.8	(-) 16.9
Source: National Statistical Office, MoSPI.			

Table 2: Quarterly Growth of GVA at constant (2011-12) Prices (per cent)			
Sectors	Growth over Q1 of 2020-21	Recovery over Q1 of 2019-20	Growth over Q4 of 2020-21
Agriculture & Allied Sectors	4.5	108.2	(-) 10.7
Industry	46.1	93.8	(-) 17.1
Mining & quarrying	18.6	98.2	(-) 10.8
Manufacturing	49.6	95.8	(-) 13.9
Electricity, gas, water supply & other utility services	14.3	103.0	3.1
Construction	68.3	85.1	(-) 30.3
Services	11.4	87.5	(-) 11.8
Trade, Hotels, Transport, Communication and Services related to Broadcasting	34.3	69.8	(-) 35.3
Financial, Real Estate & Professional Services	3.7	98.5	18.8
Public administration, defence and other services	5.8	95.0	(-) 19.3

GVA at basic prices	18.8	92.2	(-) 13.3
Source: National Statistical Office, MoSPI.			

Table 3: INFLATION - CPI-C, WPI (in Per Cent)			
	August 2020	July 2021	August 2021
CPI-C	6.69	5.59	5.30
WPI	0.41	11.16	11.39
Source: NSO for CPI-C and OEA, DPIIT for WPI			
Note : WPI inflation for last two months and CPI-C inflation for last one month is provisional.			

Table 4: MONETARY DEVELOPMENT	
Item	17.9.2021
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.19
Bank Credit Year-on-Year growth #	6.7
Note: # as on 10.9.2021	

Table 5: Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
August 2020	22.8	31.0	(-) 8.2
August 2021	33.3	47.1	(-) 13.8

Table 6: Services Trade Performance (in US\$ billion)			
July 2021	18.5	11.1	7.5
Source: Provisional data as per the Press Release dated <u>14.9.2021</u> of the Department of Commerce, Ministry of Commerce and Industry.			

Table 7: Balance of Payments		
Items	2019-20	2020-21 (P)
Current Account Balance (in US\$ billion)	(-) 24.6	24.0
Current Account Balance / GDP (Per cent)	(-) 0.9	0.9
Source: Reserve Bank of India. Note: P – Provisional.		

Table 8: Foreign Exchange Reserves (in US\$ billion)	
March 2021	577.0
17.9.2021	639.6
Source: Reserve Bank of India	

Table 9: Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)				
	US Dollar	Pound Sterling	Euro	Japanese yen
09.9.2021	73.6887	101.4900	87.1266	66.9400
Source: Reserve Bank of India				

Table 10: External Debt (US\$ Billion)			
	as at end of March 2020 PR (1)	as at end of March 2021 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	558.4	570.0	2.1
Source: Quarterly Report on External Debt as at end March 2021, Reserve Bank of India. Note: PR - Partially Revised. P - Provisional			

Table 11: Industrial Production Highlights Monthly Growth (YoY) in per cent			
Index of Industrial Production (IIP)	May 2020	June 2020	July 2020
	(-) 33.4	(-) 16.6	(-) 10.5
	May 2021	June 2021	July 2021
	28.6	13.6	11.5

Table 12: Eight Core Industries Monthly Growth (YoY) in per cent			
Eight Core Industries (ICI)	June 2020	July 2020	August 2020
	(-) 12.4	(-) 7.6	(-) 6.9
	June 2021	July 2021	August 2021
	9.3	9.9	11.6
